



Zara Investment Holding
شركة زارة للاستثمار القابضة



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Zara Investment (Holding) Company PSC

28th Annual Report 2021

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Zara Investment (Holding) Company PSC

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Board of Directors

Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Vice Chairman

Kamil Abdel-Rahman Ibrahim Sadeddin
Member/ Representing
Al-Masira Investment Company

Ra'ed Abdelhadi Abdallah Alawin
Member/Representing Social Security Corporation
from 1/8/2021

Mousa Ahmed Kareem Tarawneh
Member/ Representing Social Security Corporation
Member till 31/7/2021

Ezzeddin Mohamed M Elghoul
Member/Representing Libyan Foreign
Investments Company
from 21/9/2021

Tarik Ahmed AlFetory Koshlaf
Representing Libyan Foreign Investments Company
Member till 20/9/2021

Nasser Awwad Mohammad Al-Khaldi
Member

Yassin Khalil "Mohammad Yassin" Talhouni
Member

Isam Halim Jeries Salfiti
Member/ Representing Bank Al-Etihad

Mahmoud Suleiman Fares Maaytah
Member/Representing
Rama Investment & Saving Company

Yazid Adnan Mustafa Mufti
Member

Fahad Abdel-Rahman Bin Ali Al-Turki
Member

Samir Said Abdel-Muti Murad
Member

Hilal Omar Mustafa Abu Zeid
Member

Yassin Khalil "Mohammad Yassin" Talhouni
General Manager

Ittqan Law Firm
Legal Advisor/ Wael Karaen

Ernst & Young
External Auditors



Zara Investment Holding
شركة زارة للاستثمار القابضة



Zara Investment Holding Company
Public Shareholding Company

 **INTERCONTINENTAL.**
JORDAN

GRAND | HYATT™
AMMAN

 **MÖVENPICK**
RESORT & RESIDENCES
AQABA

 **MÖVENPICK**
RESORT & SPA
TALA BAY AQABA

 **MÖVENPICK**
RESORT & SPA DEAD SEA

 **MÖVENPICK**
RESORT PETRA

 **MÖVENPICK**
NABATEAN CASTLE HOTEL
PETRA



Sabih Taher Darwish Masri
Chairman of the Board of Directors



Chairman Message to the Shareholders

Esteemed Ladies and Gentlemen,

Welcome to the 28th annual meeting of the ordinary general assembly of the shareholders of Zara Investment (Holding) Company which shows the Company's activities and achievements in 2021 and its consolidated financial statements for the year 2021, as well as its outlook and plans for 2022.

In 2021, the negative impact of the corona pandemic persisted on the global economy in general and the tourism sector in particular which is deemed the most affected economic sector, where the World Tourism Organization estimated that the world tourism sector will lose USD 2 Billion of revenues in 2021 with slow recovery over the next five years. As for Jordan, the economy, especially the tourism sector is still suffering the percussion of the corona pandemic. Some indicators in 2021 witnessed improvement, however the performance was much lower as compared to periods before Corona.

Consolidated operating revenues increased by 36% in 2021 to reach JD 33,4 million compared with JD 24,5 million in 2020. Consolidated net operating revenues increased by 146% to reach JD 2,4 million gross profit in 2021 compared with JD 5,2 million gross loss in 2020. Consolidated net loss improved by 56% to reach JD 6,9 million net loss compared with JD 15,8 million net loss in 2020. The intense decrease in loss was due to the contributions to Social Security Corporation towards paying part of salaries and wages plus minimal improvement in local tourism. Comprehensive Income improved by 69% in 2021 to reach JD 6,9 million loss compared with JD 22,3 million loss in 2020.

Zara is one of the top investment companies in the hospitality sector and it has maintained its distinguished

market position in Jordan and share of the 5-star room inventory in Jordan. Zara owns seven luxury 5-star hotels with strategic locations in Amman, Dead Sea, Petra, and Aqaba with a combined total of 2,131 rooms. Employment in the 5-star hotels segment in Jordan reached 8,826 persons in 2021 of which Zara employs approximately 21%, while employment in the hospitality sector reached 48,241 in 2021 of which Zara employs approximately 3.9%. Zara also could pay salaries to all its employees according to applicable laws by utilizing the facilities provided by the Central Bank of Jordan and the Social Security Corporation. It also maintained its commitment to upholding the highest standards in submitting services, safety and quality.

In 2021, Zara hotels continued to be distinguished. Mövenpick Resort Petra was ranked number one, Mövenpick Resort & Spa Tala Bay Aqaba was ranked number two, Intercontinental Jordan Hotel and Mövenpick Resort & Spa Dead Sea were ranked number three - in their respective geographical areas- in terms of revenues. Mövenpick Resort & Spa Dead Sea and Mövenpick Resort & Spa Tala Bay Aqaba were ranked number three in terms of gross operating profits. In addition, Zara hotels continued to be recognized by leading online travel sites and world renowned travel organizations as some of the best hotels in the region and around the globe.

As you aware, Himmeh Mineral Company has embark on a distinctive environmental resort on an approximately 6 thousand square meters and total estimated cost of JD 7.5 - 8 Million. In the last quarter of 2020, the first phase of the project which is almost completed. The second phase (finishing and electromechanical works) is expected to be completed by the end of 2024 instead of 2022 due to weak cash flows because of the Corona pandemic.



In 2021, Zara continued the comprehensive revamp of the way it manages its assets. In doing so Zara was quick to identify and assess the negative effects of Corona pandemic on its hotels during the lockdown that are impacting the business and the potential opportunities inherent in them. In adapting to these changes, Zara keeps on revisiting the business model to render it more efficient and relevant.

In its continued efforts to replace traditional energy sources with more cost-efficient clean and renewable ones, Zara was able to commission its first solar station photovoltaics (PV) mid 2019 in Karak which supplies approximately 50% of electricity consumption of Zara hotels in Dead Sea, Petra, and Aqaba. Irbid station started commercial operation in May 2021 to meet the needs of Zara hotels in Amman.

Cash inflows have drastically decreased in 2021 which entailed Zara Management to utilize loans backed by Central Bank of Jordan and Social Security Corporation. Loans balance reached JD 9,4 million pursuant to Zara implementation of defense laws and paying salaries to all employees despite the immense decline in cash inflows.

Zara maintained its support to the local communities within its areas of operation. This support is translated through offering career opportunities for the locals and develop their leadership skills at all management levels. Zara also supported many of the local municipalities and charities.

Zara outlook remains positive for 2022, however, Zara will continue to preserve what has been achieved and to build on it as moving forward to ensure profitable growth and returns. Zara will work towards continuing to set the benchmark in the way welcoming and serving the guests. To achieve this, Zara will continue to reengineer and improve the business models to ensure excellence through better management of operations of Zara.

On behalf of the board of directors, I would like to thank all Zara shareholders and partners for their trust and continuing support. Our gratitude also goes to all the wonderful women and men who have continuously proved us right about how amazing and well qualified they are. I also would like to thank the Central Bank of Jordan and the Social Security Corporation for their support during 2021 due to Corona pandemic.

I would also like to extend our deep appreciation and thanks to our guests who, throughout the years, have given us their trust and the pleasure to serve them.

Sabih Taher Masri

Chairman of the Board of Directors





Board of Directors' Report 2021

Overview

Ladies and gentlemen

Welcome to the 28th annual meeting of the ordinary general assembly of the shareholders of Zara Investment (Holding) Company which shows the Company's activities and achievements in 2021 and its consolidated financial statements for the year 2021, as well as its outlook and plans for 2022.

In 2021, the negative impact of the corona pandemic persisted on the global economy in general and the tourism sector in particular which is deemed the most affected economic sector, where the World Tourism Organization estimated that the world tourism sector will lose USD 2 Billion of revenues in 2021 with slow recovery over the next five years. As for Jordan, the economy, especially the tourism sector is still suffering the percussion of the corona pandemic. Some indicators in 2021 witnessed improvement, however the performance was much lower as compared to periods before Corona.

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Hotel industry key indicators for 2021 compared to 2020:

Sector Indicators	Year 2021	Year 2020	Variance %
Number of overnight visitors	2,359	1,240	90.2%
Tourism income (million JD)	1,900	1,000	90%
Average length of stay (night)	1.74	1.72	1.2%
Number of classified hotels	294	260	13.1%
Number of hotel rooms	24,002	20,456	17.3%
Number of beds	37,339	36,858	1.3%
Number of employees	48,241	41,108	17.4%

Source: Ministry of Tourism and Antiquities

5-star hotel key indicators for 2021 compared to 2020:

Sector Indicators	Year 2021	Year 2020	Variance %
Number of 5-star hotels	40	39	3%
Number of 5-star hotel rooms	9,708	9,633	1%
Number of hotel rooms owned by Zara	2,131	2,131	-
Rooms owned by Zara - % of total	22%	22.1%	-1%

Source: Ministry of Tourism and Antiquities



2. (A) Main activities of the Company

Mother Company	Paid-up Capital/JD	Main Activity	Head Quarter	No. of Employees
Zara Investment (Holding) Company PSC	150,000,000	Hotel, tourism and general investments	Amman	30







2. (B) Subsidiaries

Subsidiary	Paid up Capital/JD	Main Activity	HQ	Shareholding %	Number of Employees
Jordan Hotels and Tourism Company PSC	10,000,000	Owner of Hotel InterContinental Jordan	Amman	51.6%	372
Jordan Himmeh Mineral Company PSC	2,000,000	Owner of Jordan Himmeh Resort – Mukhaibeh	Amman	77.9%	7
Nabatean Hotels Company LLC*	3,300,000	Owner of Mövenpick Nabatean Castle Hotel and Mövenpick Resort Petra	Amman	100%	240
Amman Tourism Investment Company LLC	16,500,000	Owner of Grand Hyatt Amman Hotel, Hyatt Tower, and Zara Center	Amman	100%	306
Rum Hotels and Tourism Company LLC	700,000	Owner of tourism project Tybeh – Petra, owner of 66 donums	Amman	82.1%	-
Oasis Hotels Company LLC	1,600,000	Owner of tourism project – Dead Sea, owner of 34 donums	Amman	92.2%	-
National Hotels and Tourism Company LLC	15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	330
Jordan Hotel Supplies Trading Company LLC	330,000	Owner of Souk Zara gift boutiques	Amman	100%	17
Red Sea Hotels Company LLC	17,000,000	Owner of Mövenpick Resort & Residences Aqaba	Aqaba	100%	247
Zara Agricultural Company LLC (Under Liquidation)	100,000	Landscape and nursery services – Jordan Valley	Amman	54.3%	-
South Coast Real Estate Development Company LLC	10,050,000	Real estate development – Aqaba South Coast (Ras Yamaniya) owner of 528 donum	Aqaba	82%	-
South Coast Hotels Company LLC	4,800,000	Real estate development – Aqaba South Coast (Ras Al Yammaniya) owner of 94 donum	Aqaba	82%	-
Zara South Coast Development Company LLC	39,425,503	Owner of Mövenpick Resort & Spa Tala Bay Aqaba	Aqaba	84.8%	247
Zara Agricultural Services and Marketing LLC	61,000	Maintenance of agricultural sites	Aqaba	100%	24
Al-Himmeh Solar Power Company*	14,000	Construct stations to generate electrical power	Amman	93.6%	-
Total number of employees					1,820

*The paid-up capital of Al-Himmeh Solar Power Company increased to JD 14,000 instead of JD 1,000 in August 2020, as the procedures were completed in January 2021.

Neither the Holding Company nor any of its subsidiaries have any branch inside or outside of the Kingdom.









3. (A) Names of members of the board with brief introduction

Name	Representative	Position	Joined	Representative appointed on	DOB
Sabih Taher Darwish Masri	-	Chairman	1999	-	02/12/1937
Khaled Sabih Taher Masri	-	Vice Chairman	1994	-	19/2/1966
Al-Masira Investment Company	Kamil Abdel-Rahman Ibrahim Sadeddin	Member	1994	14/2/2004	26/7/1951
Libyan Foreign Investments Company	Ezzeddin Mohamed M Elghoul	Member from 21/9/2021	2000	21/9/2021	4/8/1977
Libyan Foreign Investments Company	Tarik Ahmed Alfetory Koshlaf	Member till 20/9/2021	2000	28/5/2017	10/3/1975
Fahad Bin Abdel-Rahman Bin Ali Al-Turki	-	Member	2020	-	16/9/1980
Social Security Corporation	Ra'ed Abdelhadi Abdallah Alawin	Member from 1/8/2021	2000	1/8/2021	11/11/1971
Social Security Corporation	Mousa Ahmed Kareem Al-Tarawneh	Member till 31/7/2021	2000	9/12/2019	1/1/1965
Rama Investment & Saving Company	Mahmoud Suleiman Fares Maaytah	Member	2015	7/8/2019	6/6/1958
Nasser Awwad Mohammad Al-khaldi	-	Member	2018	-	21/10/1966



Degree	Graduation Date	Profession	Memberships
B.A. Chemical Engineering	1963	Businessman	<ul style="list-style-type: none"> Arab Bank / Chairman
M.B.A. Business Administration	1989	Businessman	<ul style="list-style-type: none"> Jordan Himmeh Mineral Company / Chairman Arab Bank Jordan Hotels and Tourism Company Cairo Amman Bank Royal Jordanian Air Academy
High Diploma Civil Engineering	1975	Vice President Arab Supply & Trading Corp. (Astra Group)	<ul style="list-style-type: none"> Astra Industrial Group (Saudi Arabia) Jordan Hotels and Tourism Company
High Diploma Diplomatic Studies	2009	Head of Litigation Section Libya Africa Investment Portfolio till 9/2021	-
B.A. Financial Management	2000	Assistant Director of Commercial Holding Co.	<ul style="list-style-type: none"> The Libyan Foreign Investments Co. Algeria (LIFICO Algeria Holding)
B.A. Communications	2007	Executive Vice Chairman A. A. TURKI GROUP (ATCO)	<ul style="list-style-type: none"> AlSagr Cooperative Insurance Company / Chairman Honeywell Turki Arabia Ltd. Bahrain Specialist Hospital Golden Pyramids Plaza Company
M.A. Finance	2013	Project Management & Site Engineer	-
M.A. Public Administration	2003	Financial Controller in financial control Dept./ Social Security Corporation	-
-	-	President of General Trade Union of Road Transport Workers	<ul style="list-style-type: none"> World Road Transport Organization / London
B.A. Electrical Engineering	1989	CEO Dead Sea Touristic & Real Estate Investment Company Till 6/2018	<ul style="list-style-type: none"> Jordan Hotels and Tourism Company Jordan Trade Facilities Company Irbid Electricity Company



Yassin Khalil
"Mohammad
Yassin" Talhouni

-

Member

2000

-

8/5/1973

Bank Al-EtiHAD

Isam Halim Jeries
Salfiti

Member

1994

28/7/1994

23/05/1944

Hilal Omar
Mustafa Abu Zeid

-

Member

2018

-

20/11/1961

Yazid Adnan
Mustafa Mufti

-

Member

2000

-

27/03/1953

Samir Said Abdel-
Muti Murad

Member

2020

-

12/11/1957





Economics B.A.	1994	Businessman	<ul style="list-style-type: none">• Jordan Hotels and Tourism Company / Vice Chairman• Jordan Himmeh Mineral Company• Jordan Electricity Company• Cairo Amman Bank
B.A. Economics	1967	Businessman	<ul style="list-style-type: none">• Bank Al Etihad / Chairman• Jordan Hotels and Tourism Company / Chairman
M.A. Finance	1985	Financial Consultant	<ul style="list-style-type: none">• Jordan Hotels and Tourism Company
B.A. Business Administration	1976	Businessman	<ul style="list-style-type: none">• Cairo Amman Bank / Chairman• Middle East Insurance Company• Palestine Development and Investment Company
B.A. Management of Electrical Engineering	1982	Former Minister of labor and a former Senator	<ul style="list-style-type: none">• Irbid Electricity Company / Chairman• MedGulf Insurance Company / Vice Chairman• Societe Generale Jordan• Generations for Peace (NGO)





3. (B) Names and positions of senior executive management with brief introduction:

Name	Position	Date of Appointment	DOB	Degree	Graduation Date	Professional Experience
Yassin Khalil "Mohammad Yassin" Talhouni	General Manager	1/6/2016	8/5/1973	B.A. Economics	1994	<ul style="list-style-type: none"> Jordan Hotels and Tourism Company / Vice Chairman Jordan Himmeh Mineral Company Jordan Electricity Company Cairo Amman Bank
Ahmad Ibrahim Mohammad Jamjoum	Chief Financial Officer	1/11/2008	16/11/1964	- M.A. Accounting Systems and Auditing, University of Georgia, Athens, USA - CPA American Institute of Certified Public Accountants	1991	<ul style="list-style-type: none"> Held several financial and consulting positions with various leading local and regional corporations Board member at Jordan Himmeh Mineral Company Board member at Jordan Express Tourist Transport Company (JETT)
Haitham "Mohammad Nazih" Nureddin Hanbali	Financial Controller	7/1/2007	31/7/1969	- M.A. Banking and Finance, Institute of Banking Studies - CPA American Institute of Certified Public Accountants	2013	<ul style="list-style-type: none"> Held several financial consulting and auditing positions at local and regional consulting firms

4. Major shareholders and number of shares held compared with 2020:

Name	No. of Shares as of 31/12/2021	Percentage %	No. of Shares as of 31/12/2020	Percentage %
Al-Masira Investment Company	20,340,453	13.56%	20,340,453	13.56%
Libyan Foreign Investments Company	19,539,532	13.03%	19,539,532	13.03%
Social Security Corporation	18,506,245	12.34%	18,506,245	12.34%
Arab Supply and Trading Corporation	13,044,354	8.70%	13,044,354	8.70%
Cairo Amman Bank	9,990,084	6.66%	9,990,084	6.66%
Al-Masira International – Bahrain	14,743,804	9.83%	14,743,804	9.83%
Mohammed Bin Abdel-Rahman Bin Hamad Al-Sheik	6,000,000	4%	6,000,000	4%









Corporate Competitive Position

5. Company's competitive position

Zara Investment (Holding) Company is the largest owner of luxury 5-star hotels in Jordan with strategic locations in Amman, Dead Sea, Petra, and Aqaba. Zara owns seven 5-star hotels with a combined total of 2,131 rooms. Zara enjoys the leading position of being one of the top investment companies in Jordan in the hospitality sector, capturing 20% market share of the 5-star hotel revenue in Jordan in 2021. Zara market leadership is also manifested in relation to its paid-up and registered capital, and net book value of property and equipment which stand at JD 150 million / share and JD 165 million respectively as of 31/12/2021.

All of the hotels of the Company are managed by renowned international management companies, namely the Intercontinental Hotels Group (IHG), Hyatt International, and the Mövenpick Hotels and Resorts (MHR). The affiliation with such reputable operators enables the properties of Zara to compete on both the local and international levels.

In 2021, Zara hotels continued to be distinguished and continued to maintain its leading market position in Jordan. Mövenpick Resort Petra was ranked number one, Mövenpick Resort & Spa Tala Bay Aqaba was ranked number two, Intercontinental Jordan Hotel and Mövenpick Resort & Spa Dead Sea were ranked number three - in their respective geographical areas- in terms of revenues. Mövenpick Resort & Spa Dead Sea and Mövenpick Resort & Spa Tala Bay Aqaba were ranked number three in terms of gross operating profits. In addition, Zara hotels continued to be recognized by leading online travel sites and world renowned travel organizations as some of the best hotels in the region and around the globe.

6. Reliance on specific local or foreign suppliers or major customers

The Company does not rely on specific local or foreign suppliers or major customers for more than 10% of its total procurements and/or sales.



7. Government protection or privileges enjoyed by the Company

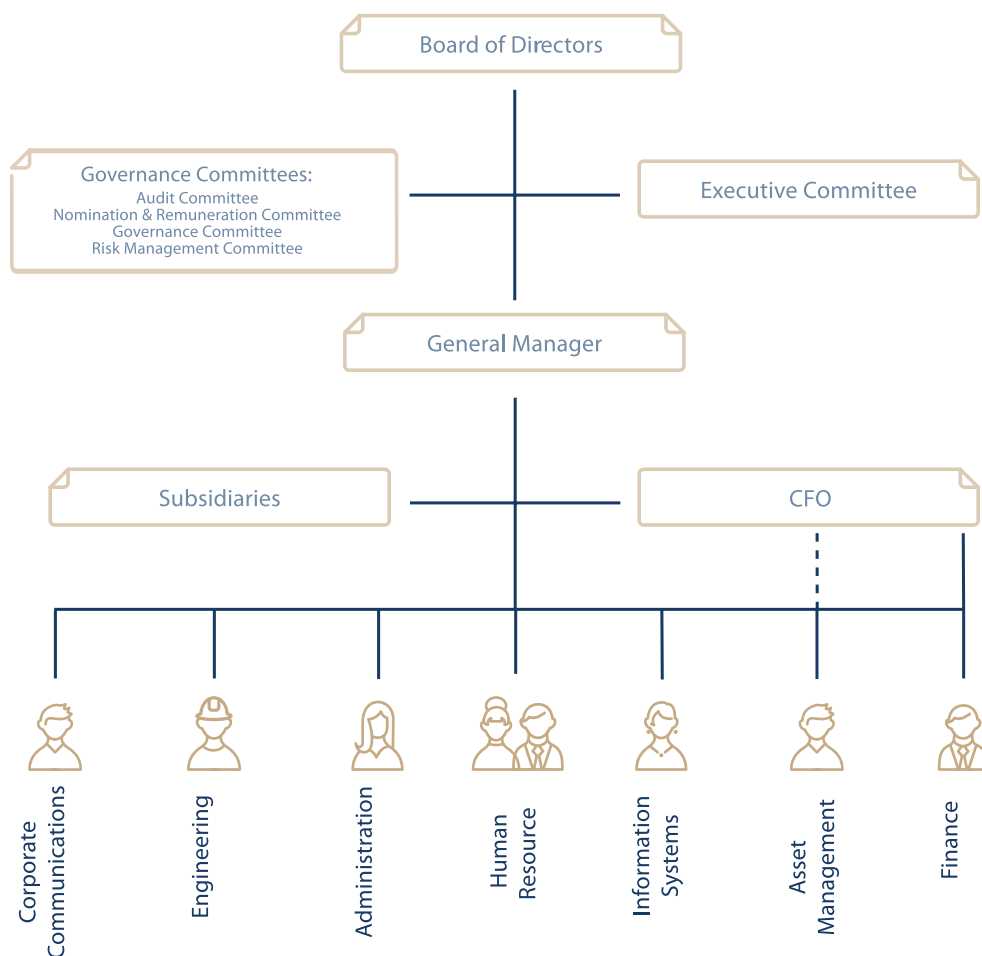
There are no government protection measures, nor privileges enjoyed by the Company or any of its products / subsidiaries in accordance with legal regulations.

8. Government or international organizations measures with material impact on the Company's activities, products, or competitiveness

All of the hotels and resorts owned by Zara have benefited from the exemptions stipulated in the Investment Promotion and Special Economic Zone Laws. These exemptions cover duties and taxes on procurement of furniture, fixtures and equipment (FF&E) required for refurbishment and renovation purposes.

In addition, the Company is committed to implementing international quality assurance standards, e.g., obtaining and renewal of (ISO22000) Food Safety Management System Certificate, Green Globe, and Green Key.

9. (A) Organization structure





9. (B) Number of Company employees and qualifications:

Company	PhD	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara Investment (Holding) Company PSC	0	3	0	20	3	4	30

Subsidiaries	PhD	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Jordan Hotels and Tourism Company PSC	0	1	1	89	96	185	372
Jordan Himmeh Mineral Company PSC	0	0	0	1	0	6	7
Nabatean Hotels Company LLC	0	2	0	27	8	203	240
Amman Tourism Investment Company LLC	0	1	0	58	32	215	306
Rum Hotels and Tourism Company LLC	0	0	0	0	0	0	0
Oasis Hotels Company LLC	0	0	0	0	0	0	0
National Hotels and Tourism Company LLC	0	3	0	68	52	207	330
Jordan Hotel Supplies Trading Company LLC	0	0	0	6	2	9	17
Red Sea Hotels Company LLC	0	0	0	41	43	163	247
Zara Agricultural Company LLC (Under Liquidation)	0	0	0	0	0	0	0
South Coast Real Estate Development Company LLC	0	0	0	0	0	0	0
South Coast Hotels Company LLC	0	0	0	0	0	0	0
Zara South Coast Development Company LLC	0	0	0	46	61	140	247
Zara Agricultural Services and Marketing Company LLC	0	0	0	0	0	24	24
Himmeh Solar Power Company LLC *	0	0	0	0	0	0	0
Total	0	9	1	356	297	1,157	1,820

*Al- Himmeh Solar Power Company was established in January 2016 as a special purpose facility for generating electricity from solar energy. The commercial operation started at Karak Station on 15/7/2019 and the commercial operation started at Irbid station on the first quarter of 2021.



10. (C) Qualification and training programs for Company employees:

Course Description	Number of Employees	Course Description	Number of Employees
Creating Connections	438	Discovery Program	33
Privacy and Information Security	658	E-Learning Training System MHR	21
Code of Business Conduct	861	Coaching for Excellence	25
Soft/ Communications Skills	774	Computer and E-mail Skills	62
Special Situations Management	34	ALLSAFE Ambassador Certification	1,163
Digital Marketing & Media Communications Workshop	29	Green Key for Energy Conservation and Environmental Training	554
Revenue Management Training in Sales & Reservation Program	8	Making the most my Performance Review	271
F&B Selling Techniques	94	Data Privacy	257
Lessons in Management Leadership	59	Financial Statements Awareness	75
Complaint Handling- Restoring the Trust- Employees	1,007	Security Awareness and Basic Safety Procedures and Civil Defense	836
Key Essentials of Personal Hygiene & Food Safety	1,369	INES Digital Platform Package/ E-learning training	766
My Learning Tool	717	Technical Training Skills	883
New Managers Development Core Skills	16	ALL LIVE Limitless Quest for F&B and FO team	704
Hiring and Welcoming New Employees program (Orientation)	253	Off Job and On Job Training Skills	169
Quality Service Standards	1,146	Housekeeping Management	11
Departmental Trainers Workshop	43	Wine Knowledge and Service	104
Purpose and Brand Workshop	715	Handling Guest Request and Empathy in Complaint Handling training	1,276
Moment Pyramid	232	Pulse Awareness Session	691
Internal Cross Training	199	Conflict of Interest Disclosure	165
2021 Compliance: Code of Conduct – Anti Bribery training	8	Preventive Measure and Ministry of Tourism COVID-19 training	310
2021 Compliance: Conduct of Interest training	68	Cleaning and Disinfection of equipment utensils, surface training	59
Sales and Marketing FAME technique Workshop	10	First Aid, Fire Prevention and Fire Control Panel training	124
HotSOS Program training	26	General & Departmental Codes for Safe Practices training	305
Stress Management training	27	GEM Tools training	111
Legionella Awareness Session	74	Hyatt Residence Orientation	150
Hyatt Basics training	269	HySAT program training	111
Time & Task Management training	19	World of Hyatt program training	213
		Total	18,602

10. Risks

The Company does not foresee any risks that may have a material impact on its operations during the coming fiscal year.







Company's Achievements

11. Company's achievements in 2021:

1. Zara Investment (Holding) Company:

- Adhere to the highest standards of the occupational safety and health in order to protect the employees and the guests from Corona Pandemic In terms of providing periodic check-ups to employees and providing the highest standards of service and quality to the guests.
- Continue to pay the salaries of all employees according to the prevailing laws by using the facilities provided by the Central Bank of Jordan and the Social Security Corporation during Corona pandemic.
- Continue the renovation for all Hotels Facilities.
- Continue to develop the technological and Electronic systems to Keep up with the latest developments.
- Continue to apply the performance monitoring standards and immediate modification of implementation plans to ensure the efficiency and effectiveness of the operational processes.
- Improve the operational performance of hotels with a thorough following up by Asset Management Department.
- Active involvement in the local community development by engaging in activities promoting livelihood and environmental awareness and develop local communities.
- Distribute Ramadan Parcels and donate to the effective charities such as (Al Hannouneh Society for Popular Culture, the Vocational Training Corporation, and Jordan Strategy Forum).

2. Jordan Hotels and Tourism Company, Owner of Hotel InterContinental Jordan (HIJ):

- Adhere to the highest standards of the occupational safety and health in order to protect the employees and the guests from Corona Pandemic.
- Reduce the transportation allowance for the board members by 50% from the beginning of Corona pandemic.
- Develop the outdoor shops at the entrance of the hotel and relocate the current tenants into the shopping arcade inside the hotel and the opening of AlDar project in the courtyard of the hotel.
- Develop the steam boiler system to work on gas instead of diesel for the purpose of preserving the environment and energy savings.
- Renovate hotel façade.
- Renovate hotel suits carpets.
- Install new safety extracting system for Burj AlHamam outdoor Restaurant.
- Won Green Engage Target certificate for energy savings.

3. Jordan Himmeh Mineral Company, owner of the Environmental Hostel Project – Irbid:

- Embarked on an environmental resort on an approximately 6 thousand square meters and total estimated cost of JD 7.5 - 8 Million in the last quarter of 2020, the first phase of the project which is almost completed. The second phase (finishing and electromechanical works) is expected to be completed by the end of 2024 instead of 2022 due to weak cash flows because of Corona Pandemic.



4. Nabatean Hotels Company, Owner of Mövenpick Nabatean Castle Hotel and Mövenpick Resort Petra:

- Renovated Hotel Facilities such as (guest rooms, corridors and bathrooms).
- Improve various safety and security standards in the hotel.
- Install new elevators for the guest and the services across the hotel.
- Renew ISO22000 Food Safety Management System certificate from the World Accreditation Agency and the Green Key certificate.
- Donate to the effective local charities, support Petra National trust initiatives and hosted various activities for the development of local community.
- Join and Full configuration of hotels network, servers and computer according to Accor standards.
- Obtain certifications for Green Key, Green Globe and the Gold award.
- Won the Certificate of Excellence from Trip Advisor and the Holiday Check Award.
- Hosted press and bloggers' trips in addition to social media activists and influencers from all over the world.
- Honored by King Hussein Cancer Foundation for sponsoring the "Room of Hope".

5. Amman Tourism Investment Company, Owner of Grand Hyatt Amman Hotel (GHA), Hyatt Tower and Zara Center:

- Complete the renovation of the hotel's residences, and the façade stone cleaning.
- Open a distinctive Italian restaurant within the luxury restaurants in the Middle East.
- Convert the boiler system in the hotel from diesel to liquefied petroleum gas.
- Improve the hotel's WIFI infrastructure and establish a mini website for the hotel.
- Improve the hotel rank on TripAdvisor from 13 to 11 comparing to other Amman Hotels.
- Obtain GBAC (Global Biorisk Advisory Council) hygiene accreditation for the second time in a row.
- Obtain the best guests service scores on HySat scale.
- Active national and religious events such as celebrating Amman's centennial by lighting up hotel building with the Jordanian flag colors and sponsoring the Christmas Village at St. Joseph Center.
- Sign the cooperation agreement with Jordan food Bank.
- Launch the Future Hotelier Academy initiative in cooperation with Education for Employment in Jordan.
- Host important exhibitions at Zara Expo such as Horica and White Friday.
- Host different football teams and Jerash Festival



celebrities.

6. National Hotels and Tourism Company, Owner of Mövenpick Resort and Spa Dead Sea:

- Renew ISO22000 Food Safety Management System certificate from the World Accreditation Agency.
- Won Travelers Choice 2021 award from TripAdvisor and Hotel.com award in the category loved by guests 2021.
- Won the World Spa Award 2021 as best Resort Spa.
- Obtain a successful cooperation with Farm to Work Culinary Tourism in Jordan.
- Hosted press and bloggers' trips in addition to social media activists and influencers from all over the world.
- Honored by King Hussein Cancer Foundation for sponsoring the "Kilo of Kindness".
- Distribute Ramadan Parcels, charitable activities and donations.

8. Zara South Coast Development Company, Owner of Mövenpick Resort and Spa Tala Bay Aqaba:

- Renew ISO 22000 Food Safety Management System certificate from the World Accreditation Agency.
- Won certifications for Green Key and Blue Flag.
- Won TripAdvisor Traveler's Choice Award.
- Won the Bronze Award for the best workplace for women in Jordan and in the Middle East awarded by Partners for Good (PFG) non-profit organization affiliated with International Associations.
- Obtain the sponsorship of the Aqaba Basketball League in Ayla Oasis and a successful cooperation with Farm to Fork Culinary Tourism in Jordan.

7. Red Sea Hotels Company, Owner of Mövenpick Resort and Residences Aqaba:

- Renew ISO22000 Food Safety Management System certificate from the World Accreditation Agency.
- Won awards for Blue Flag and Green Key from The Royal Marine conservation Society (JREDS).
- Won the Gold Award for the best workplace for women in Jordan and in the Middle East awarded by Partners for Good (PFG) non-profit organization affiliated with International Associations.
- Won TripAdvisor Traveler's Choice Award.
- Honored by King Hussein Cancer Foundation for sponsoring the "Kilo of Kindness".
- Obtain the sponsorship of the Aqaba Basketball League in Ayla Oasis and a successful cooperation with Farm to Fork Culinary Tourism in Jordan.
- Participate in HORECA last competition and Marathon race for a distance of 10KM.
- Distribute Ramadan Parcels, charitable activities and donations.





12. Financial impact of non-recurring transactions occurred during the fiscal year but do not fall within the main activities of the Company

There is no financial impact of non-recurring transactions occurred during the fiscal year but do not fall within the main activities of the Company.

13. Chronological order of realized profits (losses), dividends, equity attributable to shareholders, and share price for the years 2017 through 2021

	2021	2020	2019	2018	2017
(Loss) Profit realized	(6,058,481)	(14,102,860)	5,915,732	3,917,349	5,165,078
Dividends	-	-	3,000,000	3,000,000	-
Equity attributable to Company shareholders	141,329,378	147,367,818	167,991,457	165,266,037	166,840,004
Share price JD	0.42	0.41	0.61	0.72	0.44

14. Analysis of Company's financial position and results of operations during fiscal years 2021 and 2020

No.	Description	2021%	2020%
1	Return on Investments	(3.44)	(8.22)
2	Return on Equity	(4.28)	(9.42)
3	Return on Paid-in Capital	(4.55)	(10.46)
4	Profit Margin	(20.47)	(64.17)
5	Earnings Before Tax (EBT) to Operating Revenues	(20.42)	(62.82)
6	Ownership Ratio	80.55	87.22
7	Equity to Loans	1082.38	1901.44
8	Loans to Assets	7.44	4.59
9	Property & Equipment to Equity	98.22	100.05
10	Current Liability to Assets	8.93	11.60
11	Liabilities to Assets	12.78	19.45
12	Liabilities to Equity	14.65	24.15
13	Current Liabilities to Equity	10.24	14.41
14	Long-Term Loans to Equity	2.12	5.27
15	Operating Revenues to Equity	14.68	20.88
16	Operating Revenues to Assets	12.81	16.82
17	Current Ratio	92.70	90.65



Following are the key indicators of the Company's hotels for 2021 compared to 2020:

Hotel	Number of Rooms	Occupancy %		Average Room Rate (JD)		Operating Revenues (JD)	
		2021	2020	2021	2020	2021	2020
Hotel InterContinental Jordan	450	23	27	92	78	7,489,640	5,868,806
Grand Hyatt Amman	316	23	18	73	63	4,503,425	2,682,009
Hyatt Tower	90	36	35	125	83	753,949	535,337
Mövenpick Resort & Spa Dead Sea	362	34	31	86	66	6,836,072	4,363,732
Mövenpick Resort & Residence Aqaba	332	34	30	88	85	4,588,403	3,887,557
Mövenpick Resort Petra	183	12	13	128	127	1,674,697	1,665,199
Mövenpick Nabatean Castle Petra	92	18	10	60	71	545,930	339,270
Mövenpick Resort & Spa Tala Bay Aqaba	306	38	31	105	94	6,461,776	4,732,770
Total	2,131	29	26	92	84	32,853,892	24,074,681

1. The consolidated statement of financial position indicates that total assets as of 31/12/2021 totaled JD 198,319,324 compared with JD 190,555,521 as of 31/12/2020 representing a decline of 41%.
2. The equity attributable to shareholders of the Company as of 31/12/2021 totaled JD 141,329,378 compared with JD 147,367,818 as of 31/12/2020 representing a decline of 41%.
3. The consolidated statement of profit or loss indicates that operating revenues for 2021 totaled JD 33,360,261 compared with JD 24,462,113 for 2020 representing an increase of 36.4%.
4. The consolidated expenses including depreciation, finance costs, and administration expenses for 2021 totaled JD 11,486,623 compared with JD 10,792,132 for 2020 representing an increase of 6.4%.
5. The consolidated loss attributable to shareholders of the Company for 2021 totaled JD 6,058,481 compared with JD 14,102,860 loss for 2020 representing loss decline of 57%.









Company's Outlook

15. Company's outlook and plans for 2022

- 1- We will continue to adhere to the highest standards of the occupational safety and health in order to protect the employees and the guests from Corona Pandemic In terms of providing periodic check-ups to employees and providing the highest standards of service and quality to the guests.
- 2- We will continue to pay the salaries of all employees according to the prevailing laws by using the facilities provided by the Central Bank of Jordan and the Social Security Corporation during Corona pandemic.
- 3- We will continue to apply the Board of Directors decisions regarding the reduction of expenses.
- 4- We will continue to update hotels' facilities and equipment to maintain the competitive edge with the global operators.
- 5- We will continue to reduce costs, improve cash flows, and turn into clean energy gradually.
- 6- We will continue to develop human resources and operational data base.
- 7- We will continue to enhance our valuable guests' trust in our facilities and services.
- 8- Promote the spirit of innovation and create new ideas that would give preference of competition with other operators.
- 9- We will continue to focus on low-cost self-financing for renovation and completion of the current projects.
- 10- We will continue to follow up the operations to improve performance.
- 11- We will continue to train and develop our team to ensure the highest standards of service and quality.
- 12- We will continue to modify the way we manage the business in line with the changes in the tourism labor markets.
- 13- We will continue to serve and improve the community in the places of our company operations.
- 14- We will continue to diversify tour offering in packages to enhance attraction.
- 15- We will continue to improve the returns of the distinguished employees by the improvement of the operations.





16. Audit fees paid by the Company and its subsidiaries and fees received by or due to auditors for other services

Company	Fees JD
Zara Investment (Holding) Company PSC	13,300
Jordan Hotels and Tourism Company PSC	22,750
Jordan Himmeh Mineral Company PSC	1,250
Nabatean Hotels Company LLC	19,000
Amman Tourism Investment Company LLC	18,000
Rum Hotels and Tourism Company LLC	1,250
Oasis Hotels Company LLC	1,250
National Hotels and Tourism Company LLC	17,000
Jordan Hotel Supplies Trading Company LLC	2,850
Red Sea Hotels Company LLC	14,500
Zara Agricultural Company LLC	1,350
South Coast Real Estate Development Company LLC	1,250
South Coast Hotels Company LLC	1,250
Zara South Coast Development Company LLC	14,500
Zara Agricultural Services and Marketing Company LLC	1,250
Himmeh Solar Power Company	1,250
Total	132,000





17. (A) Number of shares held by members of the board

Name	Position	Nationality
Sabih Taher Darwish Masri	Chairman	Jordanian
Khaled Sabih Taher Masri	Vice Chairman	Jordanian
Al-Masira Investment Company, represented by Kamil Abdel-Rahman Ibrahim Sadeddin	Member	Jordanian Jordanian
Libyan Foreign Investments Company, represented by Ezzeddin Mohamed Elghoul From 21/9/2021	Member	Libyan Libyan
Tarik Ahmed AlFetory Koshlaf Till 20/9/2021	Member	Libyan
Fahad Bin Abdel-Rahman Bin Ali Al-Turki From 21/5/2020	Member	Saudi
Social Security Corporation, represented by Ra'ed Abdelhadi Abdallah Alawin from 1/8/2021	Member	Jordanian Jordanian
Mousa Ahmed Kareem Tarawneh Till 31/7/2021	Member	Jordanian
Rama Investment and Saving Company, represented by Mahmoud Suleiman Fares Al-Maaytah	Member	Jordanian Jordanian
Nasser Awwad Mohammad Khaldi	Member	Jordanian
Yassin Khalil "Mohammad Yassin" Talhouni	Member	Jordanian
Bank Al-Etihad, represented by Isam Halim Jeries Salfiti	Member	Jordanian Jordanian
Hilal Omar Mustafa Abu Zeid	Member	Jordanian
Yazid Adnan Mustafa Mufti	Member	Jordanian
Samir Said Abdel-Muti Murad	Member	Jordanian



Number of shares as of 31/12/2021	Number of shares as of 31/12/2020	Controlled companies	Number of shares held by controlled companies as of	
			31/12/2021	31/12/2020
10,000	10,000	<ul style="list-style-type: none"> Arab Supply and Trading Co. Astra Investment Co. Al-Masira Investment Co. Al-Masira International-Bahrain 	13,044,354 12,000 20,340,453 14,743,804	13,044,354 12,000 20,340,453 14,743,804
10,000	10,000	<ul style="list-style-type: none"> Arab Supply and Trading Co. Astra Investment Co. Al-Masira Investment Co. Al-Masira International-Bahrain 	13,044,354 12,000 20,340,453 14,743,804	13,044,354 12,000 20,340,453 14,743,804
20,340,453 -	20,340,453 -	None None	None None	None None
19,539,532 - -	19,539,532 - -	None None None	None None None	None None None
1,322,500	1,322,500	None	None	None
18,506,245 -	18,506,245 -	None None None	None None None	None None None
10,000 -	10,000 -	None None	None None	None None
10,000	10,000	None	None	None
4,248,920	4,141,188	<ul style="list-style-type: none"> National Development and Supply Co. Levant Investments Co. 	200,000 1,462,500	200,000 1,462,500
390,036 -	238,067 -	None None	None None	None None
10,000	10,000	None	None	None
30,000	30,000	None	None	None
10,000	-	None	None	None







17. (B) Number of shares held by senior executive management

Name	Position	Nationality	Number of shares as of		Controlled companies	Number of shares held by controlled companies as of	
			31/12/2021	31/12/2020		31/12/2021	31/12/2020
Yassin Khalil "Mohammad Yassin" Talhouni	General Manager	Jordanian	4,248,920	4,141,188	- National Development and Supply Co.	200,000	200,000
					- Levant Investments Co.	1,462,500	1,462,500
Ahmad Ibrahim Mohammad Jamjoum	Chief Financial Officer	Jordanian	-	-	None	-	-
Haitham "Mohammed Nazih" Nureddin Hanbali	Financial Controller	Jordanian	-	-	None	-	-

17. (C) Number of shares held by relatives of members of the board and senior executive management

Name	Relationship	Nationality	Number of shares as of		Controlled companies	Number of shares held by controlled companies as of	
			31/12/2021	31/12/2020		31/12/2021	31/12/2020

Relatives of Sabih Taher Darwish Masri

Serin Sabih Taher Masri	Daughter	Jordanian	2,076,000	2,076,000	None	-	-
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18. (A) Remunerations of the Chairman and members of the board

Name	Position	Transportation Allowance	Travel Allowance	Total JD
Sabih Taher Darwish Masri	Chairman	6,000	-	6,000
Khaled Sabih Taher Masri	Vice Chairman	6,000	-	6,000
Kamil Abdel-Rahman Ibrahim Sadeddin-representing Al-Masira Investment Co.	Member	6,000	-	6,000
Ezzeddin Mohamed M Elghoul -representing Libyan Foreign Investments Co.	Member from 21/9/2021	-	1,000	1,000
Tarik Ahmed AlFetory Koshlaf representing Libyan Foreign Investments Co.	Member Till 20/9/2021	-	4,673	4,673
Ra'ed Abdelhadi Abdallah Alawin – representing Social Security Corporation	Member From 1/8/2021	2,500	-	2,500
Mousa Ahmed Kareem Al - Tarawneh representing Social Security Corporation	Member Till 31/7/2021	3,500	-	3,500
Hilal Omar Mustafa Abu Zeid	Member	6,000	-	6,000
Fahad Bin Abdel-Rahman Bin Ali Al -Turk	Member	-	-	-
Yassin Khalil "Mohammad Yassin" Talhouni	Member	6,000	-	6,000
Nasser Awwad Mohammad Al-Khaldi	Member	6,000	-	65,000
Isam Halim Jeries Salfiti representing Bank Al-Etihad	Member	6,000	-	6,000
Yazid Adnan Mustafa Mufti	Member	6,000	-	6,000
Samir Said Abdel-Muti Murad	Member	6,000	-	6,000
Mahmoud Suleiman Fares Maaytah representing Rama Investment and Saving Co.	Member	6,000	-	6,000
Total		66,000	5,673	71,673



18. (B) Remuneration of senior executive management

Name	Position	Salaries	Transport Allowance	Bonuses	Other Benefits	Total JD
Yassin Khalil "Mohammad Yassin" Talhouni	General Manager	-	-	-	-	-
Ahmad Ibrahim Mohammed Jamjoum	Chief Financial Officer	92,400	3,000	25,500	600	121,500
Haitham 'Mohammad Nazih' Nureddin Hanbali	Financial Controller	59,640	1,260	-	300	61,200

19. Donations paid by the Company and its subsidiaries during the year

Beneficiary	Amount JD
Jordan Strategy Forum	7,000
Ramadan Packages	6,000
Al Hannouneh Society for Popular Culture	600
Vocational Training Corporation	261
Other	500
Total	14,361

20. Contracts, projects and commitments entered into by the Company with its subsidiaries, sister or allied companies, the Chairman, members of the board, General Manager, or any Company employee or their relatives

There are no contracts, projects, and obligations made by the issuing Company with its subsidiaries, sister or allied companies, the Chairman, members of the board, General Manager, or any Company employee or their relatives.

21. (A) The Company's contribution towards environmental protection

- Zara is committed to protecting the environment in which it operates. In line with this commitment, Zara launched in 2009 an aggressive clean production and renewable energy program aimed at gradually replacing major traditional energy sources with renewable energy solutions. These substitute energy solutions are expected to significantly reduce our greenhouse gas emissions (CO₂), while cutting cost at the same time. The projects we embarked vary in scale.



- In 2015 and in an attempt to replace our traditional energy sources with more cost-efficient renewable energy generation sources, we signed an agreement for a solar PV system based on enacted Wheeling Law. This PV system is expected to meet 50% - 60% of our current electricity consumption needs while achieving our goals of switching to clean energy and to achieving tremendous cost savings and reducing thermal emissions and the project operation has been delayed due to regulatory obstructions related to the availability of land near the distribution stations.

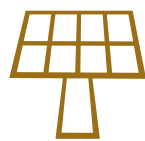
- Other energy saving measures such as switching to energy-saving LEDs have been ongoing for the past several years, during which we have also worked on projects to switch from diesel fuel to the more friendly sources of LPG, solar energy, and paper recycling.

- The environmental protection and operational sustainability plans we initiated in 2009 are ongoing and continue to be implemented to this day. In 2016 we were able to see tangible results on various fronts including monetary savings.

Some of the results that we achieved include:

1. More efficient use of water resources.
2. Reduction in greenhouse gas emissions with measurable reductions in the emissions of CO₂.
3. Successful use of alternative sources of friendly energy through partial switch to solar energy in a number of our properties.
4. The partial substitution of diesel use by environmentally-friendly LPG systems for heating purposes.
5. The certification and recognition of most of our hotels as green hotels by various internationally renowned environmental rating organizations.

As a market leader in the hospitality field, Zara is fully aware of the importance of its role in setting the standard and in spearheading the call for an environmentally-conscious tourism and hospitality industry, a key sector for the economy of Jordan.



SWITCHING
TO PV POWER



REDUCING GREENHOUSE
GAS EMISSIONS CO₂



SWITCHING
TO LED



SWITCHING
TO LPG



SWITCHING
TO SOLAR



22. (B) Company's contribution in servicing the local community

Employment at our hotels constitutes one of the most important aspects in serving local communities where we are present. The teams serving our hotels are all comprised of talented young residents of those communities. This community-based approach to developing and empowering local capacities is the guiding principle of our corporate social responsibility. Developing local talent is done by focusing on and supporting better education in these communities as well as in contributing to on- and off-the-job training.

In 2021 our hotels provided over 50 training opportunities in all fields for the employees from various departments.

Finally, Zara actively and continuously seeks opportunities where, by virtue of its expertise and through the transfer of knowledge, it can contribute in assisting and financing of initiatives that will improve

the efficiency of the tourism sector, research and development centers and develop local communities. The company has contributed to help the municipalities, research and charitable societies and sports clubs and distribute Ramadan Parcels and donate to the effective charities such as (Al Hannouneh Society for Popular Culture, the Vocational Training Corporation, and Jordan Strategy Forum).

Zara has helped all the tenants in its hotels and facilities by giving them 50% discount on the annual rent fees due to Corona pandemic.

23. (B) Corporate Governance 2021:

A: Compliance with the provisions of the Corporate Governance Regulations of 2017 (the "Regulations"):

1. The Company complies with the regulations promulgated by the Jordan Securities Commission, and such enacted laws and legislations as the Companies Law, the Jordan Securities Commission Law and the Disclosure Instructions.

2. The Company maintains the following systems, policies and procedures:

- Rules of Procedures as approved by the Ministry of Labor.
- Financial System, Work Procedures and Powers & Responsibilities Matrix.
- Disclosure Policy.
- Procedures for the implementation of the Regulations as approved by the Corporate Governance Committee.
- Bylaws and Articles of Association prepared in accordance with the Companies Law in force.

3. There are 4 independent members on the board, out of 13 (less than 1/3), and 12 non-executives.

4. All committees emanating from the Board were formed according to the Regulations as follows:

- The Audit Committee consists of 4 non-executives; 2 of them independent and is chaired by an independent member.

- The Nomination and Remuneration Committee consists of 3 non-executives; 1 of them is non-independent, 2 are independent and is chaired by an independent member.

- The Governance Committee consists of 3 non-executives; 1 of them is non-independent, 2 are independent, and is chaired by an independent member.

- The Risk Management Committee consists of 3 non-executives; 1 of them is non-independent, 2 are independent, and is chaired by an independent member.

5. All committees have established 2022 implementation Plans as approved by the Board.

6. The Annual Report demonstrate the work carried out by all committees in the fiscal year.

7. The Company and all of its hotels have official websites.

8. The Company discloses the annual and interim financial statements to the concerned authorities in Arabic and English within the deadlines set by the law.

9. The Company allows shareholders full access to disclosure information via the Annual Report, and the minutes of the annual general assembly meetings, and Amman Stock Exchange.



B: Names, classification and independence of members of the board and their representatives:

1- Board Members:

Ser.	Board Member	Classification	Independency	
1	Sabih Taher Darwish Masri	Natural	Non-Independent	Non-executive
2	Khaled Sabih Taher Masri	Natural	Non-Independent	Non-executive
3	Al-Masira Investment Company	Legal	Non-Independent	-
4	Libyan Foreign Investments Company	Legal	Non-Independent	-
5	Social Security Corporation	Legal	Non-Independent	-
6	Hilal Omar Mustafa Abu Zeid	Natural	Independent	Non-executive
7	Yassin Khalil 'Mohammed Yassin' Talhouni	Natural	Non-Independent	executive
8	Nasser Awwad Mohammad Khaldi	Natural	Independent	Non-executive
9	Bank Al-Etihad	Legal	Non-Independent	-
10	Yazid Adnan Mustafa Mufti	Natural	Non-Independent	Non-executive
11	Samir Said Abdel-Muti Murad	Natural	Independent	Non-executive
12	Rama Investment & Saving Company	Legal	Non-Independent	-
13	Fahad Bin Abdel-Rahman Bin Ali Al-Turki	Natural	Independent	Non-executive







2- Representatives of legal board members:

Ser.	Representative	Independency	
1	Kamil Abdel-Rahman Ibrahim Sadeddin representing Al-Masira Investment Company	Non-Independent	Non-executive
2	Ezzeddin Mohamed M Elghoul from 21/9/2021 representing Libyan Foreign Investments Company	Non-Independent	Non-executive
	Tarik Ahmed AlFetory Koshlaf till 20/9/2021 representing Libyan Foreign Investments Company	Non-Independent	Non-executive
3	Ra'ed Abdelhadi Abdallah Alawin from 1/8/2021 representing Social Security Corporation	Non-Independent	Non-executive
	Mousa Ahmed Kareem Tarawneh from 31/7/2021 representing Social Security Corporationn	Non-Independent	Non-executive
4	Isam Halim Jeries Salfiti representing Bank Al-Etihad	Non-Independent	Non-executive
5	Mahmoud Suleiman Fares Maaytah representing Rama Investment & Saving Company	Non-Independent	Non-executive

C: Executive positions in the Company and names of persons occupying them:

Ser.	Names	Position
1	Yassin Khalil 'Mohammed Yassin' Talhouni	General Manager
2	Ahmad Ibrahim Mohammed Jamjoum	Chief Financial Officer
3	Haitham 'Mohammed Nazih' Nureddin Hanbali	Financial Controller



D: Memberships of the board members in the boards of other public shareholding companies:

Ser.	Names	Memberships
1	Sabih Taher Darwish Masri	- Chairman of the board of Directors / Arab Bank
2	Khaled Sabih Taher Masri	- Chairman of the Board of Directors / Al-Himmeh Mineral Company. - Jordan Hotels & Tourism Company. - Cairo Amman Bank - Arab Bank
3	Kamil Abdel-Rahman Ibrahim Sadeddin	- Astra Industrial Group (Saudi Arabia) - Jordan Hotels and Tourism Company
4	Ezzeddin Mohamed M Elghoul From 21/9/2021 Tariq Ahmed AlFetory Koshlaf Till 20/9/2021	- There are no other memberships in other public shareholding companies - Libyan Foreign Investments Company Algeria (LAFICO Algeria Holding)
5	Fahad Bin Abel-Rahman Bin Ali Al-Turki	- Chairman of the Board of Directors / AlSagr Cooperative Insurance Co. - Vice Chairman of the Board of Directors / A. A. TURKI GROUP (ATCO) - Honeywell Turki Arabia Ltd. - Bahrain Specialist Hospital - Golden Pyramids Plaza Co.
6	Ra'ed Abdelhadi Abdallah Alawin From 1/8/2021 Mousa Ahmed Kareem Tarawneh Till 31/7/2021	- There are no other memberships in other public shareholding companies - There are no other memberships in other public shareholding companies
7	Mahmoud Suleiman Fares Maaytah	- World Road Transport Organization / London
8	Nasser Awwad Mohammad Khaldi	- Jordan Hotels and Tourism Company - Jordan Trade Facilities Company - Irbid Electricity Company
9	Yassin Khalil 'Mohammed Yassin' Talhouni	- Vice Chairman of the Board of Directors / Jordan Hotels & Tourism Company. - Jordan Electricity Company. - Cairo Amman Bank.
10	Isam Halim Jeries Salfiti	- Chairman of the Board of Directors / Bank Al-Etihad. - Chairman of the Board of Directors / Jordan Hotels and Tourism Company.
11	Hilal Omar Mustafa Abu Zeid	- Jordan Hotels and Tourism Company
12	Yazid Adnan Mustafa Mufti	- Chairman of the Board of Directors / Cairo Amman Bank. - Middle East Insurance Company. - Palestine Development & Investment Company.
13	Samir Said Abdel-Muti Murad	- Chairman of the Board of Directors / Irbid Electricity Co. - Vice Chairman of the Board of Directors / MedGulf Insurance Co. - Societe Generale Jordan



E: Name of corporate governance officer:

Ser.	Names	Position
1	Saleh Atallah Saleh Hawamdeh	Administration Manager

F: Names of committees emanating from the board of directors:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Governance Committee
4. Risk Management Committee

G: Names of the chairman and members of the audit committee, qualifications and experience related to financial and accounting matters:

Ser.	Names	Qualifications	Experience
1	Nasser Awwad Mohammad Al-Khaldi / President	B.A. Electrical Engineering	- CEO / Dead Sea Touristic and Real Estate Investments Company
2	Mahmoud Suleiman Fares Maaytah / Member	-	- President of General Trade Union of Road Transport Workers
3	Ezzeddin Mohamed M Elghoul Member From 21/9/2021	High Diploma Diplomatic Studies	- Head of Litigation Section Libya Africa Investment Portfolio till 9/2021
	Tarik Ahmed AlFetory Koshlaf Member Till 20/9/2021	B.A. Financial Management	- Assistant Director of Commercial Holding Companies
4	Hilal Omar Mustafa Abu Zeid Member	M.A. Finance	- Finance Consultant



H: Names of the chairman and members of the nomination and remuneration committee, the governance committee and the risk management committee:

Ser.	Names of Nomination & Remuneration Committee members
1	Hilal Omar Mustafa Abu Zeid / President
2	Khaled Sabih Taher Masri / Member
3	Nasser Awwad Mohammad Al-Khaldi / Member

Ser.	Names of Governance Committee members
1	Nasser Awwad Mohammad Al-Khaldi / President
2	Hilal Omar Mustafa Abu Zeid / Member
3	Ra'ed Abdelhadi Abdallah Alawin / Member From 1/8/2021 Mousa Ahmed Kareem Tarawneh / Member Till 31/7/2021

Ser.	Names of Risk Management Committee members
1	Hilal Omar Mustafa Abu Zeid / President
2	Kamil Abdel-Rahman Ibrahim Sadeddin / Member
3	Nasser Awwad Mohammad Al-Khaldi / Member



I: Number of meetings held by the committees during the year with the members present:

Ser.	Committee	No. of Meetings	Attendees
1	Audit	4	<ul style="list-style-type: none"> - 1st meeting: Mr. Hilal Abu Zeid, Mr. Tarik Koshlaf, Mr. Mahmoud Al-Maaytah, Mr. Nasser Al-Khaldi - 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Tarik Koshlaf, Mr. Mahmoud Al-Maaytah, Mr. Nasser Al-Khaldi - 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Ezzeddin Elghoul, Mr. Mahmoud Al-Maaytah, Mr. Nasser Al-Khaldi - 4th Meeting: Mr. Hilal Abu Zeid, Mr. Ezzeddin Elghoul, Mr. Mahmoud Al-Maaytah, Mr. Nasser Al-Khaldi
2	Nominations & Remuneration	3	<ul style="list-style-type: none"> - 1st meeting: Mr. Hilal Abu Zeid, Mr. Nasser Al-Khaldi, Mr. Khaled Masri - 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Nasser Al-Khaldi, Mr. Khaled Masri - 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Nasser Al-Khaldi, Mr. Khaled Masri
3	Governance	3	<ul style="list-style-type: none"> - 1st meeting: Mr. Hilal Abu Zeid, Mr. Mousa Al-Tarawneh, Mr. Nasser Al-Khaldi - 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Mousa Al-Tarawneh, Mr. Nasser Al-Khaldi - 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Ra'ed Alawin, Mr. Nasser Al-Khaldi
4	Risk Management	3	<ul style="list-style-type: none"> - 1st meeting: Mr. Hilal Abu Zeid, Mr. Kamil Sadeddin, Mr. Nasser Al-Khaldi - 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Kamil Sadeddin, Mr. Nasser Al-Khaldi - 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Kamil Sadeddin, Mr. Nasser Al-Khaldi

J: Number of meetings held by the audit committee with the external auditor during the year:

The audit committee held four meetings with the external auditor during the year.

K: Work carried out by committees during the fiscal year 2021:

Audit Committee:

Four meetings were held during the fiscal year ended 31 December 2021, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	23/03/2021	<ul style="list-style-type: none"> * Approval of consolidated financial statements for the year ended 31 December 2020. * Approval of the draft 27th annual report for the year ended 31 December 2020. * Preparation of the committee works report for submission to the ordinary general assembly.
Second Meeting	20/04/2021	<ul style="list-style-type: none"> * Approval of interim condensed consolidated financial statements for the three months ended 31 March 2021. * Discussion of the appointment of the independent auditors.
Third Meeting	27/07/2021	<ul style="list-style-type: none"> * Approval of interim condensed consolidated financial statements for the six months ended 30 June 2021.
Fourth Meeting	26/10/2021	<ul style="list-style-type: none"> * Approval of interim condensed consolidated financial statements for the nine months ended 30 September 2021. * Approval of the Committee proposed plan of action for the coming year 2022.

Nominations and Remuneration Committee:

Three meetings were held during the fiscal year ended 31 December 2021, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	24/2/2021	<ul style="list-style-type: none"> * Review of the independency of the board members and proposition of amendment as per enacted laws. * Preparation of the committee works report for submission to the ordinary general assembly. * Review bonus policies for company's employees for the year 2021. * Review and study bonus policies, incentives and job succession.
Second Meeting	20/04/2021	<ul style="list-style-type: none"> * Study the financial performance reports of the operations to Show incentives and bonuses
Third Meeting	26/10/2021	<ul style="list-style-type: none"> * Approval of the Committee proposed plan of action for the coming year 2022.



Governance Committee:

Three meetings were held during the fiscal year ended 31 December 2021, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	04/03/2021	* Preparation of the annual Governance Report to be included in the Annual Report. * Preparation of the committee works report for submission to the ordinary general assembly.
Second Meeting	20/04/2021	* Review implementation procedures and compliance with Governance regulations.
Third Meeting	26/10/2021	* Approval of the Committee proposed plan of action for the coming year 2022.

Risk Management Committee:

Three meetings were held during the fiscal year ended 31 December 2021, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	04/03/2021	* Preparation of the committee works report for submission to the ordinary general assembly. * Modification of risk management policy to include the risk of Corona pandemic.
Second Meeting	20/04/2021	* Review risk management policies report draft and evaluate the different types of risks
Third Meeting	26/10/2021	* Approval of the Committee proposed plan of action for the coming year 2022.



L: Number of meetings held by the Board during the year with the members attendees:

The Board of Directors held six meetings during the year ended 31 December 2021 as follows:

Ser.	Attendees
First Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Mousa Al-Tarawneh, Mr. Samir Murad, Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Nasser Al Khaldi, Mr. Hilal Abu Zeid, Mr. Fahad Al Turki.
Second Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Mousa Al-Tarawneh, Mr. Samir Murad, Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Nasser Al Khaldi, Mr. Hilal Abu Zeid, Mr. Fahad Al Turki.
Third Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Mousa Al-Tarawneh, Mr. Samir Murad, Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Hilal Abu Zeid - except Mr. Nasser Al Khaldi and Mr. Fahad Al Turki with an acceptable excuse.
Fourth Meeting	Mr. Khaled Masri, Mr. Yassin Talhouni, Mr. Tarik Koshlaf, Mr. Ra'ed Alawin, Mr. Samir Murad Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Nasser Al Khaldi, Mr. Hilal Abu Zeid, Mr. Fahad Al Turki. - except Mr. Sabih Masri and Mr. Kamil Sadeddin with an acceptable excuse.
Fifth Meeting	Mr. Khaled Masri, Mr. Kamil Sadeddin, Mr. Ezzeddin Elghoul, Mr. Ra'ed Alawin, Mr. Samir Murad Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Nasser Al Khaldi, Mr. Hilal Abu Zeid, Mr. Fahad Al Turki. - except Mr. Sabih Masri and Mr. Yassin Talhouni with an acceptable excuse.
Sixth Meeting	Mr. Sabih Masri, Mr. Khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Ezzeddin Elghoul, Mr. Ra'ed Alawin, Mr. Samir Murad Mr. Mahmoud Al-Maaytah, Mr. Yazid Mufti, Mr. Isam Salfiti, Mr. Nasser Al Khaldi, Mr. Hilal Abu Zeid, Mr. Fahad Al Turki.

Sabih Taher Masri

Chairman of the Board of Directors







CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zara Investment Holding Company – Public Shareholding Company Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zara Investment (Holding) Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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.

Emphasis of a Matter

We draw attention to note (36) to the consolidated financial statements, which describes the effect of COVID-19 pandemic outbreak on the Group's performance and its operating environment. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated 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 Consolidated 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 consolidated 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 consolidated financial statements.

Key Audit Item 1: Revenue Recognition

Refer to Note (20) to the consolidated financial statements

Key Audit matter	How the key audit matter was addressed in the audit
<p>The Group owns and operates a network of hotels. Revenues are mostly generated from room stay and sale of food and beverages. Revenues are recognized based on all the services availed and sales to customers.</p> <p>Revenue recognition was considered a key audit matter for the year 2020 due to the risk of errors in revenue recording and recognition as a result of the high volume of relatively low value transactions. A risk is also present in invoices that may be issued for services that are rendered but are not fully recorded and hence may result in an overstatement or understatement of revenues.</p> <p>The Group focuses on revenues as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service. Operating revenues for the year ended 31 December 2020 amounted to JD 24,462,113 (2019: JD 73,776,699).</p>	<p>Audit procedures included testing the Group's controls around revenue recognition and key manual controls in the revenue recognition process. We performed detailed analytical procedures for the gross margin on a monthly basis for all types of revenue (Rooms, Food and Beverages, and Other departments). Having built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of daily reports based on which revenues are recorded to ensure proper revenue recognition. We selected a sample before and after the year 2020 to assess whether the revenue was recognized in the correct period.</p>



Key Audit Item 2: Impairment of property and equipment and investment properties

Refer to Note (4) and Note (5) to the consolidated financial statements

Key Audit matter	How the key audit matter was addressed in the audit
<p>We have considered impairment of property and equipment and investment properties a key audit matter due to the following reasons:</p> <ul style="list-style-type: none"> • The net book values of the property and equipment and investment properties amounted to JD 158,658,697 as of 31 December 2020, representing 83% of total assets. • Assessment of indicators of impairment and estimation of recoverable amount by the Group involves judgement and estimation uncertainty, especially in the current circumstances arising from the outbreak of COVID-19 and its impact on the Group's performance and operating environment. 	<p>Our Audit procedures included the following:</p> <ul style="list-style-type: none"> • Involvement our own valuation specialist in: <ul style="list-style-type: none"> - Reviewing the Group's process of identifying possible indicators of impairment of the property and equipment and investment properties. - Reviewing the parameters used by the Group to identify indicators of impairment to ensure that these are reasonable. - Reviewing the appropriateness of the impairment assessment methodology used by the Group. - Challenging the reasonableness of key assumptions and input used in estimating the recoverable amount of the property. • Reviewing the adequacy of the Group's disclosure related to impairment of property and equipment and investment properties in the consolidated financial statements by reference to the requirements of the relevant accounting standards.

Other information included in the Group's 2020 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 exist. 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan

Amman – Jordan
28 March 2021



Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Financial Position
As At 31 December 2021

ASSETS	Notes	2021 JD	2020 JD
Non-current assets -			
Property and equipment	4	155,784,086	156,933,397
Investment properties	5	2,874,611	5,424,605
Right-of-use assets	6	3,160,022	3,391,815
Projects in progress	7	5,277,526	5,195,852
Financial assets at fair value through other comprehensive income	8	4,294,549	10,916,737
Advance payments for land purchases	10	111,200	111,200
Deferred tax assets	25	3,682,946	1,786,499
Other non-current assets	13	<u>1,333,375</u>	<u>1,333,375</u>
		<u>176,518,315</u>	<u>185,093,480</u>
Current assets -			
Inventories	11	1,373,043	1,666,995
Accounts receivable	12	1,015,660	5,228,173
Other current assets	13	2,026,215	3,702,843
Cash on hand and at banks	14	<u>9,622,288</u>	<u>15,477,593</u>
		<u>14,037,206</u>	<u>26,075,604</u>
Total assets		<u>190,555,521</u>	<u>211,169,084</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



EQUITY AND LIABILITIES	Notes	2021	2020
		JD	JD
EQUITY			
Attributable to the equity owners of the parent -			
Paid-in capital	15	150,000,000	150,000,000
Statutory reserve	15	5,977,415	5,971,822
Voluntary reserve	15	689,496	689,496
Cumulative change in fair value	9	(286,661)	6,234,118
Retained earnings		(9,012,432)	5,096,021
		147,367,818	167,991,457
Non-controlling interests	24	19,207,554	20,883,839
Total equity		166,575,372	188,875,296
LIABILITIES			
Non-current liabilities -			
Long-term loans	16	3,536,301	244,144
Long-term lease obligations	6	2,707,174	2,891,751
Deferred tax liabilities	25	301,522	439,382
Other non-current liabilities	18	2,645,394	1,724,407
		9,190,391	5,299,684
Current liabilities -			
Current portion of long-term loans	16	-	212,400
Short-term lease obligations	6	633,871	727,115
Due to banks	17	5,226,997	2,046,941
Accounts payable		4,813,736	6,865,908
Other current liabilities	18	3,440,819	5,194,686
Other provisions	19	590,987	1,046,569
Provision for income tax	25	83,348	900,485
		14,789,758	16,994,104
Total liabilities		23,980,149	22,293,788
Total equity and liabilities		190,555,521	211,169,084

The accompanying notes from 1 to 36 form part of these consolidated financial statements



Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Profit or Loss
For The Year Ended 31 December 2021

	Notes	2021	2020
		JD	JD
Operating revenues		24,462,113	73,776,699
Operating expenses		<u>(29,696,651)</u>	<u>(55,330,602)</u>
Net operating revenues	20	5,234,538	18,446,097
Other income, net	21	766,632	867,984
Interest income		170,286	364,258
Depreciation of property and equipment and investment properties	4,5	(7,746,573)	(7,854,658)
Depreciation of right-of-use assets	6	(231,793)	(170,487)
Finance costs	22	(463,344)	(454,845)
Administrative expenses	23	(2,350,422)	(2,961,970)
Impairment of investment properties	5	(2,400,000)	-
Other provisions	19	(101,502)	(567,273)
(Provision for) recovered from slow moving inventories	11	(53,764)	53,661
Recovered from provision for impairment of inventories	11	<u>238</u>	<u>1,102</u>
(Loss) profit for the year before income tax		(17,644,780)	7,723,869
Income tax expense, net	25	<u>1,880,142</u>	<u>(998,349)</u>
(Loss) profit for the year		<u>(15,764,638)</u>	<u>6,725,520</u>
Attributable to:			
Equity holders of the Company		(14,102,860)	5,915,732
Non-controlling interests	24	<u>(1,661,778)</u>	<u>809,788</u>
		<u>(15,764,638)</u>	<u>6,725,520</u>
		JD / Fils	JD / Fils
Basic and diluted (losses) earnings per share attributable to the equity holders of the Company	26	<u>(0/094)</u>	<u>(0/039)</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2021

	Notes	2021 JD	2020 JD
(Loss) Profit for the year		(15,764,638)	6,725,520
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	9	<u>(6,535,286)</u>	<u>44,858</u>
Total comprehensive income for the year		<u>(22,299,924)</u>	<u>6,770,378</u>
Attributable to:			
Equity holders of the Company		(20,623,639)	5,960,590
Non-controlling interests		<u>(1,676,285)</u>	<u>809,788</u>
		<u>(22,299,924)</u>	<u>6,770,378</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2021

	Attributable to	
	Paid-in capital	Reserves
		Statutory Voluntary
	JD	JD JD

2020 -

Balance at 1 January 2020	150,000,000	5,971,822	689,496
Total comprehensive income for the year	-	-	-
Transferred to reserves	-	5,593	-
Balance at 31 December 2020	<u>150,000,000</u>	<u>5,977,415</u>	<u>689,496</u>

2019 -

Balance at 1 January 2019	150,000,000	5,132,263	689,496
Effect of IFRS (16) adoption	-	-	-
Restated balance at 1 January 2020	150,000,000	5,132,263	689,496
Total comprehensive income for the year	-	-	-
Transferred to reserves	-	839,559	-
Dividends	-	-	-
Dividends of a subsidiary	-	-	-
Balance at 31 December 2019	<u>150,000,000</u>	<u>5,971,822</u>	<u>689,496</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



the equity holders of the parent				
Cumulative change in fair value	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total equity
JD	JD	JD	JD	JD
6,234,218	5,096,021	167,991,457	20,883,839	188,875,296
(6,520,779)	(14,102,860)	(20,623,639)	(1,676,285)	(22,299,924)
-	(5,593)	-	-	-
(286,661)	(9,012,432)	147,367,818	19,207,554	166,575,372
6,189,260	3,255,018	165,266,037	21,532,731	186,798,768
-	(235,170)	(235,170)	(8,010)	(243,180)
6,189,260	3,019,848	165,030,867	21,524,721	186,555,588
44,858	5,915,732	5,960,590	809,788	6,770,378
-	(839,559)	-	-	-
-	(3,000,000)	(3,000,000)	-	(3,000,000)
-	-	-	(1,450,670)	(1,450,670)
6,234,118	5,096,021	167,991,457	20,883,839	188,875,296

The accompanying notes from 1 to 36 form part of these consolidated financial statements



Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2021

	Notes	2021 JD	2020 JD
Operating Activities			
(Loss) Profit for the year before income tax		(17,644,780)	7,723,869
Adjustments:			
Interest income		(170,286)	(364,258)
Gain (loss) on sale and disposal of property and equipment	21	(13,000)	20,777
Dividends income	21	-	(43,701)
Finance costs	22	463,344	454,845
Depreciation of property and equipment and investment properties	4,5	7,746,573	7,854,658
Depreciation of right-of-use assets	6	231,793	170,487
Other provisions	19	88,412	547,092
Recovered from provision for impairment of inventories	11	(238)	(1,102)
Provision for (recovered from) slow moving inventories, net	11	53,764	(53,661)
Provision for expected credit losses, net	12	250,138	430,194
Provision for impairment of investment properties	25	2,400,000	-
Provision for projects in progress	7	37,400	-
Changes in working capital:			
Inventories		240,426	60,829
Accounts receivable		3,962,375	(483,312)
Other current assets		639,417	1,113,040
Accounts payable		(2,052,172)	914,796
Other current liabilities		(670,149)	2,118,939
Other provisions paid	19	(543,994)	(70,257)
Income tax paid	25	(884,399)	(760,282)
Net cash flows (used in) from operating activities		<u>(5,865,376)</u>	<u>19,632,953</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



	Notes	2021 JD	2020 JD
Investing activities			
Purchase of property and equipment	4	(1,176,129)	(2,529,389)
Proceeds from sale of property and equipment		13,000	86,384
Purchase of investment properties	5	(1,050)	(5,459)
Projects in progress	7	(5,389,163)	(6,937,635)
Advance payments for land purchases		-	(118)
Advance payments to suppliers and contractors		1,037,211	(560,511)
Contractors' retentions and accruals		(188,240)	363,358
Interest income received		170,286	364,258
Dividends income received		-	43,701
Net cash flows used in investing activities		<u>(5,534,085)</u>	<u>(9,175,411)</u>
Financing Activities			
Repayments of loan		(212,400)	(424,800)
Proceeds from loans		3,292,157	244,144
Dividends paid		-	(2,982,181)
Dividends of a subsidiary to non-controlling interests		-	(1,450,670)
Finance costs paid		(148,105)	(213,268)
Payments of lease obligations	6	<u>(567,552)</u>	<u>(279,767)</u>
Net cash flows from (used in) financing activities		<u>2,364,100</u>	<u>(5,106,542)</u>
Net (decrease) increase in cash and cash equivalents		(9,035,361)	5,351,000
Cash and cash equivalents at the beginning of the year		<u>13,430,652</u>	<u>8,079,652</u>
Cash and cash equivalents at the end of the year	14	<u>4,395,291</u>	<u>13,430,652</u>

The accompanying notes from 1 to 36 form part of these consolidated financial statements



Zara Investment (Holding) Company P.S.C.
Notes to the Consolidated Financial Statements
31 December 2021

(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 as of 31 December 2020.

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 and 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 consolidated financial statements were authorized for issue by the Board of Directors on 24 March 2021. These consolidated financial statements are subject to the approval of the General Assembly.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2.1) BASIS OF PREPARATION

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

The 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 consolidated financial statements.

The consolidated financial statements have been presented in Jordanian Dinar which represents the functional currency of the Group.

(2.2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (Note 30) as of 31 December 2020 and 2019.

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
- 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:

- Contractual arrangement with 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 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 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 Company'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 consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.



Amendments to IAS 1 and IAS 8: Definition of “Material”

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 include a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

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. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. 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.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group did not have any leases impacted by the amendment.

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and any impairment losses. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the consolidated statement of profit or loss.

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

	<u>JD</u>
Buildings	2
Electro-mechanicals	10-15
Machinery and equipment	15
Furniture and fixture	15
Computer hardware and software	20
Vehicles	15
Others	2-20



The assets residual values, useful lives and methods of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment and adjusted prospectively.

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

Investment properties

Investment properties are properties (land or buildings) held to earn rentals or for capital appreciation, rather than land or buildings used for production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are stated at cost, net of accumulated depreciation and any accumulated impairment losses. Investment properties (except for land) are depreciated on a straight-line basis over their estimated useful lives at annual depreciation rates ranging between 2% and 20%.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease obligations

At the commencement date of the lease, the Group recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Deferred grants

Deferred grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income in the consolidated statement of profit and loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Projects in progress

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where they get transferred to property and equipment or investment properties.

Impairment of financial assets

The Group recognises 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 Group 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 Group 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 Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity, including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity, and the valuation reserve balance for sold assets is transferred directly to retained earnings. These assets are not subject to impairment testing and dividends received are recognised in the consolidated statement of profit or loss when declared.

Fair value

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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Inventories

Inventories are valued at cost (weighted average costing) or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Accounts receivable

Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts related to expected credit losses (ECL). The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Offsetting

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

Current versus non-current classification

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

- It is expected to be realised 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 realised 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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Cash and cash equivalents

Cash and bank balance in the consolidated statement financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Loans

Loans 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. Amortized cost is calculated by taking into consideration any discount or acquisition premium, fees and costs are an integral part of the effective interest rate. Finance costs are recognised in the consolidated statement of profit and loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Accounts payable and accruals

Accounts payables are obligations to pay for goods and services that have been acquired from suppliers in the ordinary course of business, whether or not such obligations have been claimed.

Provisions

Provisions are recognized when the Group 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss, net of any reimbursement.



Income Tax

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

Tax expense comprises current tax and deferred taxes. Deferred tax is provided on temporary differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the liability method in the consolidated statement of financial position and 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 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 tax asset to be utilized.

Revenue and expense recognition

Revenues are recognized according to the five-step model (IFRS 15), which includes the identification of the contract and price, the performance obligation within the contract and that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenues are recognized upon rendering services and issuance of invoices.

Dividends are recognized when the shareholders' right to receive payment is established.

Interest income is recognized using effective interest rate method.

Other revenues are recognized using the accrual basis of accounting.

Expenses are recognized using the accrual basis of accounting.

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 Dinar using the prevailing exchange rates at year-end. Foreign exchange gains or losses are reflected in the consolidated statement of profit or loss.

Contingent assets and liabilities

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

(3) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated 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, expenses and provisions. 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.

The significant judgments, estimates and assumptions in the consolidated financial statements are as follows:

- A provision is established for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required allowance for expected credit losses in accordance with IFRS 9 "Financial Instruments".
- Income tax expense is calculated and charged for the year in accordance with laws, regulations and accounting standards. Deferred tax assets and liabilities and income tax provision are calculated accordingly.
- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly.
- A provision is established against court cases where the Group is the defendant, based on a legal study provided by the Group's legal advisor which determines the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.
- The application of IFRS 16 requires the Group to make judgements and estimates affect the measurement of right-of-use assets and lease obligations. In determining the lease term, all facts and circumstances must be considered which create an economic incentive to exercise renewal options. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure the lease obligations.



(4) PROPERTY AND EQUIPMENT

	Land	Buildings	Electro-mechanicals
	JD	JD	JD
2020-			
Cost			
At 1 January 2020	36,704,392	164,270,752	68,562,894
Additions	-	116,724	213,578
Transferred from projects in progress	-	1,161,057	766,769
Disposals	-	-	-
At 31 December 2020	<u>36,704,392</u>	<u>166,958,782</u>	<u>69,543,241</u>
Accumulated depreciation -			
At 1 January 2020	-	58,578,058	66,489,807
Additions	-	3,420,277	790,354
Disposals	-	-	-
At 31 December 2020	-	<u>61,998,335</u>	<u>67,280,161</u>
Net book value			
At 31 December 2019	<u>36,704,392</u>	<u>104,960,447</u>	<u>2,263,080</u>
The cost of fully depreciated property and equipment as at 31 December 2020 is JD 161,773,693 (2019: JD 156,839,915).			
2019-			
Cost			
At 1 January 2019	36,702,159	164,270,752	68,228,886
Additions	2,233	312,515	257,068
Transferred from projects in progress	-	1,211,284	373,720
Disposals	-	(113,550)	(296,780)
At 31 December 2019	<u>36,704,392</u>	<u>165,681,001</u>	<u>68,562,894</u>
Accumulated depreciation			
At 1 January 2019	-	55,335,096	66,020,704
Additions	-	3,288,382	765,883
Disposals	-	(45,420)	(296,780)
At 31 December 2019	-	<u>58,578,058</u>	<u>66,489,807</u>
Net book value			
At 31 December 2019	<u>36,704,392</u>	<u>107,102,943</u>	<u>2,073,087</u>



Machinery and equipment	Furniture and fixture	Computer hardware and software	Vehicles	Others	Total
JD	JD	JD	JD	JD	JD
43,196,009	54,203,462	9,085,171	1,498,854	2,415,589	381,347,372
425,002	310,131	60,314	50,380	-	1,176,129
754,231	2,566,807	21,225	-	-	5,270,089
-	-	-	(45,000)	-	(45,000)
<u>44,375,242</u>	<u>57,080,400</u>	<u>9,166,710</u>	<u>1,504,234</u>	<u>2,415,589</u>	<u>387,748,590</u>
38,061,931	49,895,907	8,323,294	1,245,928	1,819,050	224,413,975
1,669,084	1,333,448	300,306	65,274	16,785	7,595,529
-	-	-	(45,000)	-	(45,000)
<u>39,731,015</u>	<u>51,229,356</u>	<u>8,623,600</u>	<u>1,266,202</u>	<u>1,835,835</u>	<u>231,964,504</u>
4,644,227	5,851,044	543,110	238,032	579,754	155,784,086
41,914,894	53,499,542	8,807,266	1,576,985	2,555,228	377,555,712
1,019,628	780,080	280,139	31,576	2,150	2,685,389
271,549	853,950	1,350	-	-	2,711,853
(10,062)	(930,110)	(3,584)	(109,707)	(141,789)	(1,605,582)
<u>43,196,009</u>	<u>54,203,462</u>	<u>9,085,171</u>	<u>1,498,854</u>	<u>2,415,589</u>	<u>381,347,372</u>
36,283,506	49,389,832	7,978,502	1,289,039	1,911,464	218,208,143
1,782,776	1,434,428	348,304	66,596	17,884	7,704,253
(4,351)	(928,353)	(3,512)	(109,707)	(110,298)	(1,498,421)
<u>38,061,931</u>	<u>49,895,907</u>	<u>8,323,294</u>	<u>1,245,928</u>	<u>1,819,050</u>	<u>224,413,975</u>
5,134,078	4,307,555	761,877	252,926	596,539	156,933,397



(5) INVESTMENT PROPERTIES

	2021 JD	2020 JD
Cost		
As at 1 January	10,522,061	10,516,602
Additions	<u>1,050</u>	<u>5,459</u>
As at 31 December	<u>10,523,111</u>	<u>10,522,061</u>
Accumulated depreciation and impairment		
As at 1 January	5,097,456	4,947,051
Depreciation for the year	151,044	150,405
Provision for impairment of investment properties*	<u>2,400,000</u>	<u>-</u>
As at 31 December	<u>7,648,500</u>	<u>5,097,456</u>
Net book value		
At 31 December	<u>2,874,611</u>	<u>5,424,605</u>

* This item represents the difference in valuation of Zara Trading Centre owned by Amman Tourism Investment Company (subsidiary) between fair market value and the net book value of the Trading Centre.

	Valuation technique	Significant unobservable inputs	Range
Zara Trading Centre	DCF method**	Rental revenue from 2021 until 2025 (JD)	88,172 – 479,022
		Interest rate (%)	12
		Annual rate of return from the property's value (%)	9
		Growth rate (%)	3

** Using the discounted cashflow (DCF) method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

(6) RIGHTS-OF-USE ASSETS

The schedule below illustrates the book value of the Group's right-of-use assets and lease obligations and the movements during the year ended 31 December 2020

	Land JD	Photovoltaic system * JD	Total JD	Lease obligations JD
At 1 January 2020	1,180,114	2,211,701	3,391,815	3,618,866
Additions	-	-	-	-
Depreciation	(118,614)	(113,179)	(231,793)	-
Finance costs (Note 22)	-	-	-	289,731
Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(567,552)</u>
At 31 December 2020	<u>1,061,500</u>	<u>2,098,522</u>	<u>3,160,022</u>	<u>3,341,045</u>



Lease obligation details as of 31 December 2020 are as follows:

Short term	Long term	Total
<u>633,871</u>	<u>2,707,174</u>	<u>3,341,045</u>

(7) PROJECTS IN PROGRESS

This item represents the cost of executed works and amounts paid to the contractors in each of the subsidiaries:

	2021	2020
	JD	JD
Jordan Hotels and Tourism Co.	11,300	3,275,983
Jordan Himmeh Mineral Co.*	636,355	554,379
Nabatean Hotels Co.	1,197,864	753,505
Amman Tourism Investment Co.	3,521,300	740,233
Oasis Hotels Co.*	525,703	525,703
National Hotels and Tourism Co.	131,525	108,500
Red Sea Hotels Co.	110,052	55,924
South Coast Hotels Co.*	583,968	581,764
Zara South Coast Development Co.	20,251	23,253
Zara Investment (Holding) Co.*	<u>102,986</u>	<u>102,986</u>
	6,841,304	6,722,230
Less: provision for projects in progress*	<u>1,563,778</u>	<u>(1,526,378)</u>
	<u>5,277,526</u>	<u>5,195,852</u>

Interest expense capitalized on account of projects in progress amounted to JD 46,277 as of 31 December 2020 (2019: zero).

Movements on projects in progress were as follow:

	2021	2020
	JD	JD
Beginning balance	6,722,230	2,496,448
Additions	5,389,163	6,937,635
Transferred to property and equipment	<u>(5,270,089)</u>	<u>(2,711,853)</u>
	6,841,304	6,722,230
Less: provision for projects in progress*	<u>(1,563,778)</u>	<u>(1,526,378)</u>
Ending balance	<u>5,277,526</u>	<u>5,195,852</u>



* Movements on provision for projects in progress were as follow:

	2021	2020
	JD	JD
Beginning balance	1,526,378	1,526,378
Provision for the year	<u>37,400</u>	<u>-</u>
Ending balance	<u>1,563,778</u>	<u>1,526,378</u>

The estimated cost to complete above projects is approximately JD 9,500,000 as of 31 December 2020 (2019: JD 13,500,000). Management expects to complete these projects during the upcoming two years

2021	2020
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(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item represents the Group's equity investments in the following companies:

	2020	2019
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Company PLC	630,026	786,622
Jordan Projects Tourism Development Company PLC	<u>3,664,523</u>	<u>8,640,206</u>
	<u>4,294,549</u>	<u>9,426,828</u>
Unquoted shares – Local		
Jordan Hotels and Tourism Education Company LLC	-	180,000
Dead Sea Touristic and Real Estate Investments Company LLC	<u>-</u>	<u>354,000</u>
	<u>-</u>	<u>534,000</u>
Unquoted shares – Foreign		
Palestine Tourism Investment Company CSC	<u>-</u>	<u>955,909</u>
	<u>-</u>	<u>955,909</u>
	<u>4,294,549</u>	<u>10,916,737</u>



Movements on financial assets at fair value through other comprehensive income were as follows:

	JD	JD
Beginning balance	10,916,737	10,869,394
Change in fair value (Note 9)	(6,622,188)	47,343
Ending balance	<u>4,294,549</u>	<u>10,916,737</u>

(9) CUMULATIVE CHANGE IN FAIR VALUE

Movements on cumulative change in fair value were as follows:

	2020	2019
	JD	JD
Beginning balance	6,234,118	6,189,260
Change in fair value of financial assets at fair value through other comprehensive income	(6,622,188)	47,343
Change in deferred tax liabilities (Note 25)	86,902	(2,485)
Non-controlling interests share	<u>14,507</u>	<u>-</u>
Ending balance	<u>(286,661)</u>	<u>6,234,118</u>

(10) ADVANCE PAYMENTS FOR LAND PURCHASES

This item represents amounts paid by Nabatean Hotels Company (subsidiary) to purchase a land plot in Petra which has been registered under the name of the Chairman of the Board of Directors of Zara Investment (Holding) Company. The transfer of ownership to the subsidiary has not yet been completed until the date of these consolidated financial statements.



(11) INVENTORIES

	2020	2019
	JD	JD
Supplies and equipment	1,010,412	1,054,667
Food and beverages	352,935	552,682
Others	<u>99,951</u>	<u>96,375</u>
	1,463,298	1,703,724
Less: Provision for slow moving inventories	(88,737)	(34,973)
Provision for impairment of inventories	<u>(1,518)</u>	<u>(1,756)</u>
	<u>1,373,043</u>	<u>1,666,995</u>

Movements on provision for slow moving inventories were as follows:

	2020	2019
	JD	JD
Beginning balance	34,973	88,634
Provision for the year	60,079	1,254
Reversals during the year	<u>(6,315)</u>	<u>(54,915)</u>
Ending balance	<u>88,737</u>	<u>34,973</u>

Movements on provision for impairment of inventories were as follows:

	2020	2019
	JD	JD
Beginning balance	1,756	2,858
Provision for the year	-	-
Reversals during the year	<u>(238)</u>	<u>(1,102)</u>
Ending balance	<u>1,518</u>	<u>1,756</u>

(12) ACCOUNTS RECEIVABLE



	2020	2019
	JD	JD
Accounts receivable	2,586,239	6,549,962
Provision for expected credit losses	<u>(1,570,579)</u>	<u>(1,321,789)</u>
	<u>1,015,660</u>	<u>5,228,173</u>

Movements on provision for expected credit losses were as follows:

	2020	2019
	JD	JD
Beginning balance	1,321,789	908,287
Provision for the year*	347,382	463,803
Reversals during the year**	(97,244)	(33,609)
Amounts written off during the year	<u>(1,348)</u>	<u>(16,692)</u>
Ending balance	<u>1,570,579</u>	<u>1,321,789</u>

* Provision for the year was allocated to administrative expenses for JD 180,710 (2019: JD 220,130) and to operating expenses for JD 166,672 (2019: JD 243,673).

** Reversals during the year were added to other income for JD 12,553 (2018: JD 20,876) and to operating revenues for JD 84,691 (2019: JD 12,733).

As at 31 December, the aging of unimpaired accounts receivable is as follows:

		Past due but not impaired		
	Neither past due nor impaired	1-30 days	31 – 90 days	Total
	JD	JD	JD	JD
2020	399,369	616,291	-	1,015,660
2019	698,731	2,321,431	2,208,011	5,228,173

Management expects unimpaired receivables to be fully recoverable. The Group does not obtain collateral over these receivables and hence they are unsecured.



(13) OTHER CURRENT ASSETS

	2020	2019
	JD	JD
Aqaba Special Economic Zone Authority *	1,333,375	1,333,375
Refundable deposits	691,182	692,024
Advance payments to suppliers and contractors	570,020	1,607,231
Prepaid expenses	359,574	518,613
Others	<u>405,439</u>	<u>884,975</u>
	<u>3,359,590</u>	<u>5,036,218</u>
Non-current portion	1,333,375	1,333,375
Current portion	<u>2,026,215</u>	<u>3,702,843</u>
	<u>3,359,590</u>	<u>5,036,218</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 2020. In 2020, the two subsidiaries agreed with ASEZA to postpone last installment due 1 June 2020 for two years in light of repercussion of Corona virus.

(14) CASH ON HAND AND AT BANKS

	2020	2019
	JD	JD
Cash on hand	65,067	116,816
Current accounts	4,783,461	7,938,111
Term deposits *	<u>4,773,760</u>	<u>7,422,666</u>
	<u>9,622,288</u>	<u>15,477,593</u>

* Term deposits are fixed for 1 to 3 months and earn annual interest rate ranging from 1% to 3% per annum (2019: 1% to 6% per annum).



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

	2020	2019
	JD	JD
Cash on hand and at banks	9,622,288	15,477,593
Due to banks (Note 17)	(5,226,997)	(2,046,941)
	<u>4,395,291</u>	<u>13,430,652</u>

(15) EQUITY

Paid-in Capital -

The Company's authorized and paid-in capital is 150,000,000 shares of JD 1 par value each as of 31 December 2020 and 2019.

Statutory Reserve -

As required by the Jordanian Companies Law, 10% of the annual profit before tax is to be transferred to statutory reserve. The reserve is not available for distribution to the shareholders. The Company may stop this transfer to statutory reserve when its balance reaches 25% of the authorized 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.

(16) LOANS

This item consists of loans utilized from the following parties:

	Currency	Loans instalments					
		2020			2019		
		Short Term	Long Term	Total	Short Term	Long Term	Total
		JD	JD	JD	JD	JD	JD
Movenpick Company – National Hotels and Tourism Co.	USD	-	-	-	212,400	-	212,400
Cairo Amman Bank – Jordan HimmeH Mineral Co.	JOD	-	220,342	220,342	-	46,580	46,580
Cairo Amman Bank – Nabatean Hotels Co.	JOD	-	699,388	699,388	-	147,321	147,321
Cairo Amman Bank – Amman Tourism Investment Co. 1	JOD	-	2,000,000	2,573,563	-	50,243	50,243
Cairo Amman Bank – Amman Tourism Investment Co. 2	JOD	-	573,563	573,563	-	-	-
Cairo Amman Bank – Red Sea Hotels Co.	JOD	-	<u>43,008</u>	<u>43,008</u>	-	-	-
		<u>-</u>	<u>3,536,301</u>	<u>3,536,301</u>	<u>212,400</u>	<u>244,144</u>	<u>456,544</u>



- Movenpick Hotels & Resorts Management - National Hotels & Tourism Company - USD

On 2 April 2015, an interest-free loan agreement of USD 1,500,000 (JD 1,062,000) was signed between Movenpick Hotels & Resorts Management FZ LLC and National Hotels & Tourism Company (subsidiary), to finance the soft renovation of the Movenpick Resort & Spa Dead Sea whereby the loan is utilized in 4 equal disbursements, according to the percentage of completion. The loan is repayable in 5 equal semi-annual instalments of USD 300,000 (JD 212,400) commencing on 1 January 2018 and ending on 1 January 2020. During 2016, the first disbursement of USD 375,000 (JD 265,500) was made, and during 2017 the remaining disbursements of USD 1,125,000 (JD 796,500) were made.

- Cairo Amman Bank - Jordan Himmeh Mineral Company - JOD

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 tourism. The loan was granted to partly finance construction project of Himmeh resort in the north 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%. In April 2020, the loan was rescheduled whereby the interest rate was reduced to 3% effective 1 April 2020 along with decreasing semi-annual instalments to 13 each amounting to JD 153,847, commencing on 30 September 2023.

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.

- Cairo Amman Bank - Nabatean Hotels Company - JOD

On 25 August 2019, the Company signed a loan agreement in the amount of JD 2,000,000 backed by the Central Bank of Jordan to reinforce tourism. The loan was granted to finance renovation projects at Movenpick Resort Petra and Movenpick Nabatean Castle Hotel. 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 interest rate of 3.75%. In April 2020, the loan was rescheduled whereby the interest rate was reduced to 3.25% effective 1 April 2020 along with decreasing semi-annual instalments to 13 each amounting to JD 153,847, commencing on 30 June 2023.

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.

- Cairo Amman Bank - Amman Tourism Investment Company - JOD 1

On 25 August 2019, the Company signed a loan agreement in the amount of JD 2,000,000 backed by the Central Bank of Jordan to reinforce tourism. The loan was granted to finance 50% of Hyatt Tower apartments renovation project. The loan term is 5 years including 30-month grace period and is repayable over 2.5 years in 6 equal semi-annual instalments of JD 333,333 each, commencing on 31 December 2021 at annual interest rate of 4.25%.

In April 2020, the loan was rescheduled whereby the interest rate was reduced to 3.5% effective 1 April 2020 along with increasing tenure to 10 years and increasing semi-annual instalments to 13 each amounting to JD 153,847, commencing on 30 June 2023. As of 31 December 2020, the loan was fully utilized.

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.



- Cairo Amman Bank - Amman Tourism Investment Company - JOD 2

On 5 July 2020, the Company signed a loan agreement in the amount of JD 1,000,000 backed by the Central Bank of Jordan to reinforce tourism. The loan was granted to finance operating expenses of Grand Hyatt Amman Hotel. The loan term is 10 years including 24-month grace period and is repayable over 8 years in 96 equal monthly instalments of JD 10,417 each, commencing on 30 May 2022 and ending on 30 April 2030 at annual interest rate of 3%, and therefore to mitigate repercussions of COVID-19. An amount of JD 573,563 was utilized as of 31 December 2020.

- Cairo Amman Bank - Red Sea Hotels Company - JOD

On 3 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 tourism. The loan was granted to finance renovation projects at Movenpick Resort Aqaba. 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 interest rate of 3.75%. During early April 2020, the loan was rescheduled where the interest rate was reduced to 3.25% effective 1 April 2020 along with decreasing semi-annual instalments to 13 each amounting to JD 153,847, commencing on 30 June 2023.

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 unutilized portion of the loans amounts to JD 5,463,699 as of 31 December 2020.

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

Year	JD
2022	83,336
2023	937,247
2024	806,887
2025	516,698
2026 and thereafter	<u>1,192,133</u>
Total	<u>3,536,301</u>

(17) DUE TO BANKS

This item represents the balance of overdraft facilities granted to the Company from Cairo Amman Bank with ceiling of USD 10,000,000, at annual interest rate of 4.12% (2019: 4.25% per annum).



(18) OTHER CURRENT LIABILITIES

	2020	2019
	JD	JD
Accrued expenses	1,248,155	2,706,236
Deferred grant income *	1,599,981	1,799,978
Social Security Corporation deposits **	1,124,784	-
Guest deposits	417,853	725,796
Contractors' accruals and retentions	253,682	441,922
Cooling units	231,026	184,426
Sales tax deposits	-	759,377
Others	<u>1,210,732</u>	<u>301,358</u>
	<u>6,086,213</u>	<u>6,919,093</u>
Non-current portion	2,645,394	1,724,407
Current portion	<u>3,440,819</u>	<u>5,194,686</u>
	<u>6,086,213</u>	<u>6,919,093</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 in January 2019 as an incentive to renew the Management Agreement. The grant was recorded as deferred income and will be amortized over ten years as per the agreement. During 2020, an amount of JD 199,997 was recognized in the consolidated statement of profit or loss (Note 21).

** This item represents deposits from social security corporation in order to benefit from "Hemaya" program which was implemented by the Group following the issuance of Defense Order No. (14) on 14 June 2020.

(19) OTHER PROVISIONS

	Legal claims	Employees' benefits	Others	Total
	JD	JD	JD	JD
2020 -				
Beginning balance	359,851	261,242	425,476	1,046,569
Provision for the year	-	96,102	5,400	101,502
(Reversals during the year (Note 21	-	(9,062)	(4,028)	(13,090)
Paid during the year	<u>(350,000)</u>	<u>(150,542)</u>	<u>(43,452)</u>	<u>(543,994)</u>
Ending balance	<u>9,851</u>	<u>197,740</u>	<u>383,396</u>	<u>590,987</u>
2019 -				
Beginning balance	359,851	162,403	47,480	569,734
Provision for the year	-	144,277	422,996	567,273
(Reversals during the year (Note 21	-	(19,486)	(695)	(20,181)
Paid during the year	<u>-</u>	<u>(25,952)</u>	<u>(44,305)</u>	<u>(70,257)</u>
Ending balance	<u>359,851</u>	<u>261,242</u>	<u>425,476</u>	<u>1,046,569</u>

(20) SEGMENT INFORMATION

The primary reporting segments were determined based on the risks and rewards for the Group which is substantially affected by the segments' products and services. These segments are organized and operated separately in accordance with the nature of its products and services and used by the Chief Executive Officer and the decision maker of the Group.

The Group is organized for administrative purposes through hotels segment and other segments:

- Hotels segment: represents hospitality services of Movenpick Hotels, Grand Hyatt Amman Hotel and Hotel Intercontinental Jordan.
- Other segments: represent transactions of the Holding Company and other segments.

Management monitors the segment results based on the profit or loss of each segment separately for the purposes of performance evaluation.

Geographical segment is associated in providing products or services in a particular economic environment, subject to risks and rewards that are different from those in other segments operating in other economic environments. All segments of the Group operate in one geographic area.



	Hotels Segment *	Other Segments	Eliminations	Total
	JD	JD	JD	JD
2020 -				
Operating revenues	24,074,681	769,482	(382,050)	24,462,113
Operating expenses	<u>(29,573,336)</u>	<u>(505,365)</u>	<u>382,050</u>	<u>(29,696,651)</u>
Net operating revenues	<u>(5,498,655)</u>	<u>264,117</u>	<u>-</u>	<u>(5,234,538)</u>
Other information -				
Segment assets	192,554,632	59,260,608	(61,259,719)	190,555,521
Segment liabilities	59,809,300	25,430,568	(61,259,719)	23,980,149
Depreciation	7,943,966	34,400	-	7,978,366
Provision for expected credit losses	166,672	180,710	-	347,382
Interest income	166,208	4,078	-	170,286
Finance costs	315,585	147,759	-	463,344
Capital expenditures	6,554,853	11,489	-	6,566,342
Segment non-current assets	163,981,237	12,537,078	-	176,518,315

* Hotels' net operating revenues consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman	Dead Sea Movenpick Resort	Petra Movenpick Hotel	Aqaba Movenpick Resort	Nabatean Castle Movenpick Hotel	Tala Bay Movenpick Resort	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2020								
Operating revenues	5,868,806	3,217,347	4,363,732	1,665,199	3,887,557	339,270	4,732,770	24,074,681
Operating expenses	<u>(6,952,073)</u>	<u>(4,669,175)</u>	<u>(5,527,993)</u>	<u>(2,386,830)</u>	<u>(4,346,103)</u>	<u>(642,451)</u>	<u>(5,048,711)</u>	<u>(29,573,336)</u>
Net operating revenues	<u>(1,083,267)</u>	<u>(1,451,828)</u>	<u>(1,164,261)</u>	<u>(721,631)</u>	<u>(458,546)</u>	<u>(303,181)</u>	<u>(315,941)</u>	<u>5,498,655</u>



	Hotels Segment *	Other Segments	Eliminations	Total
	JD	JD	JD	JD
2019 -				
Operating revenues	73,018,583	1,663,236	(905,120)	73,776,699
Operating expenses	(55,158,720)	(1,077,002)	905,120	(55,330,602)
Net operating revenues	<u>17,859,863</u>	<u>586,234</u>	<u>-</u>	<u>18,446,097</u>
Other information -				
Segment assets	208,876,272	60,861,339	(58,568,527)	211,169,084
Segment liabilities	58,397,579	22,464,736	(58,568,527)	22,293,788
Depreciation	7,987,920	37,225	-	8,025,145
Provision for expected credit losses	243,673	220,130	-	463,803
Interest income	361,531	2,727	-	364,258
Finance costs	241,589	213,256	-	454,845
Capital expenditures	9,386,072	86,411	-	9,472,483
Segment non-current assets	168,487,669	16,605,811	-	185,093,480

* Hotels' net operating revenues consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman	Dead Sea Movenpick Resort	Petra Movenpick Hotel	Aqaba Movenpick Resort	Nabatean Castle Movenpick Hotel	Tala Bay Movenpick Resort	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2020								
Operating revenues	16,799,355	10,412,333	13,665,158	10,273,285	8,765,959	2,213,676	10,888,817	73,018,583
Operating expenses	(13,066,324)	(9,332,028)	(10,265,797)	(5,977,566)	(6,910,039)	(1,529,191)	(8,077,775)	(55,158,720)
Net operating revenues	<u>3,733,031</u>	<u>1,080,305</u>	<u>3,399,361</u>	<u>4,295,719</u>	<u>1,855,920</u>	<u>684,485</u>	<u>2,811,042</u>	<u>17,859,863</u>



(21) OTHER INCOME, NET

	2020	2019
	JD	JD
Rental income	309,042	560,949
Grant income (Note 18)	199,997	199,997
Insurance compensation	147,311	-
Gain (loss) on sale and disposal of property and equipment	13,000	(20,777)
Reversal of other provisions (Note 19)	13,090	20,181
Reversal of provision for expected credit losses	12,553	20,876
Dividends income	-	43,701
Others	<u>71,639</u>	<u>43,057</u>
	<u>766,632</u>	<u>867,984</u>

(22) FINANCE COSTS

	2020	2019
	JD	JD
Interest expense on overdraft facilities	148,108	213,268
Interest expense on operating lease obligations (Note 6)	289,731	213,151
Others	<u>25,505</u>	<u>28,426</u>
	<u>463,344</u>	<u>454,845</u>

(23) ADMINISTRATIVE EXPENSES



	2020	2019
	JD	JD
Salaries and wages	871,030	1,099,104
Property tax	219,279	220,065
Insurance	218,210	207,373
Provision for expected credit losses (Note 12)	180,710	220,130
Rent	173,368	173,733
Professional fees	125,057	159,166
Boards of directors' transportation	107,065	255,907
Subscriptions	51,173	50,381
Governmental expenses	46,946	79,517
Water and electricity	37,097	64,407
Postage and telephone	24,463	27,485
Maintenance	19,796	24,016
Security	18,691	36,198
Bank commissions and charges	17,865	40,183
Donations	16,453	37,397
Withholding tax	9,096	13,318
Travel and transportation	5,923	14,732
Hospitality	3,151	10,175
Advertising and marketing	419	2,384
Others	<u>204,630</u>	<u>226,299</u>
	<u>2,350,422</u>	<u>2,961,970</u>



(24) NON-CONTROLLING INTERESTS

This item represents the subsidiaries' net equity after deducting the Company's direct and indirect interests in these subsidiaries

(25) INCOME TAX

The income tax provision represents income tax due on the results of operations for some of the Company's subsidiaries. No income tax provision was calculated for the Company and a number of its subsidiaries for 2020 and 2019, due to the excess of deductible expenses over taxable revenues, or due to accumulated losses from prior years, in accordance with Income Tax Law No. (34) of 2014 and its amendments, Investment Commission Law No. (30) of 2014 and Aqaba Special Economic Zone Authority Law No. (32) of 2000.

Income tax, net -

The income tax stated on the consolidated statement of profit or loss represents the following:

	2020 JD	2019 JD
Current year income tax	2,434	1,017,797
Prior years' income tax	64,828	97,377
Deferred income tax expense	262,066	271,731
Deferred income tax benefit	<u>(2,209,470)</u>	<u>(388,556)</u>
	<u>(1,880,142)</u>	<u>998,349</u>

Provision for income tax -

Movement on provision for income tax is as follows:

	2020 JD	2019 JD
Beginning balance	900,485	699,868
Income tax for the year	2,434	1,017,797
Prior years' income tax	64,828	97,377
Reversal during the year	-	(154,275)
Income tax paid	<u>(884,399)</u>	<u>(760,282)</u>
Ending balance	<u>83,348</u>	<u>900,485</u>



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 2019.

Company	Year of last clearance (or sampling system acceptance):	
	Income and Sales Tax Department	Aqaba Special Economic Authority
Jordan Hotels and Tourism Co. PSC	2018	-
Jordan Himmeh Mineral Co. PSC	2019	-
Nabatean Hotels Co. LLC	2018	-
Amman Tourism Investment Co. LLC	2016	-
Rum Hotels and Tourism Co. LLC	2018	-
Oasis Hotels Co. LLC	2018	-
National Hotels and Tourism Co. LLC	2018	-
Jordan Hotel Supplies Trading Co. LLC	2018	2018
Red Sea Hotels Co. LLC	-	2016
Zara Agricultural Co. LLC – Under liquidation	2019	-
South Coast Real Estate Development Co. LLC	-	2017
South Coast Hotels Co. LLC	-	2017
Zara South Coast Development Co. LLC	-	2017
Zara Agricultural Services and Marketing Co. LLC	2018	2018
Himmeh Solar Power Co. LLC	2019	-
Zara Investment (Holding) Co. PSC	2018	-



Reconciliation between accounting profit and taxable income is as follows:

	2020 JD	2019 JD
Accounting (loss) profit before income tax	(17,644,780)	7,723,869
Losses of the Company and some subsidiaries	366,594	2,011,685
Carried forward losses	(23,050)	(2,131,627)
Non-taxable income	(1,420,301)	(1,408,111)
Depreciation differences	206,742	212,691
Non-deductible expenses	<u>3,991,654</u>	<u>2,018,044</u>
Taxable (loss) income	<u>(14,523,141)</u>	<u>8,426,551</u>
Income tax expense	<u>-</u>	<u>(998,349)</u>
Statutory income tax rate	21% - 5%	21% - 5%
Effective income tax rate	-	12.9%

Deferred tax assets -

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

Movements on deferred tax assets were as follows:

	2020 JD	2019 JD
Beginning balance	1,786,499	1,720,882
Tax effect of changing the tax rate	-	(160,797)
Tax effect of accumulated tax losses carried forward	2,145,374	332,357
Tax effect of accumulated tax losses released	<u>(248,927)</u>	<u>(105,943)</u>
Ending balance	<u>3,682,946</u>	<u>1,786,499</u>



The below subsidiaries recorded deferred tax assets against accumulated losses carried forward expected to result in future tax benefits. Movements on accumulated tax losses were as follows:

	2020					2019
	Beginning Balance	Losses Added	Losses Released	Ending Balance	Deferred Tax	
	JD	JD	JD	JD	JD	JD
Jordan Hotels & Tourism Co.	-	3,451,602	-	3,451,602	724,837	-
Nabatean Hotels Co.	-	1,989,817	-	1,989,817	218,880	-
Amman Tourism Investment Co.	4,732,068	3,512,569	-	8,244,637	1,731,374	993,734
National Hotels & Tourism Co.	-	2,953,429	-	2,953,429	324,877	-
Jordan Hotel Supplies Trading Co.	-	92,145	-	92,145	11,317	-
Red Sea Hotels Co.	-	1,400,419	-	1,400,419	70,021	-
Zara South Coast Development Co.	<u>15,855,304</u>	<u>1,156,045</u>	<u>(4,978,544)</u>	<u>12,032,805</u>	<u>601,640</u>	<u>792,765</u>
	<u>20,587,372</u>	<u>14,556,026</u>	<u>(4,978,54)</u>	<u>30,164,854</u>	<u>3,682,946</u>	<u>1,786,499</u>



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 in 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 the provision for income tax.

Movements on deferred tax liabilities were as follows:

	2020 JD	2019 JD
Beginning balance	439,382	488,104
Change in fair value of financial assets (note 9)	(86,902)	2,485
Depreciation differences related to machinery and equipment and computer hardware and software, net	<u>(50,958)</u>	<u>(51,207)</u>
Ending balance	<u>301,522</u>	<u>439,382</u>

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

	2020 JD	2019 JD
(Loss) profit attributable to equity owners of the parent (JD)	(14,102,860)	5,915,732
Weighted average number of shares (Share)	<u>150,000,000</u>	<u>150,000,000</u>
Basic (Losses) earnings per share (JD/Fils)	<u>(0/094)</u>	<u>0/039</u>

Basic (Losses) and diluted earnings per share for the year are equal.

(27) CONTINGENT LIABILITIES

The Group has outstanding bank guarantees of JD 135,201 as at 31 December 2020 (2019: JD 123,500).



(28) LITIGATIONS

In the normal course of business, the Group appears as a defendant in a number of lawsuits amounting to JD 130,713 as of 31 December 2020 (2019: JD 78,259). Management and the legal advisor believe that the Group's position holds strong against these lawsuits and no need for any provision except for what has been recorded. The Group is plaintiff in lawsuits against others in the amount of JD 667,611 as at 31 December 2020 (2019: JD 693,032).

(29) RELATED PARTY TRANSACTIONS

The consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (all are operating in Jordan):

	Paid-in Capital		Principal Activities	Ownership	
	2020 JD	2019 JD		2020 %	2019 %
Jordan Hotels and Tourism Co. PSC	10,000,000	10,000,000	Hotel InterContinental Jordan	51.6	51.6
Jordan Himmeh Mineral Co. PSC	1,557,772	1,557,772	Himmeh Resort	71.6	71.6
Nabatean Hotels Co. LLC	3,300,000	3,300,000	Nabatean Castle Hotel and Petra Movenpick Hotel	100	100
Amman Tourism Investment Co. LLC	16,500,000	16,500,000	Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	100	100
Rum Hotels and Tourism Co. LLC	700,000	700,000	Tourism Project - Wadi Mousa	82.1	82.1
Oasis Hotels Co. LLC	1,600,000	1,600,000	Tourism Project - Dead Sea	92.2	92.2
National Hotels and Tourism Co. LLC	15,000,000	15,000,000	Dead Sea Movenpick Hotel	100	100
Jordan Hotel Supplies Trading Co. LLC	330,000	330,000	Gift Shops	100	100
Red Sea Hotels Co. LLC	17,000,000	17,000,000	Aqaba Movenpick Hotel	100	100
Zara Agricultural Co. LLC	100,000	100,000	Plants	54.3	54.3
South Coast Real Estate Development Co. LLC	10,050,000	10,050,000	Tourism Project - Aqaba	82	82
South Coast Hotels Co. LLC	4,800,000	4,800,000	Tourism Project - Aqaba	82	82
Zara South Coast Development Co. LLC	39,425,503	39,425,503	Tala Bay Movenpick Hotel - Aqaba	84.8	84.8
Zara Agricultural Services and Marketing Co. LLC	61,000	61,000	Plant maintenance	100	100
Himmeh Solar Power Co. LLC	1,000	1,000	Solar power electricity generation	93.6	93.6

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 consolidated statement of financial position:

	2020 JD	2019 JD
Current assets-		
Cash at banks -		
Arab Bank, Etihad Bank, and Cairo Amman Bank (shareholders)	<u>9,557,221</u>	<u>15,356,096</u>
Accounts receivable -		
Amounts due from Cairo Amman Bank (shareholder)	<u>58,213</u>	<u>28,105</u>
Non-current liabilities -		
Loans -		
Cairo Amman Bank (shareholder)	<u>3,536,301</u>	<u>244,144</u>
Current liabilities-		
Due to banks -		
Cairo Amman Bank (shareholder)	<u>5,226,997</u>	<u>2,046,941</u>
Current portion of long-term loans - Movenpick International (Hotel Operator)	<u>-</u>	<u>212,400</u>



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

	2020 JD	2019 JD
Interest income – Cairo Amman Bank and Etihad Bank (shareholders)	170,286	364,258
Rent income – Cairo Amman Bank (shareholder)	228,713	259,546
Finance costs – Cairo Amman Bank (shareholder)	148,108	213,268
Rent expense – Astra Investment Company (owned by Chairman and Vice-Chairman of Zara Investment Company)	148,218	148,759

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

	2020 JD	2019 JD
Salaries, compensation and other benefits	<u>244,700</u>	<u>250,300</u>
Boards of directors' remuneration and transportation	<u>112,465</u>	<u>300,907</u>



(30) PARTIALLY OWNED SUBSIDIARIES

Below are the financial statements for subsidiaries (before elimination of transactions and inter-group balances) in which non-controlling interests own shares:

2020-	Jordan Hotels & Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels & Tourism Co. LLC	Oasis Hotels Co. LLC
Group's ownership percentage	51.6%	71.6%	82.1%	92.2%
Country of incorporation and operation	Jordan	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests (JD)	12,609,285	437,610	69,935	48,186
Non-controlling interests share of profit (loss) (JD)	(1,455,710)	(8)	(440)	(240)
	JD	JD	JD	JD
Condensed statement of financial position:				
Current assets	2,269,362	753,896	5,910	84,386
Non-current assets	26,855,603	1,060,760	611,651	534,788
Current liabilities	(2,263,714)	(52,809)	(225,922)	(2,386)
Non-current liabilities	(785,110)	(220,342)	-	-
Equity	<u>26,076,141</u>	<u>1,541,505</u>	<u>391,639</u>	<u>616,788</u>
Attributable to:				
Shareholders of the parent	13,466,856	1,103,895	321,704	568,602
Non-controlling interests	12,609,285	437,610	69,935	48,186
Condensed statement of profit or loss:				
Revenues	5,868,806	-	-	-
Expenses	(9,722,669)	(21,810)	(2,469)	(3,076)
Other revenues	155,783	21,783	5	4
Finance cost	(68,259)	-	-	-
Profit (loss) before income tax	(3,766,339)	(27)	(2,464)	(3,072)
Income tax expense	<u>755,915</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) profit for the year	<u>(3,010,424)</u>	<u>(27)</u>	<u>(2,464)</u>	<u>(3,072)</u>
Other comprehensive income	<u>(3,040,424)</u>	<u>(27)</u>	<u>(2,464)</u>	<u>(3,072)</u>
Attributable to non-controlling interests	<u>(1,470,216)</u>	<u>(8)</u>	<u>(440)</u>	<u>(240)</u>
Profit distributions to non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Condensed statement of cash flows				
Operating activities	(2,195,662)	(249,686)	(2,359)	(2,836)
Investing activities	(411,836)	(62,074)	5	4
Financing activities	<u>(138,075)</u>	<u>175,823</u>	<u>5,335</u>	<u>5,038</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,745,573)</u>	<u>(135,937)</u>	<u>2,981</u>	<u>2,206</u>



Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC	Himmeh Solar Power Co. LLC
54.3%	82%	82%	84.8%	93.6%
Jordan	Jordan	Jordan	Jordan	Jordan
63,961	1,738,951	721,928	3,518,192	(494)
2,194	(889)	(763)	(205,802)	(119)
JD	JD	JD	JD	JD
143,710	4,805,428	1,880,890	3,104,728	1,000
-	4,856,662	2,131,896	23,730,631	-
(3,877)	(1,252)	(2,075)	(4,164,465)	-
-	-	-	(26,416)	-
<u>139,833</u>	<u>9,660,838</u>	<u>4,010,711</u>	<u>22,644,478</u>	<u>1,000</u>
75,873	7,921,887	3,288,783	19,599,561	4,898
63,961	1,738,951	721,928	3,518,192	333
-	-	-	4,732,770	-
(1,601)	(4,945)	(4,245)	(5,883,730)	(1,870)
6,394	3	5	31,425	-
-	-	-	(47,017)	-
(4,793)	(4,942)	(2,240)	(1,166,552)	(1,870)
-	-	-	(185,749)	-
<u>4,793</u>	<u>(4,942)</u>	<u>(4,240)</u>	<u>(1,352,301)</u>	<u>(1,870)</u>
<u>4,793</u>	<u>(4,942)</u>	<u>(4,240)</u>	<u>(1,352,301)</u>	<u>(1,870)</u>
<u>2,194</u>	<u>(889)</u>	<u>(763)</u>	<u>(205,801)</u>	<u>(119)</u>
-	-	-	-	-
(18)	(4,964)	(5,220)	295,113	3,413
-	3	(2,198)	(223,624)	-
<u>116</u>	<u>7,240</u>	<u>8,841</u>	<u>240,460</u>	<u>(11,585)</u>
<u>98</u>	<u>2,279</u>	<u>1,423</u>	<u>311,949</u>	<u>(8,172)</u>



2019 -	Jordan Hotels & Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels & Tourism Co. LLC	Oasis Hotels Co. LLC
Group's ownership percentage	51.6%	71.6%	82.1%	92.2%
Country of incorporation and operation	Jordan	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests (JD)	14,079,502	437,618	70,376	48,426
Non-controlling interests share of profit (loss) (JD)	532,774	3,626	(330)	(204)
	JD	JD	JD	JD
Condensed statement of financial position:				
Current assets	5,848,854	716,165	2,929	87,217
Non-current assets	28,017,181	978,783	611,651	534,788
Current liabilities	(3,975,588)	(106,836)	(220,477)	(2,145)
Non-current liabilities	(773,881)	(46,580)	-	-
Equity	<u>29,116,566</u>	<u>1,541,532</u>	<u>394,103</u>	<u>619,860</u>
Attributable to:				
Shareholders of the parent	15,037,064	1,103,914	323,727	571,434
Non-controlling interests	14,079,502	437,618	70,376	48,426
Condensed statement of profit or loss:				
Revenues	16,799,355	-	-	-
Expenses	(15,653,023)	(22,632)	(2,738)	(3,504)
Other revenues	323,003	35,405	892	892
Finance cost	(73,755)	-	-	-
Profit (loss) before income tax	1,395,580	12,773	(1,846)	(2,612)
Income tax expense	(293,798)	-	-	-
Profit (loss) for the year	<u>1,101,782</u>	<u>12,773</u>	<u>(1,846)</u>	<u>(2,612)</u>
Other comprehensive income	<u>1,101,782</u>	<u>12,773</u>	<u>(1,846)</u>	<u>(2,612)</u>
Attributable to non-controlling interests	<u>532,774</u>	<u>3,626</u>	<u>(330)</u>	<u>(204)</u>
Profit distributions to non-controlling interests	<u>1,450,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
Condensed statement of cash flows				
Operating activities	3,784,825	31,426	(2,840)	(3,669)
Investing activities	(3,762,365)	(103,120)	22	22
Financing activities	(3,096,117)	48,459	67	90
Net (decrease) increase in cash and cash equivalents	<u>(3,073,657)</u>	<u>(23,235)</u>	<u>(2,751)</u>	<u>(3,557)</u>



Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC	Himmeh Solar Power Co. LLC
54.3%	82%	82%	84.8%	93.6%
Jordan	Jordan	Jordan	Jordan	Jordan
61,767	1,739,840	722,691	3,723,994	(375)
(403)	(1,964)	(1,163)	277,826	(375)
JD	JD	JD	JD	JD
145,644	4,810,390	1,887,808	2,969,982	22,666
-	4,856,662	2,129,693	23,750,122	1,043
(10,604)	(1,272)	(2,550)	(1,720,546)	(29,606)
-	-	-	(529,504)	-
<u>135,040</u>	<u>9,665,779</u>	<u>4,014,951</u>	<u>24,470,054</u>	<u>(5,897)</u>
73,273	7,925,940	3,292,260	20,746,060	(5,522)
61,767	1,739,840	722,691	3,723,994	(375)
-	-	-	10,888,817	-
(1,856)	(11,683)	(7,228)	(8,902,684)	(6,897)
975	771	767	36,592	-
-	-	-	(24,739)	-
(881)	(10,912)	(6,461)	1,997,986	(6,897)
-	-	-	(172,411)	-
<u>(881)</u>	<u>(10,912)</u>	<u>(6,461)</u>	<u>1,825,575</u>	<u>(6,897)</u>
<u>(881)</u>	<u>(10,912)</u>	<u>(6,461)</u>	<u>1,825,575</u>	<u>(6,897)</u>
<u>(403)</u>	<u>(1,964)</u>	<u>(1,163)</u>	<u>277,827</u>	<u>(375)</u>
-	-	-	-	-
(3,660)	1,082,256	237,962	2,822,304	(1,574)
325	21	(53,504)	(383,855)	(1,160)
-	(1,084,928)	(184,357)	(2,562,705)	24,400
<u>(3,335)</u>	<u>(2,651)</u>	<u>101</u>	<u>(124,256)</u>	<u>21,666</u>



(31) RISK MANAGEMENT

Interest rate risk -

Interest rate risk is a risk which arises from the fluctuations in the fair values or future cash flows of financial instruments due to the changes in interest rates on these instruments.

The Group is exposed to interest rate risk on its interest-earning assets such as bank deposits and interest-bearing liabilities such as loans and overdrafts.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates with all other variables held constant:

2020 -	Increase in interest rate (Basis Points)	Effect on profit for the year before income tax JD
JD	75	10,620

2019 -	Increase in interest rate (Basis Points)	Effect on profit for the year before income tax JD
JD	75	(38,487)
USD	75	1,593

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



Equity price risk –

Equity price risk is the risk that may result from a change in Amman Stock Exchange index. The Group believes that it is not significantly exposed to equity price risk.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income and the cumulative change in fair value of financial assets at fair value through other comprehensive income to reasonably possible changes in equity prices, with all other variables held constant:

2020 -	Increase in market index	Effect on the consolidated statement of comprehensive income and equity
	(%)	JD
Amman Stock Exchange	10	429,455

2019 -	Increase in market index	Effect on the consolidated statement of comprehensive income and equity
	(%)	JD
Amman Stock Exchange	10	942,683

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

Credit risk -

Credit risk is the risks that may results from the failure or inability of debtors or other parties to fulfil their obligations.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group maintains its bank balances and deposits with reputable financial institutions.

The Group provides services to a large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2020.



Liquidity risk –

Liquidity risk is represented by the possibility that the Group may not be able to meet its obligation when due. The Group manages its liquidity risk by seeking adequate funding from shareholders.

The Group limits its liquidity risk by ensuring bank facilities are available.

The following table summarises the maturities of the Group's undiscounted financial liabilities based on contractual payment dates and market interest rate:

As at 31 December 2020	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	JD	JD	JD	JD	JD
Accounts payable and other liabilities	6,820,047	253,682	168,606	-	7,242,335
Due to banks	5,442,349	-	-	-	5,442,349
Lease liabilities	-	633,871	1,145,358	2,203,106	3,982,335
Loans	-	-	3,447,396	636,927	4,084,323
Total	<u>12,262,396</u>	<u>887,553</u>	<u>4,761,360</u>	<u>2,840,033</u>	<u>20,751,342</u>

As at 31 December 2019	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	JD	JD	JD	JD	JD
Accounts payable and other liabilities	9,953,056	441,922	196,013	-	10,590,991
Due to banks	2,169,757	-	-	-	2,169,757
Lease liabilities	-	727,115	2,186,745	2,757,835	5,671,695
Loans	<u>212,400</u>	-	<u>281,850</u>	-	<u>494,250</u>
Total	<u>12,335,213</u>	<u>1,169,037</u>	<u>2,664,608</u>	<u>2,757,835</u>	<u>18,926,693</u>

Currency risk -

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US\$ 1.41 for JD 1). Accordingly, the Group is not exposed to significant currency risk.

(32) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable and some other current assets.

Financial liabilities consist of due to banks, loans, accounts payable and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

The fair of value of the quoted shares are measured at fair value determined using level one and three in the fair value hierarchy as follows:



31 December 2020			
Level 1	Level 2	Level 3	Total
JD	JD	JD	JD

Financial assets at fair value through other comprehensive income:

Quoted	<u>630,026</u>	<u>-</u>	<u>3,664,523</u>	<u>4,294,549</u>
	<u>630,026</u>	<u>-</u>	<u>3,664,523</u>	<u>4,294,549</u>

31 December 2019			
Level 1	Level 2	Level 3	Total
JD	JD	JD	JD

Financial assets at fair value through other comprehensive income:

Quoted	786,622	-	8,640,206	9,426,828
Unquoted	<u>-</u>	<u>-</u>	<u>1,489,909</u>	<u>1,489,909</u>
	<u>786,622</u>	<u>-</u>	<u>10,130,115</u>	<u>10,916,737</u>

Investments in unquoted shares are carried at cost. Management believes that the fair value of these investments are not materially different from its cost.

(33) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current and previous year.

Capital comprises of paid-in capital, statutory reserve, voluntary reserve, cumulative change in fair value and (accumulated losses) retained earnings and is measured at JD 147,367,818 as at 31 December 2020 (2019: JD 167,991,457).

(34) 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 Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.



IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that 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.

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,
- the 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,
- and 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 2023 and must be applied retrospectively.

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 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.

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 Group.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits 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 Group 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 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.

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

(35) COMPARATIVE FIGURES

Some of 2019 figures have been reclassified in order to conform with the presentation of 2020 figures. Such reclassification did not affect previously reported profit or equity for the year 2019.

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

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 as a result of cancellations of conferences and hotel reservations. Further to the above, the Cabinet of Jordan decided to cease all commercial travel to and from the Kingdom effective 17 March 2020 until 4 September 2020 and tightened travel procedures, in addition to the quarantine of arrivals to the Kingdom.

The Jordanian Prime Minister issued the following defense orders under Defense Law No. 13 for the year 1992 which have directly or indirectly affected the Group's operations and performance:

1. Defense Order No. 1 under Defense Law No. 13 for the year 1992, which suspends certain provisions of Social Security Law No. 1 of 2014 and its amendments and the regulations applied by the Social Security Corporation. This including the suspension of the application of old-age insurance for the months of March, April and May 2020 for all those subject to the Jordanian Labor Law in the private sector.
2. Defense Order No. 6 on 8 April 2020 and its amendments on 31 May 2020 under Defense Law No. 13 for the year 1992, which sets the wages of workers in private sector and any other organization subject to the Jordanian Labor Law.
3. 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.
4. Defense Order No. 24 on 13 December 2020 under Defense Law No. 13 for the year 1992, to introduce an Istidameh program in order to preserve job opportunities in the private sector through a cooperation between the Government 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.

During September 2020, the Government stopped institutional quarantine procedures for travelers arriving from all destinations and replaced it with home-based quarantine procedures, which has impacted the operating environment of the Tourism and Hospitality sector.

Some of the Group's operating activities were adversely affected by the current conditions, which had a negative impact on the Group's operating results for the year 2020 compared to the previous year and the Group's budget prepared for the year 2020. Below is the impact of COVID-19 pandemic on the Group's operations:

Hotel/ Resort	Performance indicator	2020 (Actual)	2020 (Budget)	2019 (Actual)
Hotel Intercontinental Jordan	Percentage of occupancy (%)	<u>28</u>	<u>50</u>	<u>62</u>
	Average daily rate (JD)	<u>78</u>	<u>116</u>	<u>112</u>
	Revenue Per Available Room (JD)	<u>21</u>	<u>58</u>	<u>70</u>
Grand Hyatt Amman Hotel	Percentage of occupancy (%)	<u>18</u>	<u>51</u>	<u>48</u>
	Average daily rate (JD)	<u>63</u>	<u>93</u>	<u>89</u>
	Revenue Per Available Room (JD)	<u>11</u>	<u>47</u>	<u>42</u>
Movenpick Dead Sea Resort	Percentage of occupancy (%)	<u>31</u>	<u>64</u>	<u>64</u>
	Average daily rate (JD)	<u>66</u>	<u>93</u>	<u>87</u>
	Revenue Per Available Room (JD)	<u>20</u>	<u>60</u>	<u>56</u>
Movenpick Petra Resort	Percentage of occupancy (%)	<u>13</u>	<u>77</u>	<u>74</u>
	Average daily rate (JD)	<u>127</u>	<u>140</u>	<u>138</u>
	Revenue Per Available Room (JD)	<u>17</u>	<u>107</u>	<u>102</u>
Movenpick Aqaba Resort	Percentage of occupancy (%)	<u>30</u>	<u>60</u>	<u>61</u>
	Average daily rate (JD)	<u>85</u>	<u>98</u>	<u>93</u>
	Revenue Per Available Room (JD)	<u>26</u>	<u>59</u>	<u>57</u>
Movenpick Nabatean Castle Hotel	Percentage of occupancy (%)	<u>10</u>	<u>60</u>	<u>67</u>
	Average daily rate (JD)	<u>71</u>	<u>98</u>	<u>73</u>
	Revenue Per Available Room (JD)	<u>7</u>	<u>59</u>	<u>49</u>
Movenpick Tala Bay Resort	Percentage of occupancy (%)	<u>31</u>	<u>66</u>	<u>62</u>
	Average daily rate (JD)	<u>94</u>	<u>76</u>	<u>101</u>
	Revenue Per Available Room (JD)	<u>29</u>	<u>51</u>	<u>62</u>



Some of the Group's companies benefited from the implementation of the abovementioned Defense Orders as follows:

	Salaries, wages, social security and other benefits		
	(Actual) 2020	(Budget) 2020	(Actual) 2019
	JD	JD	JD
Jordan Hotels and Tourism Co. PSC	3,707,935	6,570,231	6,394,652
Nabatean Hotels Co. LLC	1,607,868	2,977,023	2,833,110
Amman Tourism Investment Co. LLC	3,455,040	6,545,236	5,843,546
National Hotels and Tourism Co. LLC	2,757,684	4,536,628	4,275,605
Jordan Hotel Supplies Trading Co. LLC	135,899	322,397	203,804
Zara South Coast Development Co. LLC	2,540,015	3,775,833	3,657,349
Red Sea Hotels Co. LLC	3,251,056	3,206,453	3,120,026
Zara Investment (Holding) Co. PSC	383,399	422,081	422,081

The Group's current liabilities exceeded its current assets amounted to JD 752,552 as of 31 December 2020. Management believes that it maintains the minimum liquidity requirements to fulfill its obligations when they become due for a period of at least one year from the date of these consolidated financial statements by ensuring that the required funding is available from its operational activities and the bank credit facilities.

Some of the Group's investments and operating activities were affected by the current conditions, which had a negative impact on the Group's operating results for the period compared to the same period of the previous year. Management has prepared a detailed study to determine the impact of COVID-19 on the Group's activities and its financial performance in order to be able to take appropriate measures to carry out its activities under the current circumstances. Accordingly, financial assets at fair value through other comprehensive income were impaired by an amount of JD 2.4M.

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



Board of Directors' Declarations

1. The Board of Directors confirms that it knows of no existing substantial matters that may affect the Company's continuity in the next fiscal year.
2. The Board of Directors assumes full responsibility for the preparation of the consolidated financial statements and for ensuring that an effective control system is in place.
3. The Chairman, General Manager, and Chief Financial Officer assume responsibility for the entirety, accuracy, and completeness of the information and data presented in the report.

		
Chairman	General Manager	CFO
Sabih Taher Darwish Masri	Yassin Khalil "Mohammad Yassin" Talhouni	Ahmad Ibrahim Mohammad Jamjoum

Recommendations to the Ordinary General Assembly

1. Recitation of the 27th ordinary general assembly report held on 21/04/2021 and its approval.
2. Voting on the Board of Directors report for the fiscal year ended 31/12/2021 and its approval.
3. Voting on the Company's consolidated financial statements for the year ended 31/12/2021 and its approval.
4. Approval of the appointment of Mr. Ezzeddin Mohamed M Elghoul the representative of the Board Member Libyan Foreign Investments Company to succeed the resigned representative Mr. Tarik Ahmed AlFetory Koshlaf, or otherwise election of a new representative for the vacant seat.
5. Approval of the appointment of Mr. Ra'ed Abdelhadi Abdallah Alawin the representative of the Board Member Social Security Corporation to succeed the resigned representative Mr. Mousa Ahmed Kareem Al-Tarawneh, or otherwise election of a new representative for the vacant seat.
6. Release of the Board of Directors for any liability for the year ended 31/12/2021 in accordance with the law.
7. Election of the Company's external auditors for the fiscal year 2022 and determination of their fees, or otherwise authorizing the Board of Directors to do so.

Finally, the Board of Directors would like to reiterate its thanks and appreciation for your support of the Company's goals, wishing you, the Company and its employees continued prosperity and success.

Board of Directors

