Zara Investment Holding

شركة زارة للاستثمار القابضة

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Zara Investment (Holding) Company PSC

25th Annual Report 2018

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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

Tarik Ahmed AlFetory Koshlaf
Member/Representing Libyan
Foreign Investments Company

Bassam Ali Nayef Al-Subaihi
Member/Representing Social
Security Corporation
From 25/2/2018

Jamila Tawfiq Mahmoud Mahasneh
Member/Representing Socia
Security Corporation
Till 25/2/2018

Hilal Omar Mustafa Abu Zeid
Member from 21/3/2018

Kamal Ghareeb Abdel-Rahim Al-Bakri
Member/Representing
Cairo Amman Bank
till 18/3/2018

Nawaf Abdel-Rahman Bin Ali Al-Turki
Member

Yassin Khalil "Mohammad Yassin" Talhouni
Member

Isam Halim Jeries Salfiti
Member/Representing
Bank Al Etihad

Yazid Adnan Mustafa Mufti
Member

Nasser Awwad Mohammad Al-Khaldi
Member from 22/10/2018

Nafez Saleh Odeh Mustafa
Member till 22/10/2018

Haidar Izzat Rashid Touran
Member/Representing
Rama Investment & Saving Company

"Mohammad Osama" Jawdat sha'sha'a
Member

Yassin Khalil "Mohammad Yassin" Talhouni
General Manager

Ernst & Young
External Auditors

Ittqan Law Firm
Legal Advisor/Wael Karaen

Zara Investment Holding Company
Public Shareholding Company

INTERCONTINENTAL
JORDAN

GRAND | HYATT
AMMAN

MÖVENPICK
RESORT & SPA
TALA BAY AQABA

MÖVENPICK
HOTELS & RESORTS

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 25th annual meeting of the ordinary general assembly of the shareholders of Zara Investment (Holding) Company.

Jordan has witnessed a better year as far as inbound tourism is concerned, especially for Petra and Aqaba, which has alleviated the negative impact of the increased supply of 5-star hotel rooms in Amman.

Consolidated operating revenues increased by 3% in 2018 to reach JD 69.5 million compared with JD 67.7 million in 2017. Consolidated operating expenses increased by 7% to reach JD 53.1 million compared with JD 49.6 million in 2017. Consolidated net operating revenues declined to reach JD 16.3 million, down by 10% compared with JD 18.1 million in 2017. Consolidated net profit decreased by 23% to reach JD 5.2 million compared with JD 6.7 million in 2017. The 3% increase in revenues was triggered by a 1% increase in the combined average room rate (ARR) from JD 102 in 2017 to JD 103 in 2018, and an increase of 6% in the overall occupancy, which reached a combined rate of 56% for all of Zara hotels compared with 53% in 2017.

Amidst a challenging regional backdrop, Jordan's economy remains sluggish, though it is undergoing a modest pick-up in 2018, owing to resurgence in tourism and mining quarrying. Consistent with 2017, real GDP growth recorded 2.3% propelled by a robust performance in tourism, which posted double digits growth in receipts and one digit growth in arrivals.

The tourism sector, whose contribution accounts for around 13% of GDP and 7% of gross value added, maintained its position. In line with UNWTO 2018 growth estimates of 10% in international tourist arrivals to the Middle East, arrivals to Jordan increased in 2018 by 3% to reach JD 4.9 million over night visitor, and the tourism income increased in 2018 by 13% to reach JD 3.6 billion compared with JD 3.2 billion in 2017.

In 2018, Zara continued to maintain its leading market position and share of the 5-star room inventory in Jordan. Zara also maintained its market leadership in terms of the number of persons employed by the hospitality sector. Employment in the 5-star hotels segment in Jordan reached 10,493 persons in 2018 of which Zara employs approximately 18%, while employment in the hospitality sector reached 51,501 in 2018 of which Zara employs approximately 4.2%. In 2018, Zara maintained its commitment to upholding the highest standards in its operations underpinned by the right culture, values, practices and behaviors.

Zara hotels continued to be distinguished in 2018. Hotel InterContinental Jordan, Mövenpick Resort Petra and Mövenpick Resort & Spa Tala Bay Aqaba were all ranked number one in their respective geographical areas in terms of revenue generation and gross operating profits. Mövenpick Resort Petra maintained an impressive leadership position by achieving the highest revenue, gross operating profit, and average room rate in Petra. 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 the world. Hotel Intercontinental Jordan won the Excellence Award in Safety and Occupational Health by Social Security Corporation. For the fifth year in a row, Mövenpick Resort & Spa Dead Sea won World Luxury Hotel Award 2018 as Jordan's Luxury Resort & Spa in the Middle East.

Mövenpick Resort & Spa Tala Bay Aqaba Won the Excellence Award as the best spa facility in Africa, India Ocean, and the Middle East and won Travelers' Choice Award as one of the top 25 luxury hotels in Jordan in 2018.

Jordan Himmeh Mineral Company obtained clean and clear title deeds of all the land lots, to allow for unification of the plots in order to embark on a 3-star eco-lodge resort which promises to be a wonderful addition to Zara portfolio of hotels.

On a different note, Jordan Himmeh Mineral Company managed to increase the authorized capital from JD 500,000 to JD 2,000,000 of which 1,557,772 shares were subscribed and paid in.

In 2018, Zara continued the comprehensive revamp of the way it manages its assets, a project undertook as of late 2015. In doing so Zara was quick to identify and assess the disruptive and competitive changes 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 attempting to replace traditional energy sources with more cost–efficient clean and renewable ones, Zara finalized an agreement for a Photovoltaic (PV) System based on the recently enacted Wheeling Law. Once fully developed in 2019, this PV system is expected to meet 50%-60% of current electricity consumption needs.

Establishing a benchmark for the 5-Star hotels in Jordan; Zara continues to collect the data for each region of its operations on a monthly basis. This benchmark has established a database with a tracked history and is shared with property owners. New comers will also be added to the database to provide transparent information to the sector.

Over the past eight years, Zara has managed to reduce its entire debt from JD 90 million ending 2010 to Zero ending 2018. Thanks to the positive operating cash flows and the restructure of the Company's capital, which resulted in substantial reduction in dept service, Zara eventually approached the full repayment of its indebtedness to local and international lending institutions by end of 2018. This will allow the utilization of realized profits for expansion and dividend distribution.

Zara outlook remains positive for 2019, however, Zara will continue to limit and prioritize the execution of new capital investment projects based on urgency and need. Zara will enhance the implementation of cost-cutting measures to improve efficiencies. Renewable and clean energy production projects will continue with a special emphasis on regulatory changes allowing the Company to consider electricity production through the investment in solar photovoltaic (PV) plants.

Zara role in and contribution to the local communities in which it operates will remain of paramount importance. Contribution to human resource training and tourism product development in Jordan will be one of the key objectives of Zara.

Zara target in 2019 will be to fully embrace what has been achieved and to build on it moving forward to ensure profitable growth and returns. Zara will work towards continuing to set the benchmark in 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 of 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 they are. 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

Overview

Welcome to the 25th annual meeting of the ordinary general assembly of the shareholders of Zara Investment (Holding) Company.

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Zara outlook remains positive for 2019, however, Zara will continue to limit and prioritize the execution of new capital investment projects based on urgency and need. Zara will enhance the implementation of cost-cutting measures to improve efficiencies. Renewable and clean energy production projects will continue with a special emphasis on regulatory changes allowing the Company consider electricity production through the investment in solar photovoltaic (PV) plants.

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Hotel industry key indicators for 2018 compared to 2017:

	Year 2018	Year 2017	Variance%
Number of overnight visitors	4,922,169	4,778,500	3%
Tourism income (million JD)	3,650	3,230	13%
Average length of stay (night)	4.3	4.1	5%
Number of classified hotels	255	259	-1.5%
Number of hotel rooms	21,426	21,264	1%
Number of beds	36,216	37,086	-2%
Number of employees	51,501	51,365	-

Source: Ministry of Tourism and Antiquities

5-star hotel key indicators for 2018 compared to 2017:

	Year 2018	Year 2017	Variance%
Number of 5-star hotels	37	33	12%
Number of 5-star hotel rooms	9,628	8,675	11%
Number of hotel rooms owned by Zara Investment Holding Company	2,131	2,131	-
Rooms owned by Zara - % of total	22.1%	24.6%	-10%

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	27

Consolidated total assets

JD 206,405,850

2. (B) Subsidiaries

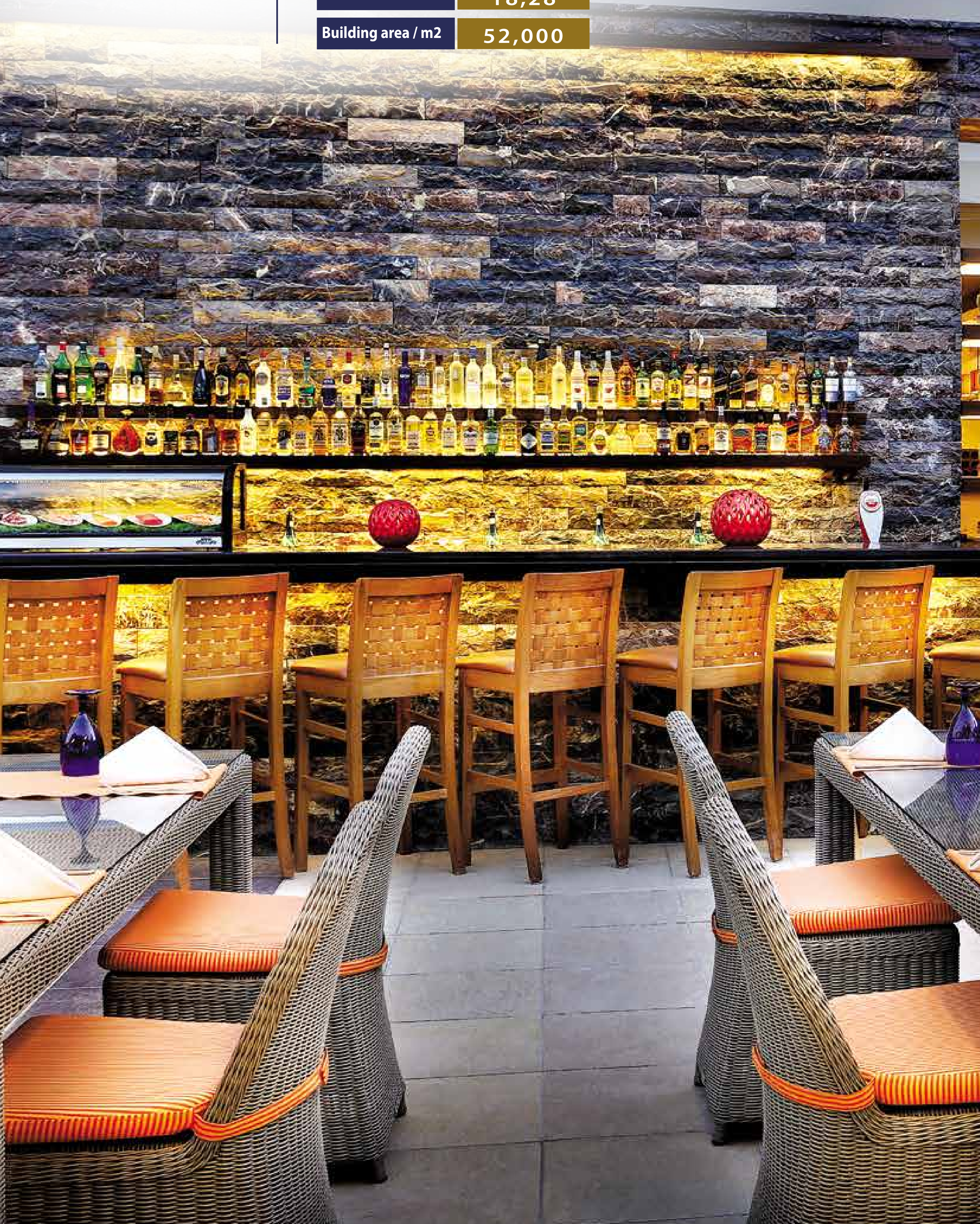
Subsidiary	Paid up Capital/JD	Main Activity	HQ	Shareholding %	Number of Employees
Jordan Hotels and Tourism Company PSC	10,000,000	Owner of Hotel InterContinental Jordan	Amman	51.6%	494
Jordan Himmeh Mineral Company PSC	1,557,772	Owner of Jordan Himmeh Resort – Mukhaibeh	Amman	71.6%	3
Nabatean Hotels Company LLC	3,300,000	Owner of Mövenpick Nabatean Castle Hotel and Mövenpick Resort Petra	Amman	100%	254
Amman Tourism Investment Company LLC	16,500,000	Owner of Grand Hyatt Amman Hotel, Hyatt Tower, and Zara Center	Amman	100%	335
Rum Hotels and Tourism Company LLC	700,000	Owner of tourism project Tybeh – Petra, owner of 66 donum	Amman	82.1%	-
Oasis Hotels Company LLC	1,600,000	Owner of tourism project - Dead Sea, owner of 34 donum	Amman	92.2%	-
National Hotels and Tourism Company LLC	15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	455
Jordan Hotel Supplies Trading Company LLC	330,000	Owner of Souk Zara gift boutiques	Amman	100%	20
Red Sea Hotels Company LLC	17,000,000	Owner of Mövenpick Resort & Residence Aqaba	Aqaba	100%	270
Zara Agricultural Company LLC	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 Al Yammaniya) 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%	298
Zara Agricultural Services and Marketing LLC*	25,000	Maintenance of agricultural sites	Aqaba	100%	24
Total number of employees					**2,180**

* Zara Agricultural Services and Marketing LLC was established on 16/5/2017 to carry out the works of Zara Agricultural Company (in liquidation phase) at Aqaba Special Economic Zone in order to take advantage of tax benefits and customs exemptions.

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

INTERCONTINENTAL
JORDAN

Opening year	1963
Number of rooms	440
Land area / donum	18,28
Building area / m2	52,000



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	-	19/02/1966
Al-Masira Investment Company	Kamil Abdel-Rahman Ibrahim Sadeddin	Member	1994	14/2/2004	26/07/1951
Libyan Foreign Investments Company	Tarik Ahmed Alfetory Koshlaf	Member	2000	28/5/2017	10/3/1975
Social Security Corporation	Bassam Ali Nayef Al-Subaihi	Member From 25/2/2018	2000	25/2/2018	5/1/1962
Social Security Corporation	Jamila Tawfiq Mahmoud Mahasneh	Member till 25/2/2018	2000	20/10/2011	01/03/1963
Hilal Omar Mustafa Abu Zeid	-	Member From 21/3/2018	2018	-	20/11/1961
Cairo Amman Bank	Kamal Ghareeb Abdel-Rahim Al-Bakri	Member till 18/3/2018	1994	15/6/2007	07/06/1969
Nawaf Abdel-Rahman Bin Ali Al-Turki	-	Member	2016	-	17/6/1987
Yassin Khalil "Mohammad Yassin" Talhouni	-	Member	2000	-	08/05/1973
Nasser Awwad Mohammad Al-Khaldi	-	Member from 22/10/2018	2018	-	21/10/1966
Nafez Saleh Odeh Mustafa	-	Member till 22/10/2018	2003	-	12/12/1934

Degree	Graduation Date	Profession	Memberships
B.A Chemical Engineering	1963	Businessman	• Arab Bank / Chairman
M.B.A. Business Administration	1989	Businessman	• Jordan Himmeh Mineral Company / Chairman • Jordan Hotels and Tourism Company
High Diploma Civil Engineering	1975	Vice President/ Arab Supply & Trading Corp. (Astra Group)	• Astra Industrial Group (Saudi Arabia) • Palestine Development and Investment Co. • Jordan Hotels and Tourism Company
B.A. Financial Management	2000	Assistant Director of Commercial & Holding Companies	• Libyan Foreign Investments Co. Algeria (LAFICO Algeria Holding)
PHD Economics	2011	Liaison Officer for Arab Countries/ International Social Security Association	-
M.A. Economics	1999	Assistant Manager/ Social Security Corporation	-
M.A. Scientific Finance	1985	Finance Consultant	• Jordan Hotels and Tourism Company
LL.B.	1991	General Manager/ Cairo Amman Bank	• Jordan Express Tourist Transport Company / Chairman • Jordan Insurance Company
B.A. Science, Banking and Finance	2010	Managing Director/ A. A. TURKI GROUP (ATCO)	• Redland Industrial Services (Arabia) LTD. • RAMKY-ATCO Environmental Services LTD. • Keller Turki Co. LTD. • Honeywell Turki Arabia LTD.
B.A. Economics	1994	Businessman	• Jordan Hotels and Tourism Company / Vice Chairman • Jordan Himmeh Mineral Company • Cairo Amman Bank • Jordan Electricity Company
B.A. Electrical Engineering	1989	CEO/Dead Sea Touristic & Real Estate Investments Company	• Jordan Trade Facilities Co. • Royal Tours/Chairman • Royal Wings • Jordan Hotels and Tourism Company
-	-	Businessman	• Jordan Hotels and Tourism Company

Bank Al Etihad	Isam Halim Jeries Salfiti	Member	1994	28/7/1994	23/05/1944
Yazid Adnan Mustafa Mufti	-	Member	2000	-	27/03/1953
Mohammad Osama Jawdat Sha'sha'a	-	Member	2008	-	01/06/1942
Rama Investment & Saving Company	Haidar Izzat Rashid Touran	Member	2015	1/9/2015	3/3/1946

B.A. Economics	1967	Businessman	• Bank Al Etihad / Chairman • Jordan Hotels and Tourism Company / Chairman
B.A. Business Administration	1976	Businessman	• Cairo Amman Bank / Chairman • Middle East Insurance Company • Palestine Development and Investment Company
High Diploma International Economics	1967	Businessman	• Jordan Insurance Company
PHD in Political Economy	1994	- Various positions in banking business at Jordan Ahli Bank - Secretary at International Relations	• Employment-Technical and Vocational Education and Training (E-TVET) Council • Project Financing Committee in E-TVET Council • Financing Committee in E-TVET Council • Steering Committee for the National Employment Strategy • Executive Committee of Jordan Federation Trade Union

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	• Jordan Hotels and Tourism Company / Vice Chairman • Jordan Himmeh Mineral Company • Cairo Amman Bank • Jordan Electricity Company
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	• 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	• Held several financial consulting and auditing positions at local and regional consulting firms.

4. Major shareholders and number of shares held compared with 2017

Name	No. of Shares as of 31/12/2018	Percentage %	No. of Shares as of 31/12/2017	Percentage %
Al-Masira Investment Company	20,097,424	13.40%	20,097,424	13.40%
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%
Al-Masira International – Bahrain	14,743,804	9.83%	14,743,804	9.83%
Arab Supply and Trading Corporation	11,008,354	7.34%	11,008,354	7.34%
Cairo Amman Bank	9,990,084	6.66%	9,990,084	6.66%
Mohammed Bin Abdel-Rahman Bin Hamad Al-Sheik	6,000,000	4%	6,000,000	4%
Abdel-Rahman Bin Ali Bin Abdel-Rahman Al-Turki	6,000,000	4%	6,000,000	4%

GRAND | HYATT

AMMAN

Opening year	1999
Number of rooms	361
Land area / donum	17,48
Building area / m2	78,700


GRAND
HYATT

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 26.5% market share of the 5-star hotel revenue in Jordan in 2018. Zara market leadership is also manifested through it's paid-up and registered capital, and net book value of property and equipment which stand at JD 150 million / share and JD 165.9 million respectively as of 31/12/2018.

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.

During 2018, all properties of Zara maintained their leadership position in the market. Hotel Intercontinental Jordan achieved the highest revenue and operating profit in Amman and the Kingdom. Mövenpick Resort Petra achieved the highest revenues and operating profit in Petra. Mövenpick Resort Talabay Aqaba maintained its first level in terms of revenues and operating profits. Mövenpick Resort & Spa Dead Sea achieved a second level in terms of revenues and operating profits in Dead Sea.

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.

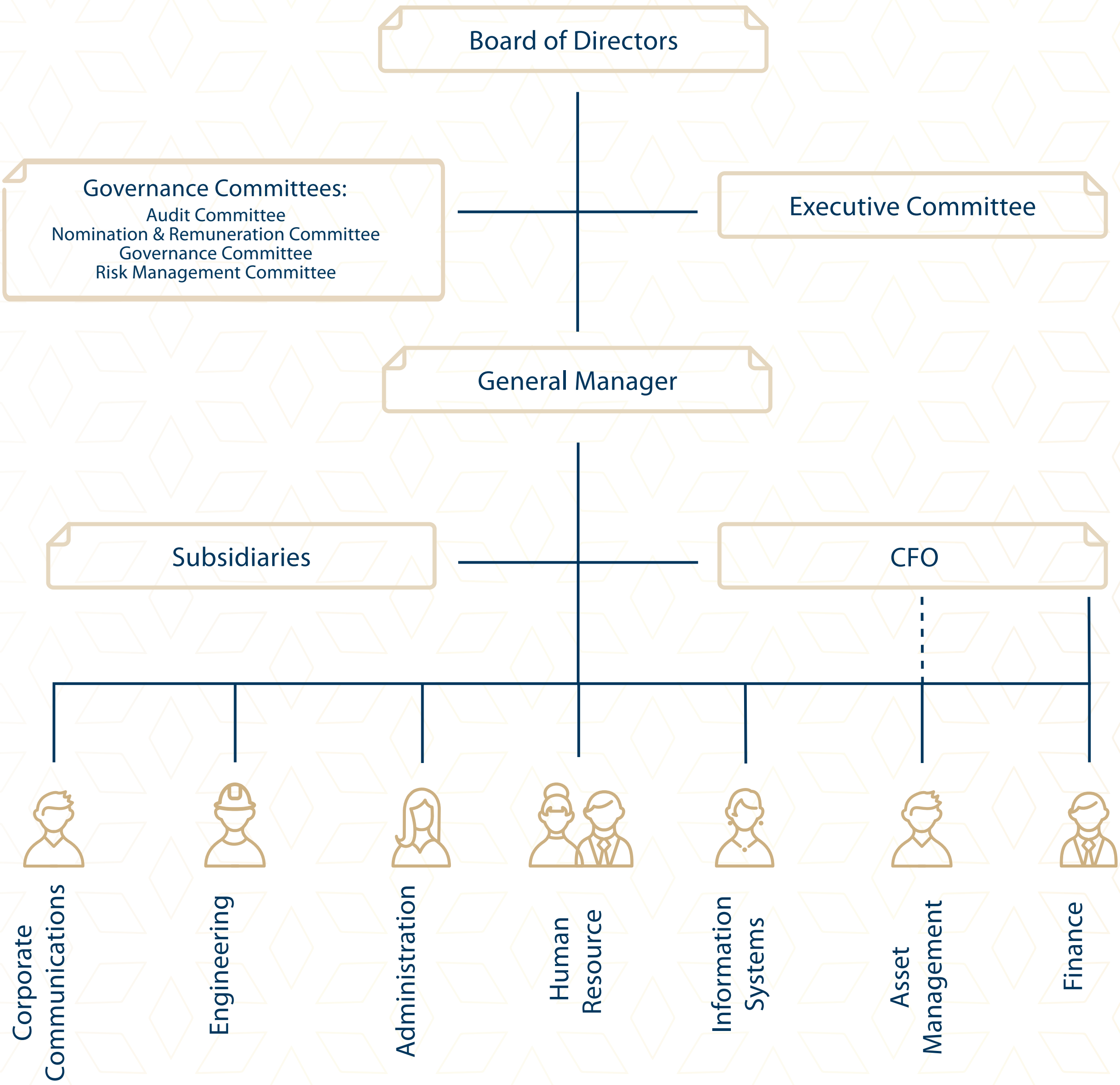
7. Government protection or privileges enjoyed by the Company

There are no government protection measures, nor privileges enjoyed by the Company or any of its products / subsidiaries in accordance with legal regulations. Moreover, neither the Company nor any of its subsidiaries obtained patents or franchises.

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	2	0	18	2	5	27

Subsidiaries	PhD	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Jordan Hotels and Tourism Company PSC	0	4	1	92	73	324	494
Jordan Himmeh Mineral Company PSC	0	0	0	0	0	3	3
Nabatean Hotels Company LLC	0	0	0	17	6	231	254
Amman Tourism Investment Company LLC	0	2	0	55	41	237	335
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	84	49	319	455
Jordan Hotel Supplies Trading Company LLC	0	0	0	7	2	11	20
Red Sea Hotels Company LLC	0	0	0	30	23	217	270
Zara Agricultural Company LLC	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	92	115	91	298
Zara Agricultural Services and Marketing Company LLC	0	0	0	0	0	24	24
Total	**0**	**11**	**1**	**395**	**311**	**1,462**	**2,180**

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

Course Description	Number of Employees	Course Description	Number of Employees
Creating Connections	457	Coaching for Excellence	256
Corporate Governance	8	Computer Skills	89
ISO	12	Discovery Program	648
USAID Training	74	Green Key for Energy Conservation and Environmental Training	724
Security Awareness and Basic Safety Procedures	1,242	Making the most my Performance Review	102
Evaluating Employees' Performance	20	Data Privacy	377
Fire Evacuation Training	91	Financial Statements Awareness	67
Privacy and information Security	648	New F&B Standard Training	14
Code of Business Conduct	355	Lobester Ink Online Learning	37
Soft / Communication Skills	786	Technical Training Skills	826
Special Situations Management	9	E-Learning Training System MHR	50
Digital Marketing & Media Communications Workshop	14	Off Job and On Job Training Skills	192
Revenue Management Training in Sales & Reservation Program	7	Internship for Students – Royal Academy / VTC	41
Food Photography Workshop	2	Housekeeping Management	7
Lessons in management Leadership	65	Wine Knowledge and Service	174
Complaint Handling- Restoring the Trust-Employees	625	Human Resources Workshop	4
Key Essentials of Personal Hygiene, Health & Food Safety	837	Handling Guest Requests and Problems	1,074
My Learning Tool	7	Arabic Language, Secretarial Programs in Arabic & English	157
New Managers Development Core Skills	105	Pulse Awareness Session	472
Hiring and Welcoming New Employees Program (Orientation)	767	Conflict of Interest Disclosure	139
Quality Service Standards	657	Empathy in Complaint Handling	68
Departmental Trainers Workshop	26	Global Compliance Programs 2018	578
Purpose and Brand Workshop	747	Diversey Chemical Application and Training Session	48
4 Corner Stones and Brand Promise	635	Internal Cross Training	33
F&B Selling Techniques	177	**Total**	**14,550**

10. Risks

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

MÖVENPICK
RESORT & SPA DEAD SEA

Opening year	1999
Number of rooms	346
Land area / donum	89,21
Building area / m2	55,273

Company's Achievements

11. Company's achievements in 2018:

1. Zara Investment Holding Company:

- Continued the renovation of the rooms, suites, and facilities of hotels.
- Developed the technological and electronic systems such as Human Resources system, accounting system and file system.
- Applied performance monitoring standards and immediate modification of implementation plans.
- Improved hotels' performance through following up by Asset Management Department.
- Active involvement in the local community development by engaging in activities promoting livelihood and environmental awareness like visiting the leisure Resort (Mountain Breeze) which includes many sports activities, Home of Elderly in Mother's Day, hosting World Associates students, participating in religious events such as distributing charity packages in the holy month of Ramadan, donating to the less fortunate charities, and helping the orphanage and the disabled society by giving them educational courses and employ them .
- Settled dues of long-term loans in full.
- Improved the performance of Nabatean Hotels Company (owner of Movenpick Resort Petra and Movenpick Nabatean Castle Hotel) as it achieved the highest revenues and operating profit in Petra.
- Raised the authorized capital of Jordan Himmeh Mineral Company to JD 2 million and changed the land classification from residential and garden to multi-use.

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

- Renovated Burj Al-Hamam restaurant and kitchen, indoor and outdoor swimming pool, All-Day-Dining "Atruim", and opening new Sushi bar "soba" in the lobby.
- Renewed ISO 22000 Food Safety Management System certificate from the World Accreditation Agency and the Trust Program Certificate in food safety management from Jordan Food and Drug Administration (JFDA).
- Expanded the use of F&B Loyalty Program and improved the RGI Revenue Growth Scale by 4.2% point.
- Won TripAdvisor Certificate of Excellence and Travelers Choice Awards from TripAdvisor, and the Excellence Award in Safety and Occupational Health by the Social Security Corporation.
- Won 11 medals during the International Exhibition of Hotels, Restaurants and Food Industries (HORECA) in Jordan.
- Won the Luxury Hotel Awards "Diplomatic Hotel AMEA" by World Luxury Hotels Awards and Ranked No. 9 in serving breakfast for Africa, Indian Ocean and the Middle East.

3. **Jordan Himmeh Mineral Company, owner of Jordan Himmeh Resort – Mukhaibeh:**

- Resolved most obstacles that prevented implementation of the project, including the approval of the sketch by the Supreme Planning Council in the Ministry of Municipal Affairs, change the land classification from residential and garden to multi-use, and obtained multi-use site chart and demarcations for all the land plots.
- Increased the authorized capital of the company from JD 500,000 to JD 2,000,000 of which JD 1,557,772 shares were subscribed and paid in.

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

- Renovated facilities, meeting rooms, and hotel rooms in Nabatean Castle Hotel.
- Completed the renovation of the main kitchen in Petra Resort.
- Created an arabic session which resulted in sales increase.
- Renewed Green Globe and Green Key certificates, which confirms our continued commitment to environmental conservation.
- Included the name of the Hotel Manager within 25 names of women who have a positive impact on hospitality in the Middle East.
- Received ISO 22000 Food Safety Management System certificate from the World Accreditation Agency and the best F&B Manager Award in the global competition held in Dubai.

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

    - Renovated banquet kitchen and terrace and ballroom, staff facilities, and refurbished for 32 North, L'incontro Restaurant and the room service.
    - Developed technological and electronic systems such as WiFi, Rapid Response System (HotSOS), upgraded the learning service to ensure the level of service provided by employees, and implemented a new system for all employees' performance.
    - Held number of F&B promotions and events such as Argentine night, Turkish food festival, and steak night.
    - Improved guest satisfaction significantly.
    - Won 8 medals during the International Exhibition of Hotels, Restaurants and Food Industries (HORECA) in Jordan.
    - Appointed new management team including the general manager and most of head of departments.

6. **National Hotels and Tourism Company, owner of Mövenpick Resort & Spa Dead Sea:**

- Renovated resort and spa, rooms and suites.
- Installed new chillers, LED systems and Solar Cell system which reduces consumption and energy saving.
- Held number of F&B traditional and promotional events such as Indian night, Jordanian night, and October fest.
- Renewed ISO 22000 Food Safety Management System certificate from the World Accreditation Agency and Green Globe and Green Key certificate.
- For the fifth year in a row, won the World Luxury Hotel Awards 2018 as Jordan's Luxury Resort & Spa in the Middle East.
- Hosted press and bloggers' trips in addition to social media activists and influencers from all over the world.
- Distributed Ramadan Parcels, charitable activities and donations.
- Honored by the Ministry of Labor for hiring the highest percentage of the disabled and by King Hussein Cancer Foundation.

7. Red Sea Hotels Company, owner of Mövenpick Resort & Residence Aqaba:

- Renovated hotel apartments.
- Developed technological and electronic systems such as management network, TV system, and connected the global domain controller with the central domain.
- Obtained prestigious certifications for Green Globe and Green Key.
- Won TripAdvisor Certificate of Excellence, and the certification of Blue Flag Beach 2018 for successfully meeting the International Criteria of The Blue Flag awarded by The Royal Marine Conservation Society of Jordan.
- Received plaque for generous support on the Amman Road Runners Ayla Dead2Red cycling race.
- Received a certificate of cooperation with USAID through the project of economic and tourism sustainability in the tourism project.
- Honored by King Hussein Cancer Foundation for sponsoring the "Room of Hope" initiative, Silk Initiative, and the continuous cooperation with Tkiyet Umm Ali.

8. **Zara South Coast Development Company, owner of Mövenpick Resort & Spa Tala Bay Aqaba:**

- Developed technological and electronic systems and connected the global domain controller with the central domain.
- Obtained prestigious certifications for Green Globe, Green Key and Blue Flag.
- Enhanced security measures and the officially launched Organic Garden.
- Participated in the fourth Middle East Hospitality Excellence Award.
- Won 2018 Conde Nast Johansen Awards for Excellence in the category for Best Spa facilities in Africa, Indian Ocean and Middle East.
- Won World Travel Awards as Jordan's Leading and Luxury Resort for the fifth year in a row and won TripAdvisor Traveler's Choice Award as top 25 Luxury Hotels.
- Honored by King Hussein Cancer Foundation for sponsoring the "Room of Hope" initiative, and "A Kilo of Kindness" campaign to donate to Charities.

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

There is no financial impact of non-recurring transactions that occurred during the fiscal year and 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 2014 through 2018

	2018	2017	2016	2015	2014
Profit (loss) realized	3,917,349	5,165,078	1,691,336	(2,349,766)	464,061
Dividends	3,000,000	-	-	-	-
Equity attributable to shareholders	165,266,037	166,840,004	161,594,485	159,847,794	162,993,165
Share price JD	0.72	0.44	0.43	0.50	0.64

14. Analysis of Company's financial position and results of operations during fiscal years 2018 and 2017

No.	Description	2018%	2017%
1	Return on Investments	2.50	3.15
2	Return on Equity	2.76	3.58
3	Return on Paid-in Capital	3.44	4.49
4	Profit Margin	7.43	9.94
5	Earnings Before Tax (EBT) to Operating Revenues	9.84	11.46
6	Ownership Ratio	90.50	88.19
7	Equity to Loans	2540.91	1421
8	Loans to Assets	3.56	6.21
9	Property & Equipment to Equity	88.81	88.65
10	Current Liability to Assets	9.16	11.31
11	Liabilities to Assets	9.50	11.81
12	Liabilities to Equity	10.50	13.40
13	Current Liabilities to Equity	10.12	12.82
14	Long-Term Loans to Equity	0.11	0.34
15	Operating Revenues to Equity	37.18	35.96
16	Operating Revenues to Assets	33.65	31.71
17	Current Ratio	140.05	119.94

MÖVENPICK
RESORT & RESIDENCE AQABA

Opening year	2000
Number of rooms	297
Land area / donum	25,60
Building area / m2	38,140

Following are the key indicators of the Company's hotels for 2018 compared to 2017:

Hotel	Number of Rooms	Occupancy %		Average Room Rate (JD)		Operating Revenues (JD)	
		2018	2017	2018	2017	2018	2017
Hotel InterContinental Jordan	450	54	57	116	123	18,576,641	19,902,851
Grand Hyatt Amman	316	42	46	97	101	8,785,258	10,503,292
Hyatt Tower	90	61	59	101	108	1,123,141	1,157,288
Mövenpick Resort & Spa Dead Sea	362	57	55	93	89	12,346,329	11,592,085
Mövenpick Resort & Residence Aqaba	332	60	53	90	85	8,376,785	7,176,527
Mövenpick Resort Petra	183	71	58	111	98	8,020,202	5,911,450
Mövenpick Nabatean Castle Petra	92	45	41	54	44	1,143,565	909,599
Mövenpick Resort & Spa Tala Bay Aqaba	306	61	57	101	104	10,337,290	9,908,778
Total	**2,131**	**56**	**53**	**103**	**102**	**68,709,212**	**67,061,870**

1. The consolidated statement of financial position indicates that total assets as of 31/12/2018 totaled JD 206,405,850 compared with JD 213,449,351 as of 31/12/2017 representing a decline of 3.3%.

2. The equity attributable to shareholders of the Company as of 31/12/2018 totaled JD 165,266,037 compared with JD 166,840,004 as of 31/12/2017 representing a decline of 1%.

3. The consolidated statement of profit or loss indicates that operating revenues for 2018 totaled JD 69,458,697 compared with JD 67,732,510 for 2017 representing an increase of 2.55%.

4. The consolidated expenses including depreciation, finance costs, and administration expenses for 2018 totaled JD 11,498,575 compared with JD 12,992,619 for 2017 representing a decline of 11.5%.

5. The consolidated profit attributable to shareholders of the Company for 2018 totaled JD 3,917,349 compared with JD 5,165,078 for 2017 representing a decline of 24.1%.

Company's Outlook

15. Company's outlook and plans for 2019

1- We will continue to develop human resources and operational data base.

2- We will continue to enhance our valuable guests' trust in our facilities and services.

3- We will continue to update hotels' facilities and equipment to maintain the competitive edge for our facilities and services.

4- We will continue to focus on self-financing for expansion, renovation and distribution of dividends.

5- We will continue to follow up the operations to improve performance.

6- We will continue to train and develop our team to ensure the highest standards of service and quality.

7- We will continue to modify the way we manage the business in line with the changes in the tourism markets.

8- We will continue to turn into clean energy gradually.

9- We will continue to serve and improve the community in the places of company operations.

10- We will continue to support and develop hotel and tourism educational institutes to promote competencies to serve the tourism sector.

11- We will continue to contribute to developing touristic sites as global touristic destinations.

12- We will continue to diversify touristic packages to enhance attraction to company hotels.

We will continue to diversify touristic packages to enhance attraction to company hotels.

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	16,000
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	16,000
Jordan Hotel Supplies Trading Company LLC	2,850
Red Sea Hotels Company LLC	13,500
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	12,500
Zara Agricultural Services and Marketing Company LLC	1,250
Total	**123,750**

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 Tarik Ahmed AlFetory Koshlaf	Member	Libyan Libyan
Social Security Corporation, represented by Bassam Ali Nayef Al-Subaihi from 25/2/2018 Jamila Tawfiq Mahmoud Mahasneh till 25/2/2018	Member	Jordanian Jordanian Jordanian
Hilal Omar Mustafa Abu Zeid from 21/3/2018	Member	Jordanian
Cairo Amman Bank, represented by Kamal Ghareeb Abdel-Rahim Al-Bakri till 18/3/2018	Member	Jordanian Jordanian
Nawaf Abdel-Rahman Bin Ali Al-Turki	Member	Saudi
Yassin Khalil "Mohammad Yassin" Talhouni	Member	Jordanian
Nasser Awwad Mohammad Al-Khaldi from 22/10/2018 Nafez Saleh Odeh Mustafa till 22/10/2018	Member Member	Jordanian Saudi
Bank Al Etihad, represented by Isam Halim Jeries Salfiti	Member	Jordanian Jordanian
Yazid Adnan Mustafa Mufti	Member	Jordanian
Mohammad Osama Jawdat Sha'sha'a	Member	Jordanian
Rama Investment and Saving Company, represented by Haidar Izzat Rashid Touran	Member	Jordanian Jordanian

Number of shares as of	Number of shares as of	Controlled companies	Number of shares held by controlled companies as of	
31/12/2018	31/12/2017		31/12/2018	31/12/2017
2,046,000	2,046,000	• Arab Supply and Trading Co. • Astra Investment Co. • Al-Masira Investment Co. • Al-Masira International-Bahrain	11,008,354 12,000 20,097,424 14,743,804	11,008,354 12,000 20,097,424 14,743,804
10,000	10,000	• Arab Supply and Trading Co. • Astra Investment Co. • Al-Masira Investment Co. • Al-Masira International-Bahrain	11,008,354 12,000 20,097,424 14,743,804	11,008,354 12,000 20,097,424 14,743,804
20,097,424 -	20,097424 -	None None	None None	None None
19,539,532 -	19,539,532 -	None None	None None	None None
18,506,245 - -	18,506,245 - -	None None None	None None None	None None None
10,000	-	None	None	None
9,990,084 -	9,990,084 -	None None	None None	None None
10,000	10,000	None	None	None
4,141,188	4,141,188	• National Development and Supply Co. • Levant Investments Co.	200,000 1,462,500	200,000 1,462,500
10,000 600,000	- 600,000	None None	None None	None None
238,067 -	150,000 -	None None	None None	None Noe
30,000	30,000	None	None	None
14,220	13,020	None	None	None
10,000 -	10,000 -	None None	None None	None None

MÖVENPICK
RESORT & SPA
TALA BAY AQABA

Opening year	2009
Number of rooms	306
Land area / donum	73,00
Building area / m2	43,613

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

Name	Position	Nationality	Number of shares as of 31/12/2018	Number of shares as of 31/12/2017	Controlled companies	Number of shares held by controlled companies as of	
						31/12/2018	31/12/2017
Yassin Khalil "Mohammad Yassin" Talhouni	General Manager	Jordanian	4,141,188	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	Position	Nationality	Number of shares as of 31/12/2018	Number of shares as of 31/12/2017	Controlled companies	Number of shares held by controlled companies as of	
						31/12/2018	31/12/2017
Relatives of Sabih Taher Darwish Masri							
Serin Sabih Taher Masri	Daughter	Jordanian	2,076,000	2,076,000	None	-	-
Relatives of Nafez Saleh Odeh Mustafa							
Mary Bint Issa Ilyas Loussi	Wife	Jordanian	600,000	600,000	None	-	-

18. (A) Remunerations of the Chairman and members of the board

Name	Position	Transportation Allowance	Travel Allowance	Total JD
Sabih Taher Darwish Masri	Chairman	12,000	-	12,000
Khaled Sabih Taher Masri	Vice Chairman	12,000	-	12,000
Kamil Abdel-Rahman Ibrahim Sadeddin	Member	12,000	-	12,000
Tarik Ahmed AlFetory Koshlaf	Member	-	20,403	20,403
Bassam Ali Nayef Al-Subaihi	Member from 25/2/2018	10,000	-	10,000
Jamila Tawfiq Mahmoud Mahasneh	Member till 25/2/2018	2,000	-	2,000
Hilal Omar Mustafa Abu Zeid	Member from 21/3/2018	10,000	-	10,000
Kamal Ghareeb Abdel-Rahim Al-Bakri	Member till 18/3/2018	3,000	-	3,000
Nawaf Abdel-Rahman Bin Ali Al-Turki	Member	-	433	433
Yassin Khalil "Mohammad Yassin" Talhouni	Member	12,000	-	12,000
Nasser Awwad Mohammad Al-Khaldi	Member from 22/10/2018	1,000	-	1,000
Nafez Saleh Odeh Mustafa	Member till 22/10/2018	11,000	-	11,000
Isam Halim Jeries Salfiti	Member	12,000	-	12,000
Yazid Adnan Mustafa Mufti	Member	12,000	-	12,000
Mohammed Osama Jawdat Sha›sha›a	Member	12,000	-	12,000
Haidar Izzat Rashid Touran	Member	12,000	-	12,000
Total		**133,000**	**20,836**	**153,836**

18. (B) Remuneration of senior executive management

Name	Position	Salaries	Transport Allowance	Bonuses	Other Benefits	Total JD
Yassin Khalil "Mohammad Yassin" Talhouni	General Manager	-	-	50,000	-	50,000
Ahmad Ibrahim Mohammed Jamjoum	Chief Financial Officer	93,600	3,000	24,300	600	121,500
Haitham «Mohammad Nazih» Nureddin Hanbali	Financial Controller	63,840	1,260	-	300	65,400

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

Beneficiary	Amount JD
Khaled Ben Al-Waleed Municipality	9,600
Jordan Strategy Forum	7,000
Ramadan Packages	5,410
The Royal Society of Fine Arts	5,000
Medical Aid for Palestinians (MAP)	2,200
Al-Fuhais Youth Club	2,000
Vocational Training Center - Salt	1,128
Public Security Directorate- King Hussein Bridge	1,100
Orphan Child Welfare Charity Association	1,080
Ibal Charitable Society	750
Umm Qais Sports Club	250
Other	4,039
Total	**39,557**

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 committments made by the issuing Company with its subsidiary, 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

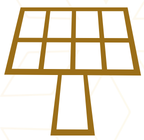
- Zara is committed to protecting the environment in which it operates. In line with this commitment, Zara launched in 2009 an aggressive clean production and renewable energy program aimed at gradually replacing major traditional energy sources with renewable energy solutions. These substitute energy 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 the recently enacted Wheeling Law. Once fully developed in 2019, this PV system is expected to meet 50% - 60% of our current electricity consumption needs while achieving our goals of switching to clean energy, achieving tremendous cost savings, and reducing gas emissions.
The project operation has been delayed due to regulatory obstructions related to the availability of land near the distribution stations. The project may be minimized due to governmental constraints.

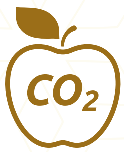
- Other energy saving measures such as switching to energy-saving LEDs have been ongoing for the past several years, during which we have also worked on projects to switch from diesel fuel to more friendly sources of LPG, solar energy, and paper recycling.
- The environmental protection and operational sustainability plans we initiated in 2009 are ongoing and continue to be implemented to date.
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. Partial substitution of diesel use by environmentally-friendly LPG systems for heating purposes.
5. 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 sector, 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) The Company's contribution in servicing the local community

Employment at our hotels constitutes one of the most important aspects in serving the local communities where we are present. The teams serving our hotels are all comprised of talented young residents of such 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 2018 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. Zara has contributed to help the municipalities, research and charitable societies and sports clubs

23. (C) Corporate Governance:

A: Compliance with the provisions of the Corporate Governance Regulations for the Year 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 and the status is being rectified according to the Regulations as follows:

-The Audit Committee consists of 4 non-executives; 2 of them are 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 members; including 1 executive, 1 of them is non-independent, 1 is independent, and is chaired by an independent member.

5. All committees have established 2019 Implementation Plans as approved by the Board.

6. The Annual Report demonstrates 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 consolidated financial statements to the concerned authorities, in Arabic and English within the deadlines set by the law.

9. The Company allows the 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 of members of the board and their representatives by classification and independency:

1- Members of the board:

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	Legal	Non-Independent	-
6	Hilal Omar Mustafa Abu Zeid from 21/3/2018	Natural	Independent	Non-executive
7	Cairo Amman Bank till 18/3/2018	Legal	Non-Independent	-
8	Yassin Khalil «Mohammed Yassin» Talhouni	Natural	Non-Independent	executive
9	Nasser Awwad Mohammad Al-Khaldi from 22/10/2018	Natural	Independent	Non-executive
10	Nafeth Saleh Odeh Mustafa till 22/10/2018	Natural	Independent	Non-executive
11	Bank Al Etihad	Legal	Non-Independent	-
12	Yazid Adnan Mustafa Mufti	Natural	Non-Independent	Non-executive
13	«Mohammed Osama» Jawdat Sha'sha'a	Natural	Independent	Non-executive
14	Rama Investment & Saving Company	Legal	Non-Independent	-
15	Nawaf Bin Abdel-Rahman Al-Turki	Natural	Independent	Non-executive

MÖVENPICK
NABATEAN CASTLE HOTEL
PETRA

Opening year	1997
Number of rooms	90
Land area / donum	24,72
Building area / m2	9,715

2- Representatives of members of the board:

Ser.	Representative	Independency	
1	Kamil Abdel-Rahman Ibrahim Sadeddin representing Al-Masira Investment Company	Non-Independent	Non-executive
2	Tarik Ahmed AlFetory Koshlaf representing Libyan Foreign Investments Company	Non-Independent	Non-executive
3	Bassam Ali Nayef Al-Subaihi from 25/2/2018 representing Social Security Corporation	Non-Independent	Non-executive
	Jameela Tawfiq Mahmoud Mahasneh till 25/2/2018 representing Social Security Corporation	Non-Independent	Non-executive
4	Kamal Ghareeb Abdel-Rahim Al-Bakri till 18/3/2018 representing Cairo Amman Bank	Non-Independent	Non-executive
5	Isam Halim Jeries Salfiti representing Bank Al Etihad	Non-Independent	Non-executive
6	Haidar Izzat Rashid Touran representing Rama Investment & Saving Company	Non-Independent	Non-executive

C: Executive positions in the Company and names of persons who occupy 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: Membership of members of the Board in other public shareholding companies:

Ser.	Names	Memberships
1	Sabih Taher Darwish Masri	- Arab Bank / Chairman
2	Khaled Sabih Taher Masri	- Jordan Himmeh Mineral Company / Chairman - Jordan Hotels & Tourism Company
3	Kamil Abdel-Rahman Ibrahim Sadeddin	- Jordan Hotels & Tourism Company
4	Tareq Ahmed Al Fetory Koshlaf	- There are no memberships in other public shareholding companies
5	Bassam Ali Nayef Al-Subaihi from 25/2/2018	- There are no memberships in other public shareholding companies
	Jameela Tawfiq Mahmoud Mahasneh till 25/2/2018	- There are no memberships in other public shareholding companies
6	Hilal Omar Mustafa Abu Zeid from 21/3/2018	- Jordan Hotels & Tourism Company
7	Kamal Ghareeb Abdel-Rahim Al-Bakri till 18/3/2018	- Jordan Tourist Transport Company (JETT) / Chairman - Jordan Insurance Company.
8	Yassin Khalil «Mohammed Yassin» Talhouni	- Jordan Hotels & Tourism Company / Vice Chairman - Cairo Amman Bank - Jordan Electricity Company
9	Nasser Awwad Mohammad Al-Khaldi from 22/10/2018	- Jordan Hotels & Tourism Company - Jordan Commercial Facilities Company
10	Nafeth Saleh Odeh Mustafa till 22/10/2018	- Jordan Hotels & Tourism Company
11	Isam Halim Jeries Salfiti	- Bank Al Etihad / Chairman - Jordan Hotels and Tourism Company / Chairman
12	Yazid Adnan Mustafa Mufti	- Cairo Amman Bank / Chairman - Middle East Insurance Company
13	«Mohammed Osama» Jawdat Sha'sha'a	- Jordan Insurance Company
14	Haidar Izzat Rashid Touran	- There are no memberships in other public shareholding companies
15	Nawaf Abdel-Rahman Al-Turki	- There are no memberships in other public shareholding companies

E: Name of corporate governance officer:

Ser.	Names	Position
1	Saleh Atallah Saleh Hawamdeh	Acting 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 chairman and members of the audit committee, qualifications and experience related to financial and accounting matters:

Ser.	Names	Qualifications	Experience
1	«Mohammed Osama» Jawdat Sha'sha'a Chairman	Higher Diploma in International Economics.	- Business Man
2	Nasser Awwad Mohammad Al-Khaldi Member	Bachelor of Electrical Engineering	- CEO / Dead Sea Touristic and Real Estate Investments Company
3	Haidar Izzat Rasheed Touran Member	PHD of Political Economics.	- Held several positions in banking at Jordan National Bank. -Secretary of International Relations.
4	Tarik Ahmed Al Fetory Koshlaf Member	Bachelor of Financial Management	- Assistant Director of Commercial and Holding Companies / LAFICO

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

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

Ser.	Governance Committee
1	Nasser Awwad Mohammad Al-Khaldi / Chairman
2	Hilal Omar Mustafa Abu Zeid / Member
3	Bassam Ali Nayef Al-Subaihi / Member

Ser.	Risk Management Committee
1	Hilal Omar Mustafa Abu Zeid / Chairman
2	Kamil Abdel-Rahman Ibrahim Sadeddin / Member
3	Yassin Khalil «Mohammed Yassin» Talhouni / Member

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

Ser.	Committee	No. of Meetings	Attendees
1	Audit	5	-1st meeting: Mr. "Mohammed Osama" Sha'sha'a, Mr. Tarik Koshlaf, Mr. Haidar Touran, Mr. Yazid Mufti -2nd Meeting: Mr. "Mohammed Osama" Sha'sha'a, Mr. Tarik Koshlaf, Mr. Haidar Touran -3rd Meeting: Mr. "Mohammed Osama" Sha'sha'a, Mr. Tarik Koshlaf, Mr. Haidar Touran -4th Meeting: Mr. "Mohammed Osama" Sha'sha'a, Mr. Tarik Koshlaf, Mr. Haidar Touran, Mr. Yazid Mufti -5th Meeting: Mr. "Mohammed Osama" Sha'sha'a, Mr. Tarik Koshlaf, Mr. Haidar Touran, Mr. Nasser Al-Khaldi
2	Nominations & Remuneration	4	1st meeting: Mr. Nawaf Al Turki, Mr. Isam Salfiti, Mr. Khaled Masri 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Khaled Masri, Mr. Nawaf Al-Turki 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Khaled Masri, Mr. Nawaf Al-Turki 4th Meeting: Mr. Hilal Abu Zeid, Mr. Khaled Masri, Mr. Nasser Al-Khaldi
3	Governance	4	1st meeting: Mr. Yazid Mufti, Mr. Nawaf Al Turki 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Bassam Al-Subaihi, Mr. Nawaf Al-Turki 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Bassam Al-Subaihi, Mr. Nawaf Al-Turki 4th Meeting: Mr. Hilal Abu Zeid, Mr. Bassam Al-Subaihi, Mr. Nasser Al-Khaldi
4	Risk Management	3	1st meeting: Mr. Yazid Mufti, Mr. Kamil Sadeddin, Mr. Yassin Talhouni 2nd Meeting: Mr. Hilal Abu Zeid, Mr. Kamil Sadeddin, Mr. Yassin Talhouni 3rd Meeting: Mr. Hilal Abu Zeid, Mr. Kamil Sadeddin, Mr. Yassin Talhouni

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: Works carried out by committees during the year:

Audit Committee:

Five meetings were held during the year ended 31 December 2018, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	20/03/2018	* Approval of the draft consolidated financial statements for the year ended 31 December 2017. * Approval of the draft 24th annual report for the year ended 31 December 2017. * Reduction of audit fees for the year 2017.
Second Meeting	24/04/2018	* Approval of the draft interim condensed consolidated financial statements for the three months ended 31 March 2018.
Third Meeting	24/07/2018	* Approval of the draft interim condensed consolidated financial statements for the six months ended 30 June 2018.
Fourth Meeting	21/10/2018	* Approval of the interim condensed consolidated financial statements for the nine months ended 30 September 2018. * Approval of the committee's proposed plan of action for the coming year 2019.
Fifth Meeting	18/12/2018	* Election of Mr. «Mohammed Osama» Jawdat Sha'sha'a as chairman of the committee.

Nominations and Remuneration Committee:

Four meetings were held during the year ended 31 December 2018, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	21/3/2018	* Amendment of the number of independent members of the board to constitute 1/3 of the total members as per enacted laws. * Amendment of the composition of the committees emanating from the board of directors.
Second Meeting	24/4/2018	* Election of Mr. Hilal Omar Mustafa Abu Zeid as chairman of the committee.
Third Meeting	21/10/2018	* Appointment of Mr. Nasser Awwad Mohammad Al-Khaldi as independent member of the board. * Approval of draft incentives and bonuses. * Approval of the committee's proposed plan of action for the coming year 2019.
Fourth Meeting	18/12/2018	* Election of Mr. Hilal Omar Mustafa Abu Zeid as chairman of the committee. * Granting the Company's general manager a bonus for the year 2018.

Governance Committee:

Four meetings were held during the year ended 31 December 2018, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	21/3/2018	* Recomposition of the committee following the amendment of the independency of the members of the board, and the change of the Social Security Corporation representative in the board effective 25/2/2018.
Second Meeting	24/4/2018	* Election of Mr. Nawaf Abdel-Rahman Al-Turki as chairman of the committee.
Third Meeting	21/10/2018	* Cancellation of the membership of Mr. Nafeth Saleh Odeh Mustafa as per the law. * Approval of the committee's proposed plan of action for the coming year 2019.
Fourth Meeting	18/12/2018	* Election of Mr. Nasser Awwad Mohammad Al-Khaldi as chairman of the committee.

Risk Management Committee:

Three meetings were held during the year ended 31 December 2018, and the following recommendations were made:

Ser.	Date	Recommendations to the Board of Directors
First Meeting	21/3/2018	* Recomposition of the committee following the amendment of the independency of the members of the board.
Second Meeting	24/4/2018	* Election of Mr. Hilal Omar Mustafa Abu Zeid as chairman of the committee.
Third Meeting	21/10/2018	* Approval of the draft report on risk management policies. * Approval of the committee's proposed plan of action for the coming year 2019.

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 2018 as follows:

Ser.	Attendees
First Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Yazid Mufti, Mr. Nawaf Al Turki. except Mr. Isam Salfiti and Mr. Nafez Odeh (out of Jordan) and Mr. Kamal Al Bakri Due to the resignation of Cairo Amman Bank in the Board of Directors.
Second Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Hilal Abu Zeid, Mr. Isam Salfiti. except Mr. Nafez Odeh, Mr. Nawaf Al Turki, and Mr. Yazid Mufti (out of Jordan).
Third Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Hilal Abu Zeid, Mr. Isam Salfiti. except Mr. Nafez Odeh, Mr. Nawaf Al Turki, and Mr. Yazid Mufti (out of Jordan).
Fourth Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Hilal Abu Zeid, Mr. Isam Salfiti, Mr. Yazid Mufti except Mr. Nafez Odeh and Mr. Nawaf Al Turki (out of Jordan).
Fifth Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Yazid Mufti, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Hilal Abu Zeid, Mr. Isam Salfiti. except Mr. Kamil Sadeddin (out of Jordan), and Mr. Nafez Odeh due to the loss of his membership from the Board of Directors.
Sixth Meeting	Mr. Sabih Masri, Mr. khaled Masri, Mr. Yassin Talhouni, Mr. Kamil Sadeddin, Mr. Tarik Koshlaf, Mr. Bassam Al-Subaihi, Mr. "Mohammed Osama" Sha'sha'a, Mr. Haidar Touran, Mr. Hilal Abu Zeid, Mr. Yazid Mufti, Mr. Nasser Al Khaldi except Mr. Nawaf Al Turki, Mr. Isam Salfiti (out of Jordan).

Sabih Taher Masri
Chairman of the Board of Directors

MÖVENPICK
RESORT PETRA

Opening year	1996
Number of rooms	183
Land area / donum	5,20
Building area / m2	15,431

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018, 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 Group as at 31 December 2018, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. 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.

Revenue Recognition

Refer to note 19 to the consolidated financial statements.

Key Audit Matter	How the key audit matter was addressed in the audit
The Group owns and operates a network of hotels. Revenues are mostly generated from room stay and food and beverages. Billing is done, based on all the services availed and sales to customers. We focus on this area as there is a risk of misstatement of revenue due to high volume of revenues with relatively low value transactions. Also, because there is a risk that billing to customers may be done for services that are not rendered or services rendered but not billed or recorded and hence will result in an overstatement or understatement of revenue.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. Audit procedures included testing the Group's controls around revenue recognition and key controls in the revenue cycle. We assessed sales transactions taking place at either side of the consolidated statement of financial position date (revenue cutoff date) to assess whether that revenue was recognized in the correct period. We have also performed detailed analytical procedures for the gross margin of the hotels on a monthly basis for all departments (Rooms, Food and Beverage 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 journal entries on revenue accounts.

Impairment of Investment Properties

Refer to note 5 to the consolidated financial statements.

Key Audit Matter	How the key audit matter was addressed in the audit
The carrying value of the Group's investment properties amounted to JD 5,569,551 at 31 December 2018. Recoverability of these assets is dependent on assumptions about future services prices, discount rates as well as internal assumptions related to future occupancy levels and operating costs. These estimates are particularly significant due to price and occupancy fluctuations, competition, assumed future services and uncertain political and economic outlooks. The outcome of impairment assessments could vary significantly were different assumptions applied.	We utilised EY valuation specialists to assess the appropriateness of management's recoverable value models used in the impairment testing. We reviewed the significant assumptions used in impairment testing for investment properties, specifically the service price, assumed service levels and discount rate assumptions, including consideration of the risk of management bias.

Other Information Included in the Group's 2018 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. The Group's annual report is expected to be made available to us after the date of this auditor's report.

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

The 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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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, related safeguards.

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 Bishr Ibrahim Baker; license number 592.

Amman – Jordan
25 March 2019

Zara Investment (Holding) Company P.S.C.
Consolidated Statement of Finanial Position
As At 31 December 2018

ASSETS	Notes	2018	2017
		JD	JD
Non-current assets			
Property and equipment	4	159,347,569	160,776,325
Investment properties	5	5,569,551	5,716,019
Projects in progress	6	970,070	468,542
Financial assets at fair value through other comprehensive income	7	10,869,394	13,381,053
Advance payments for land purchases	9	111,082	-
Deferred tax assets	23	1,720,882	1,596,315
Other non-current assets	12	1,339,107	2,670,482
		179,927,655	184,608,736
Current assets -			
Inventories	10	1,673,061	1,733,095
Accounts receivable	11	5,345,069	4,830,657
Other current assets	12	4,199,626	4,688,727
Cash on hand and at banks	13	15,260,439	17,588,136
		26,478,195	28,840,615
Total assets		206,405,850	213,449,351

The accompanying notes from 1 to 34 form part of these consolidated financial statements

EQUITY AND LIABILITIES	Notes	2018	2017
		JD	JD
EQUITY			
Attributable to the equity owners of the parent -			
Paid-in capital	14	150,000,000	150,000,000
Statutory reserve	14	5,132,263	4,505,284
Voluntary reserve	14	689,496	689,496
Cumulative change in fair value	8	6,189,260	8,687,327
Retained earnings		3,255,018	2,957,897
		165,266,037	166,840,004
Non-controlling interests	22	21,532,731	21,507,044
Total equity		186,798,768	188,347,048
LIABILITIES			
Non-current liabilities -			
Long-term loans	15	212,400	637,200
Deferred tax liabilities	23	488,104	440,486
		700,504	1,077,686
Current liabilities -			
Current portion of long-term loans	15	424,800	6,831,000
Due to banks	16	6,714,441	5,786,312
Accounts payable		6,417,458	6,035,838
Other current liabilities	17	4,080,277	3,841,028
Other provisions	18	569,734	679,725
Provision for income tax	23	699,868	850,714
		18,906,578	24,024,617
Total liabilities		19,607,082	25,102,303
Total equity and liabilities		206,405,850	213,449,351

The accompanying notes from 1 to 34 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 2018

	Notes	2018	2017
		JD	JD
Operating revenues		69,458,697	67,732,510
Operating expenses		(53,151,166)	(49,628,602)
Net operating revenues	19	16,307,531	18,103,908
Interest income		357,172	282,439
Other income, net	20	772,206	879,960
Impairment of inventories		(2,858)	-
Finance costs		(474,289)	(788,651)
Depreciation	4&5	(8,100,499)	(8,993,794)
Administrative expenses	21	(2,923,787)	(3,210,174)
Other provisions	18	(102,440)	(106,236)
Provision for slow moving inventories		(76,072)	-
Profit for the year before income tax		5,756,964	6,167,452
Income tax (expense) benefit	23	(598,286)	566,078
Profit for the year		5,158,678	6,733,530
Attributable to:			
Equity holders of the parent		3,917,349	5,165,078
Non-controlling interests	22	1,241,329	1,568,452
		5,158,678	6,733,530
		JD / Fils	JD / Fils
Basic and diluted earnings per share attributable to the equity holders of the parent	24	0/026	0/034

The accompanying notes from 1 to 34 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 2018

	Notes	2018 JD	2017 JD
Profit for the year		5,158,678	6,733,530
Other comprehensive income items after tax not to be realised in profit or loss subsequently:			
Change in fair value, net of deferred tax liabilities	8	(2,498,067)	101,449
Total comprehensive income for the year		2,660,611	6,834,979
Attributable to:			
Shareholders of the parent		1,419,282	5,266,527
Non-controlling interests		1,241,329	1,568,452
		2,660,611	6,834,979

The accompanying notes from 1 to 34 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 2018

	Attributable to		
	Paid-in capital	Reserves	
		Statutory	Voluntary
	JD	JD	JD
2018 -			
Balance at 1 January 2018	150,000,000	4,505,284	689,496
Total comprehensive income for the year	-	-	-
Transferred to reserves	-	626,979	-
Dividends	-	-	-
Change in non-controlling interests due to increase in the share capital of a subsidiary	-	-	-
Dividends of a subsidiary	-	-	-
Balance at 31 December 2018	150,000,000	5,132,263	689,496
2017 -			
Balance at 1 January 2017	150,000,000	3,988,776	689,496
Total comprehensive income for the year	-	-	-
Transferred to reserves	-	516,508	-
Change in non-controlling interests due to increase in the share capital of a subsidiary	-	-	-
Dividends of a subsidiary	-	-	-
Balance at 31 December 2017	150,000,000	4,505,284	689,496

The accompanying notes from 1 to 34 form part of these consolidated financial statements

the equity holders of the parent				
Cumulative change in fair value	Retained earnings	Total	Non-controlling interests	Total equity
JD	JD	JD	JD	JD
8,687,327	2,957,897	166,840,004	21,507,044	188,347,048
(2,498,067)	3,917,349	1,419,282	1,241,329	2,660,611
-	(626,979)	-	-	-
-	(3,000,000)	(3,000,000)	-	(3,000,000)
-	6,751	6,751	(6,751)	-
-	-	-	(1,208,891)	(1,208,891)
6,189,260	3,255,018	165,266,037	21,532,731	186,798,768
8,585,878	(1,669,665)	161,594,485	20,981,408	182,575,893
101,449	5,165,078	5,266,527	1,568,452	6,834,979
-	(516,508)	-	-	-
-	(21,008)	(21,008)	21,008	-
-	-	-	(1,063,824)	(1,063,824)
8,687,327	2,957,897	166,840,004	21,507,044	188,347,048

The accompanying notes from 1 to 34 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 2018

	Notes	2018	2017
		JD	JD
Operating Activities			
Profit for the year before income tax		5,756,964	6,167,452
Adjustments for:			
Interest income		(357,172)	(282,439)
Gain on sale and disposal of property and equipment, net	20	(10,499)	(13,043)
Dividends income		(43,701)	(36,418)
Finance costs		474,289	788,651
Depreciation		8,100,499	8,993,794
Other provisions, net		32,115	106,236
Impairment of inventories		2,858	-
Provision for slow moving inventories		76,072	-
(Recovery from) provision for expected credit losses, net		(15,718)	15,199
Changes in working capital:			
Inventories		(18,896)	103,648
Accounts receivable		(498,694)	216,454
Other current assets		1,986,729	866,871
Accounts payable		381,620	286,149
Other current liabilities		258,656	(504,699)
Other provisions paid		(142,106)	(123,950)
Income tax paid		(812,489)	(578,796)
Net cash flows from operating activities		15,170,527	16,005,109

The accompanying notes from 1 to 34 form part of these consolidated financial statements

	Notes	2018 JD	2017 JD
Investing activities			
Purchase of property and equipment	4	(3,079,627)	(3,599,564)
Proceeds from sale of property and equipment		18,936	100,930
Purchase of investment properties	5	(3,966)	(23,409)
Projects in progress	6	(3,951,647)	(1,644,294)
Advance payments for land purchases		(111,082)	-
Advance payments to suppliers and contractors and contractors' retentions		(152,813)	(37,115)
Interest income received		357,172	282,439
Dividends income received		43,701	36,418
Net cash flows used in investing activities		(6,879,326)	(4,884,595)
Financing Activities			
Repayments of loans		(6,831,000)	(10,549,149)
Loan received		-	796,500
Dividends paid		(2,986,842)	-
Dividends of a subsidiary to non-controlling interests		(1,208,891)	(1,063,824)
Finance costs paid		(520,294)	(830,511)
Net cash flows used in financing activities		(11,547,027)	(11,646,984)
Net decrease in cash and cash equivalents		(3,255,826)	(526,470)
Cash and cash equivalents at the beginning of the year		11,801,824	12,328,294
Cash and cash equivalents at the end of the year	13	8,545,998	11,801,824

The accompanying notes from 1 to 34 form part of these consolidated financial statements

(1) General

Zara Investment (Holding) Company (the "Company") was established on 10 May 1994 as a Public Shareholding Company. The Company's paid-in capital is JD 150,000,000 consisting of 150,000,000 shares of JD 1 par value each as of 31 December 2018.

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

The consolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 20 March 2019. These consolidated financial statements are subject to the approval of the General Assembly.

(2) 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.

The consolidated financial statements have been presented in Jordanian Dinars "JD", which is 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 28) as at 31 December 2018.

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, and
- The ability to use its power over the investee to affect its returns

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

- 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 parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, revenues, expenses and profit or loss relating to transactions between members of the Group are eliminated in full.

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

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

2.3 Changes in Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2017 except for the followings:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments supersedes IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The standard has been applied retrospectively and, in line with IFRS 9 "Financial Instruments". The impact of the adoption of the standard was recognized on 1 January 2018 by reversing the impact on the consolidated statment of changes in equity.

The standard eliminates the use of IAS 39 incurred loss approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

This adoption of the ECL approach does not have a material impact on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

This adoption does not have any impact on the Group's consolidated financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) or the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effect of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if all three amendments and other criteria are met.

The Group's accounting policy with respect to cash-settled share-based payment transactions is in line with the amendments. In addition, the Group is not involved in any share-based payment transaction against withholding tax obligations, and no modifications to the terms and conditions of share-based payment transactions have taken place.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

(a) the investment entity associate or joint venture is initially recognized;
(b) the associate or joint venture becomes an investment entity; and
(c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated 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:

	%
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 asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Loss is recognized in the consolidated statement of profit or loss.

The asset's useful lives and methods of depreciation are reviewed periodically and adjusted prospectively, if appropriate.

When assets 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 less accumulated depreciation and/or 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% - 20%.

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 assesses at each balance sheet date whether there is any objective evidence to record allowance for expected credit loss on a financial asset or a group of financial assets.

Impairment is determined based on lifetime expected credit losses through establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment is recognized as an allowance for expected credit loss in the consolidated statement of profit or loss. If in a subsequent period, the amount of the impairment loss decreases, the income is recognized in the consolidated statement of profit or loss.

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.

An assessment is made at each reporting date for an asset as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is 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 will be 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 to 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 of financial instruments

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. 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 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 and borrowings

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest rate method. Gains or losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

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

Provision for income tax is calculated in accordance with the prevailing income tax law applicable in the Hashemite Kingdom of Jordan.

Tax expense comprises current tax and deferred taxes. Deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Revenue 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 is recognized when the Group satisfies the performance obligation.

Revenues are recognized upon rendering services and issuance of invoices.

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

Rental income is recognised on a straight-line basis over the lease term as other income.

Other revenues are recognized on accrual basis.

Most of the Group's revenue falls within the application scope of IFRS 15 "Revenue from Contracts with Customers".

Operating Lease

Group as a lessee

Operating leases are recognised as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Operating lease revenues from investment properties are recognised as other income in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Foreign currency

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

Judgments, estimates and assumptions in the consolidated financial statements are detailed below:

– 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 and regulation and IFRS. 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.

(4) Property and Equipment

	Land	Buildings	Electro-mechanicals
	JD	JD	JD
2018-			
Cost			
At 1 January 2018	36,593,233	162,141,874	67,426,429
Additions	108,926	601,165	252,573
Transferred from projects in progress	-	1,535,973	589,621
Disposals	-	(8,260)	(39,737)
At 31 December 2018	36,702,159	164,270,752	68,228,886
Accumulated depreciation			
At 1 January 2018	-	52,116,084	65,166,322
Additions	-	3,221,467	894,119
Disposals	-	(2,455)	(39,737)
At 31 December 2018	-	55,335,096	66,020,704
Net book value			
At 31 December 2018	36,702,159	108,935,656	2,208,182

The cost of fully depreciated property and equipment as at 31 December 2018 is JD 147,612,449 (2017: JD 144,080,259).

	Land	Buildings	Electro-mechanicals
2017-			
Cost			
At 1 January 2017	36,072,785	161,349,027	66,889,227
Additions	520,448	354,705	409,367
Transferred from projects in progress	-	450,592	251,886
Disposals	-	(12,450)	(124,051)
At 31 December 2017	36,593,233	162,141,874	67,426,429
Accumulated depreciation			
At 1 January 2017	-	48,922,207	63,746,689
Additions	-	3,194,873	1,543,669
Disposals	-	(996)	(124,036)
At 31 December 2017	-	52,116,084	65,166,322
Net book value			
At 31 December 2017	36,593,233	110,025,790	2,260,107

Machinery and equipment	Furniture and fixture	Computer hardware and software	Vehicles	Others	Total
JD	JD	JD	JD	JD	JD
39,736,060	52,690,561	8,570,365	1,515,233	2,555,228	371,228,983
1,162,352	606,708	252,422	95,481	-	3,079,627
1,087,487	237,038	-	-	-	3,450,119
(71,005)	(34,765)	(15,521)	(33,729)	-	(203,017)
41,914,894	53,499,542	8,807,266	1,576,985	2,555,228	377,555,712
34,485,939	47,894,098	7,635,222	1,261,679	1,893,314	210,452,658
1,867,102	1,529,338	358,801	61,088	18,150	7,950,065
(69,535)	(33,604)	(15,521)	(33,728)	-	(194,580)
36,283,506	49,389,832	7,978,502	1,289,039	1,911,464	218,208,143
5,631,388	4,109,710	828,764	287,946	643,764	159,347,569
38,653,153	50,943,012	8,210,080	1,547,144	2,555,228	366,219,656
1,099,428	755,737	360,165	99,714	-	3,599,564
181,776	1,350,852	23,556	-	-	2,258,662
(198,297)	(359,040)	(23,436)	(131,625)	-	(848,899)
39,736,060	52,690,561	8,570,365	1,515,233	2,555,228	371,228,983
32,892,824	46,428,308	7,246,832	1,256,990	1,875,165	202,369,015
1,788,158	1,822,823	411,826	65,157	18,149	8,844,655
(195,043)	(357,033)	(23,436)	(60,468)	-	(761,012)
34,485,939	47,894,098	7,635,222	1,261,679	1,893,314	210,452,658
5,250,121	4,796,463	935,143	253,554	661,914	160,776,325

(5) Investment Properties

	2018 JD	2017 JD
Cost		
As at 1 January	10,512,636	10,489,227
Additions	3,966	23,409
As at 31 December	10,516,602	10,512,636
Accumulated depreciation		
As at 1 January	4,796,617	4,647,478
Additions	150,434	149,139
As at 31 December	4,947,051	4,796,617
Net book value		
At 31 December	5,569,551	5,716,019

The fair value of the investment properties is estimated, by a real estate appraiser, at JD 10,264,959 as at 31 December 2018 (2017: JD 10,264,959).

(6) Projects in Progress

This item represents the cost of executed works and amounts paid to the contractors as follows:

	2018	2017
	JD	JD
Company		
Jordan Hotels and Tourism Company	425,811	-
Jordan Himmeh Mineral Company *	420,503	419,382
Nabatean Hotels Co.	74,441	33,883
Amman Tourism Investment Co.	27,619	66,471
Oasis Hotels Co. *	525,703	525,703
National Hotels and Tourism Co.	267,373	297,734
Red Sea Hotels Co.	102,983	15,161
South Coast Hotels Co. *	528,245	528,245
Zara South Coast Development Co.	20,784	5,355
Zara Investment Co. *	102,986	102,986
	2,496,448	1,994,920
Less: provision for projects in progress *	(1,526,378)	(1,526,378)
	970,070	468,542

No interest expense was capitalized on projects in progress during 2018 and 2017.

Movement on projects in progress is as follow:

	2018	2017
	JD	JD
Beginning balance	1,994,920	2,609,288
Additions	3,951,647	1,644,294
Transferred to property and equipment	(3,450,119)	(2,258,662)
	2,496,448	1,994,920
Provision for projects in progress	(1,526,378)	(1,526,378)
Ending balance	970,070	468,542

The estimated cost to complete above projects is approximately JD 6,700,000 as of 31 December 2018 (2017: JD 3,000,000). Management expects to complete these projects during the coming two years.

(7) Financial Assets at Fair Value Through Other Comprehensive Income

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

	2018	2017
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Company	739,279	684,651
Jordan Projects Tourism Development Company	8,640,206	11,206,493
	9,379,485	11,891,144
Unquoted shares – Local		
Jordan Hotels and Tourism Education	180,000	180,000
Dead Sea Touristic and Real Estate Investments Company	354,000	354,000
	534,000	534,000
Unquoted shares – Foreign		
Palestine Tourism Investment Company	955,909	955,909
	955,909	955,909
	10,869,394	13,381,053

Movement on financial assets at fair value through other comprehensive income is as follows:

	2018	2017
	JD	JD
Beginning balance	13,381,053	13,273,958
Change in fair value	(2,511,659)	107,095
Ending balance	10,869,394	13,381,053

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

(8) Cumulative Change in Fair Value

Movement on cumulative change in fair value is as follows:

	2018	2017
	JD	JD
Beginning balance	8,687,327	8,585,878
Change in fair value of financial assets at fair value through other comprehensive income	(2,511,659)	107,095
Change in deferred tax liabilities (note 23)	13,592	(5,646)
Ending balance	6,189,260	8,687,327

(9) Advance Payments For Land Purchases

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

(10) Inventories

	2018	2017
	JD	JD
Food and beverages	564,200	539,024
Supplies and equipment	1,062,017	1,032,287
Others	138,336	174,346
	1,764,553	1,745,657
Less: Provision for slow moving inventories	(88,634)	(12,562)
Impairment of inventories	(2,858)	-
	1,673,061	1,733,095

Movement on provision for slow moving inventories is as follows:

	2018	2017
	JD	JD
Beginning balance	12,562	12,562
Provision for the year	76,072	-
Ending balance	88,634	12,562

Movement on provision for impairment of inventories is as follows:

	2018 JD	2017 JD
Beginning balance	-	-
Provision for the year	2,858	-
Ending balance	2,858	-

(11) Accounts Receivable

	2018 JD	2017 JD
Accounts receivable	6,253,356	5,757,124
Provision for expected credit losses	(908,287)	(926,467)
	5,345,069	4,830,657

Movement on provision for expected credit loss is as follows:

	2018 JD	2017 JD
Beginning balance	926,467	926,434
Charge for the year *	51,616	64,062
Reversals during the year **	(67,334)	(48,863)
Amounts written off during the year	(2,462)	(15,166)
Ending balance	908,287	926,467

* Charge for the year was allocated to administrative expenses for JD 30,519 (2017: JD 50,762) and to operating expenses for JD 21,097 (2017: JD 13,300).

** Reversals during the year were added to other income for JD 15,784 (2017: Nil) and were deducted from operating expenses for JD 51,550 (2017: JD 48,863).

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

	Neither past due nor impaired	Past due but not impaired				Total
		1-30 days	31 – 90 days	91 – 120 days	120-360 days	
	JD	JD	JD	JD	JD	JD
2018	1,220,461	1,922,239	2,184,446	-	17,923	5,345,069
2017	1,322,264	1,385,311	2,115,960	-	7,122	4,830,657

Management expects unimpaired receivables to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are therefore unsecured.

(12) Other Current Assets

	2018	2017
	JD	JD
Aqaba Special Economic Zone Authority *	2,670,482	4,001,857
Refundable deposits	717,410	714,837
Advance payments to suppliers and contractors	876,706	710,453
Prepaid expenses	657,588	1,072,861
Others	616,547	859,201
	5,538,733	7,359,209
Non-current portion	1,339,107	2,670,482
Current portion	4,199,626	4,688,727
	5,538,733	7,359,209

* In 2015, each of the two subsidiaries (South Coast Real Estate Development Company and South Coast Hotels Company) signed an agreement with Aqaba Special Economic Zone Authority ("ASEZA") that cancels the sale and development agreement made in 2007 with ASEZA to purchase a number of land lots. In the agreement signed in 2015, ASEZA promises 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.

(13) Cash On Hand and At Banks

	2018	2017
	JD	JD
Cash on hand	110,530	117,768
Current accounts	6,261,722	7,535,340
Term deposits *	8,888,187	9,935,028
	15,260,439	17,588,136

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

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

	2018	2017
	JD	JD
Cash on hand and at banks	15,260,439	17,588,136
Due to banks (note 16)	(6,714,441)	(5,786,312)
	8,545,998	11,801,824

(14) Equity

Authorized and Paid-in Capital -
The Company's authorized and paid-in capital is 150,000,000 shares of JD 1 par value each as at 31 December 2018.

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.

(15) Long-Term Loans

This item consists of the following:

	Currency	Loans instalments					
		2018			2017		
		Short Term	Long Term	Total	Short Term	Long Term	Total
		JD	JD	JD	JD	JD	JD
Arab Bank – Amman Tourism Investment Co.	USD	-	-	-	1,520,000	-	1,520,000
Arab Bank – Zara Investment Holding Co.	USD	-	-	-	1,480,000	-	1,480,000
Syndicated loan – Zara Investment Holding Co.	USD	-	-	-	3,406,200	-	3,406,200
Movenpick Company – National Hotels and Tourism Co.	USD	424,800	212,400	637,200	424,800	637,200	1,062,000
		424,800	212,400	637,200	6,831,000	637,200	7,468,200

- Arab Bank - Amman Tourism Investment Company - USD

On 14 January 1998, a loan of JD 12,500,000 was granted to finance the project of Grand Hyatt Amman Hotel with a first–degree mortgage on the land and building of the Hotel. The loan term was 8 years including 5–year grace period and was repayable over 3.5 years in equal semi-annual instalments of JD 1,785,714 each, commencing on 14 January 2004 at interest rate of 9.5%. The loan was rescheduled during 2001 and 2003 such that the first instalment was due on 14 January, 2005 at an annual interest rate of 7.25%.

On 31 December 2011, the loan currency was converted to USD with the same collaterals, and a six-month LIBOR floating interest rate is due plus 3% annual margin with 4% floor per annum over the loan term. The loan is repayable over 7 equal annual instalments of USD 2,143,865 each starting on 31 December 2012 and ending on 31 December 2018.

- Arab Bank - Zara Investment Holding Company - USD

On 22 October 2006 a loan of JD 14,800,000 was granted to finance the Company's current projects with a second–degree mortgage on the land of Movenpick Resort & Residence Aqaba. The loan was repayable in 4 equal semi-annual instalments at an annual interest rate of 8.5% commencing after 18-month grace period. On 21 November 2007 the loan period was extended to 11 years with 2-year grace period and same collaterals. The loan was repayable in 10 equal annual instalments of JD 1,480,000 each commencing on 31 December 2009 and ending on 31 December 2018. The floating interest was due every six months according to Arab Bank prime lending rate plus 0.25% annual margin.

On 30 April 2014, the loan currency was converted to USD with the same conditions and a six-month LIBOR floating interest rate is due plus 3% margin with 4% floor per annum over the loan term. The loan is repayable over 5 equal annual instalments of USD 2,084,507 each starting on 31 December 2014 and ending on 31 December 2018.

- Syndicated Loan - Zara Investment Holding Company - USD

On 4 December 2007, five banks (Arab Bank, Union Bank, Jordan Kuwait Bank, Cairo Amman Bank and Arab Jordan Investment Bank) participated in a syndicated loan managed by Arab Bank of JD 30,000,000, to repay the second and third instalments of the Company's bonds issued on 12 December 2004 and due on 12 December 2008 and 12 December 2009 of JD 14,000,000 and JD 16,000,000 respectively. The loan was repayable in 9 annual instalments of JD 3,300,000 except the last instalment of JD 3,600,000 with the first one due 36 months from the date of signing the agreement. The floating interest was due every six months according to the average lending rates of the participating banks plus 0.25% annual margin.

On 29 December 2011 the loan currency was converted to USD with the same collaterals and a six-month LIBOR floating interest rate is due plus 3% annual margin with 4% floor per annum over the loan term. The loan is repayable in 7 annual instalments of USD 4,700,000 except for the last instalment of USD 4,804,231 starting on 4 December 2012 and ending on 4 December 2018.

- 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 loans 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.

The loan agreements include covenants in respect of the financial ratios related to the financial statements of the borrowing companies. The agreements provide for calling the entire loan balance in case the borrowing companies do not comply with such covenants.

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

Year	JD
2019	424,800
2020	212,400
Total	637,200

(16) Due to Banks

This item represents the balance of overdraft facilities granted to the Company and Jordan Hotels and Tourism Company (subsidiary) from Cairo Amman Bank, Arab Bank and Union Bank with ceilings of USD 10,000,000, JD 1,000,000 and JD 2,000,000 respectively. The annual interest rate on these facilities range from 4.25% to 9.125% including the commission.

(17) Other Current Liabilities

	2018	2017
	JD	JD
Accrued interest	-	46,005
Contractors' accruals and retentions	78,564	65,124
Accrued expenses	2,265,450	2,305,327
Deposits	595,701	401,337
Accrued credit card commission	-	41,627
Others	1,140,562	981,600
	4,080,277	3,841,028

(18) Other Provisions

2018 -	Legal claims	Employees' benefits	Others	Total
	JD	JD	JD	JD
Beginning balance	359,851	202,394	117,480	679,725
Charge for the year	-	57,440	45,000	102,440
Reversals during the year	-	(325)	(70,000)	(70,325)
Paid during the year	-	(97,106)	(45,000)	(142,106)
Ending balance	359,851	162,403	47,480	569,734

2017-	Legal claims	Employees' benefits	Others	Total
	JD	JD	JD	JD
Beginning balance	359,851	217,588	120,000	697,439
Charge for the year	-	61,236	45,000	106,236
Paid during the year	-	(76,430)	(47,520)	(123,950)
Ending balance	359,851	202,394	117,480	679,725

(19) 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 primary 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.

2018 -	Hotels Segment *	Other Segments	Eliminations	Total
	JD	JD	JD	JD
Operating revenues	68,709,212	1,558,145	(808,660)	69,458,697
Operating expenses	(52,895,320)	(1,064,506)	808,660	(53,151,166)
Net operating revenues	15,813,892	493,639	-	16,307,531
Other information –				
Segment assets	201,807,180	61,732,554	(57,133,884)	206,405,850
Segment liabilities	54,858,438	21,882,528	(57,133,884)	19,607,082
Depreciation	7,912,457	188,042	-	8,100,499
Provision for expected credit losses	28,207	23,409	-	51,616
Interest income	354,942	2,230	-	357,172
Finance costs	231,842	242,447	-	474,289
Capital expenditure	6,975,814	59,426	-	7,035,240
Non-current assets	163,332,787	16,594,868	-	179,927,655

* Hotels' net operating revenues consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman	Dead Sea Movenpick Hotel	Petra Movenpick Hotel	Aqaba Movenpick Hotel	Nabatean Castle Hotel	Tala Bay Movenpick Hotel	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Operating revenues	18,576,641	9,908,400	12,346,329	8,020,202	8,376,785	1,143,565	10,337,290	68,709,212
Operating expenses	(14,119,944)	(9,407,864)	(9,356,456)	(4,900,682)	(6,476,832)	(1,000,299)	(7,633,243)	(52,895,320)
Net operating revenues	4,456,697	500,536	2,989,873	3,119,520	1,899,953	143,266	2,704,047	15,813,892

2017 -	Hotels Segment *	Other Segments	Eliminations	Total
	JD	JD	JD	JD
Operating revenues	67,061,870	1,436,834	(766,194)	67,732,510
Operating expenses	(49,405,017)	(989,779)	766,194	(49,628,602)
Net operating revenues	17,656,853	447,055	-	18,103,908
Other information –				
Segment assets	204,078,898	60,958,122	(51,587,669)	213,449,351
Segment liabilities	58,310,272	18,379,700	(51,587,669)	25,102,303
Depreciation	8,803,694	190,100	-	8,993,794
Provision for expected credit losses	13,300	50,762	-	64,062
Interest income	280,626	1,813	-	282,439
Finance costs	546,986	241,665	-	788,651
Capital expenditure	5,063,698	203,569	-	5,267,267
Non-current assets	166,553,877	18,054,859	-	184,608,736

* Hotels' net operating revenues consist of the following:

	Hotel InterContinental Jordan	Grand Hyatt Amman	Dead Sea Movenpick Hotel	Petra Movenpick Hotel	Aqaba Movenpick Hotel	Nabatean Castle Hotel	Tala Bay Movenpick Hotel	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Operating revenues	19,902,851	11,660,580	11,592,085	5,911,450	7,176,527	909,599	9,908,778	67,061,870
Operating expenses	(13,729,308)	(9,622,002)	(8,869,273)	(3,703,299)	(5,661,322)	(690,495)	(7,129,318)	(49,405,017)
Net operating revenues	6,173,543	2,038,578	2,722,812	2,208,151	1,515,205	219,104	2,779,460	17,656,853

(20) Other Income, Net

	2018	2017
	JD	JD
Rent	560,809	638,743
Gain on sale and disposal of property and equipment, net	10,499	13,043
Dividends income	43,701	36,418
Credit card commission	29,165	166,688
Reversal of other provisions	70,000	-
Reversal of allowance for expected credit losses	15,784	-
Others	42,248	25,068
	772,206	879,960

(21) Administrative Expenses

	2018 JD	2017 JD
Salaries and wages	1,045,691	1,018,674
Boards of directors' remuneration	259,836	260,496
Bonuses	32,787	37,660
Provision for expected credit losses	30,519	50,762
Donations	39,557	50,407
Governmental expenses	37,611	35,942
Hospitality	6,545	11,933
Insurance	234,768	276,282
Bank charges	67,352	130,600
Maintenance	27,253	34,728
Professional fees	181,702	157,352
Property tax	207,400	211,095
Postage and telephone	26,530	31,289
Rent	266,967	303,301
Subscriptions	44,235	45,837
Withholding tax	14,151	14,197
Travel and transportation	20,797	23,401
Advertising and marketing	26,673	32,688
Water and electricity	78,222	80,566
Security	51,072	59,808
Others	224,119	343,156
	2,923,787	3,210,174

(22) Non-controlling Interests

This item represents the subsidiaries' net equity after deducting the Holding Company direct and indirect interests, through its subsidiaries, in these subsidiaries.

(23) Income Tax, Net

Provision for income tax -

Movement on provision for income tax is as follows:

	2018	2017
	JD	JD
Beginning balance	850,714	718,932
Income tax for the year	609,934	680,021
Prior years' income tax	51,709	30,557
Income tax paid	(812,489)	(578,796)
Ending balance	699,868	850,714

Income tax, net -

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

	2018	2017
	JD	JD
Current year income tax	609,934	680,021
Prior years income tax	51,709	30,557
Deferred income tax	992,521	319,659
Deferred income tax benefit	(1,055,878)	(1,596,315)
	598,286	(566,078)

The Income tax provision represents income tax due on the results of operations of some of the Company's subsidiaries. No income tax provision was calculated for the Company and a number of its subsidiaries for 2017 and 2018, due to the excess of deductible expenses over taxable revenues, or due to accumulated losses from prior years, in accordance with the Income Tax Law no. (34) of 2014.

The Company and all of its subsidiaries have obtained final clearances from the Income Tax Department up to 2014.

Nabatean Hotels Company, National Hotels and Tourism Company, and Red Sea Hotels Company have obtained final clearances from the Income Tax Department up to 2015.

Zara South Coast Development Company has obtained final clearance from the Income Tax Department up to 2016.

The Income Tax Department has reviewed accounting records of the Company and Amman Tourism Investment Company for 2015 and 2016, but has not issued yet the final report up to the date of these consolidated financial statements.

The Income Tax Department has reviewed the accounting records of National Hotels and Tourism Company for 2016, but has not issued yet the final report up to the date of these consolidated financial statements.

Management believes that the provision for income tax as of 31 December 2018 is sufficient to meet the liabilities.

Deferred tax assets -

Deferred tax assets represent the estimated tax effect of accumulated tax losses carried forward pertaining to Nabatean Hotels Company, Amman Tourism Investment Company, and Zara South Coast Development Company, expected to result in future tax benefits.

Movement on deferred tax assets is as follows:

	2018	2017
	JD	JD
Beginning balance	1,596,315	-
Tax effect of accumulated tax losses carried forward	1,055,878	1,596,315
Tax effect of accumulated tax losses released	(931,311)	-
Ending balance	1,720,882	1,596,315

Below subsidiaries have recorded deferred tax assets against accumulated losses carried forward expected to result in future tax benefits.

Movement on accumulated tax losses is as follows:

	2018					
	Beginning Balance	Losses Added	Losses Released	Ending Balance	Deferred Tax	2017
	JD	JD	JD	JD	JD	JD
Nabatean Hotels Co.	3,741,385	-	3,741,385	-	-	748,277
Amman Tourism Investment Co.	-	3,600,472	-	3,600,472	756,099	-
Zara South Coast Development Co.	16,960,760	2,779,640	3,660,685	16,079,715	964,783	848,038
	20,702,145	6,380,112	7,402,070	19,680,187	1,720,882	1,596,315

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.

Movement on deferred tax liabilities is as follows:

	2018	2017
	JD	JD
Beginning balance	440,486	115,181
Change in fair value of financial assets (note 8)	(13,592)	5,646
Depreciation differences related to machinery and equipment and computer hardware and software	61,210	319,659
Ending balance	488,104	440,486

:Reconciliation between accounting profit and taxable income is as follows

	2018	2017
	JD	JD
Accounting profit before income tax	5,756,964	6,167,452
Losses of the Company and other subsidiaries	2,988,748	1,645,686
Carried forward losses	(4,304,117)	(3,041,253)
Non-taxable income	(932,105)	(1,168,179)
Depreciation differences	(128,872)	(540,150)
Non-deductible expenses	1,784,115	1,522,844
Taxable income	5,164,733	4,586,400
Income tax (expense) benefit for the year	(598,286)	566,078
Statutory tax rate	5% - 20%	5% - 20%
Effective tax rate	10%	-

(24) Basic and Diluted Earnings Per Share

	2018	2017
Profit attributable to equity owners of the parent (JD)	3,917,349	5,165,078
Weighted average number of shares (Share)	150,000,000	150,000,000
Basic earnings per share (JD/Fils)	0/026	0/034

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

(25) Contingent Liabilities

The Group has outstanding bank guarantees of JD 123,500 as at 31 December 2018 (2017: JD 103,500).

(26) Operating Lease Commitments

Group as a lessee -

On 1 September 2018, the Company signed a one-year renewable office lease agreement with Astra Company (sister company) for JD 145,368 (2017: JD 145,368). Also, some of the Group's subsidiaries and hotels rent offices and land lots for periods ranging from one to thirty years.

The future minimum rentals payable under operating leases at 31 December are as follows:

	2018	2017
	JD	JD
Within one year	274,306	346,509
After one year but not more than five years	723,314	1,057,368
More than five years	1,135,250	-
	2,132,870	1,403,877

Group as a lessor -

The Group has entered into commercial property leases on its investment properties. These leases have terms between one to ten years. The future minimum rentals receivable under operating leases as at 31 December are as follows:

	2018	2017
	JD	JD
Within one year	110,783	376,937
After one year but not more than five years	322,952	569,050
More than five years	-	42,273
	433,735	988,260

(27) Litigations Against the Group

In the normal course of business, the Group appears as a defendant in a number of lawsuits amounting to JD 78,259 as of 31 December 2018 (2017: 134,259). 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.

(28) Related Party Transactions

Following are the consolidated subsidiaries and they are all incorporated in Jordan:

	Paid-in Capital JD	Principal Activities	Ownership %
Jordan Hotels and Tourism Co. PSC	10,000,000	Hotel InterContinental Jordan	51.6
Jordan Himmeh Mineral Co. PSC	1,557,000	Himmeh Resort	71.6
Nabatean Hotels Co. LLC	3,300,000	Nabatean Castle Movenpick Hotel and Petra Movenpick Hotel	100
Amman Tourism Investment Co. LLC	16,500,000	Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	100
Rum Hotels and Tourism Co. LLC	700,000	Tourism Project –Wadi Mousa	82.1
Oasis Hotels Co. LLC	1,600,000	Tourism Project - Dead Sea	92.2
National Hotels and Tourism Co. LLC	15,000,000	Dead Sea Movenpick Hotel	100
Jordan Hotel Supplies Trading Co. LLC	330,000	Gift Shops	100
Red Sea Hotels Co. LLC	17,000,000	Aqaba Movenpick Hotel	100
Zara Agricultural Co. LLC	100,000	Plants	54.3
South Coast Real Estate Development Co. LLC	10,050,000	Tourism Project - Aqaba	82
South Coast Hotels Co. LLC	4,800,000	Tourism Project - Aqaba	82
Zara South Coast Development Co. LLC	39,425,503	Tala Bay Movenpick Hotel - Aqaba	84.8
Zara Agricultural Services and Marketing Co. LLC	25,000	Plant maintenance	100
Himmeh Solar Power Co. LLC	1,000	Solar power electricity generation	100

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:

	2018	2017
	JD	JD
Bank balances – Arab Bank, Etihad Bank, and Cairo Amman Bank	15,135,838	16,995,990
Loans – Arab Bank, Etihad Bank, and Cairo Amman Bank	-	6,406,200
Due to banks – Arab Bank, Etihad Bank, and Cairo Amman Bank	6,714,441	5,786,312
Amounts due to Astra Investment Company	50,000	100,000
Amounts due from Cairo Amman Bank	9,413	7,810

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

	2018	2017
	JD	JD
Interest income – Cairo Amman Bank and Etihad Bank	357,172	282,439
Rent income – Cairo Amman Bank	248,123	224,168
Finance costs – Arab Bank, Etihad Bank and Cairo Amman Bank	474,289	615,589
Rent expense – Astra Investment Company	148,608	148,068
Boards of directors' remuneration and transportation:		
- Zara Investment Company	153,836	152,385
- Jordan Hotels and Tourism Company	151,000	153,000
	304,836	305,385

Key management personnel compensation is as follow:

	2018	2017
	JD	JD
Salaries, compensation and other benefits	236,900	188,350

(29) 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:

2018 -	Jordan Hotels & Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels & Tourism Co. LLC
Group's ownership percentage	51.6%	71.6%	82.1%
Country of incorporation and operation	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests (JD)	15,005,408	433,992	70,705
Non-controlling interests share of profit (loss) (JD)	965,387	(4,694)	(517)

	JD	JD	JD
Condensed statement of financial position			
Current assets	9,058,536	737,923	5,678
Non-current assets	25,133,624	842,674	611,651
Current liabilities	(2,996,763)	(51,838)	(221,380)
Non-current liabilities	(164,047)	-	-
Equity	31,031,350	1,528,759	395,949
Attributable to:			
Shareholders of the parent	16,025,942	1,094,767	325,244
Non-controlling interests	15,005,408	433,992	70,705
Condensed statement of profit or loss			
Revenues	18,576,641	-	-
Expenses	(16,535,313)	(25,272)	(2,913)
Other revenues	490,202	8,736	20
Finance cost	-	-	-
Profit (loss) before income tax	2,531,530	(16,536)	(2,893)
Income tax expense	(535,099)	-	-
Profit (loss) for the year	1,996,431	(16,536)	(2,893)
Other comprehensive income	1,996,431	(16,536)	(2,893)
Attributable to non-controlling interests	965,387	(4,694)	(517)
Profit distributions to non-controlling interests	1,208,891	-	-
Condensed statement of cash flows			
Operating activities	3,479,873	(24,307)	(3,174)
Investing activities	4,277,149	(61,237)	(1,980)
Financing activities	(2,488,917)	552,418	5,487
Net increase (decrease) in cash and cash equivalent	5,268,105	466,874	333

Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
92.2%	54.3%	82%	82%	84.8%
Jordan	Jordan	Jordan	Jordan	Jordan
48,630	62,170	1,741,805	723,854	3,446,167
(276)	(1,213)	(945)	(822)	284,410
JD	JD	JD	JD	JD
90,860	148,741	4,822,030	1,948,063	3,276,360
534,788	-	4,856,662	2,076,174	23,730,631
(3,176)	(12,820)	(2,000)	(2,825)	(4,336,097)
-	-	-	-	(26,416)
622,472	135,921	9,676,692	4,021,412	22,644,478
573,842	73,751	7,934,887	3,297,558	19,198,311
48,630	62,170	1,741,805	723,854	3,446,167
-	-	-	-	10,337,290
(3,562)	(2,974)	(5,267)	(4,591)	(8,634,848)
23	323	15	24	50,650
-	-	-	-	-
(3,539)	(2,651)	(5,252)	(4,567)	1,753,092
-	-	-	-	115,742
(3,539)	(2,651)	(5,252)	(4,567)	1,868,834
(3,539)	(2,651)	(5,252)	(4,567)	1,868,834
(276)	(1,213)	(945)	(822)	284,410
-	-	-	-	-
(3,564)	(2,882)	1,082,297	239,143	2,420,253
(1,977)	323	15	24	(264,396)
5,488	27,274	(1,080,056)	(241,905)	(2,445,558)
(53)	24,715	2,256	(2,738)	(289,701)

2017 -	Jordan Hotels & Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels & Tourism Co. LLC
Group's ownership percentage	51.6%	55.8%	82.1%
Country of incorporation and operation	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests (JD)	15,248,912	445,437	71,222
Non-controlling interests share of profit (loss) (JD)	1,204,506	(8,339)	(558)
	JD	JD	JD
Condensed statement of financial position			
Current assets	9,418,500	269,162	5,359
Non-current assets	25,521,675	773,175	609,651
Current liabilities	(3,273,368)	(35,081)	(216,168)
Non-current liabilities	(131,887)	-	-
Equity	31,534,920	1,007,256	398,842
Attributable to:			
Shareholders of the parent	16,286,008	561,819	327,620
Non-controlling interests	15,248,912	445,437	71,222
Condensed statement of profit or loss			
Revenues	19,902,851	-	-
Expenses	(17,090,310)	(27,227)	(3,128)
Other revenues	415,244	8,371	14
Finance cost	-	-	(13)
Profit (loss) before income tax	3,227,785	(18,856)	(3,127)
Income tax expense	(736,854)	-	-
Profit (loss) for the year	2,490,931	(18,856)	(3,127)
Other comprehensive income	2,490,931	(18,856)	(3,127)
Attributable to non-controlling interests	1,204,506	(8,339)	(558)
Profit distributions to non-controlling interests	1,063,824	-	-
Condensed statement of cash flows			
Operating activities	5,172,101	(17,082)	(1,274)
Investing activities	(6,329,135)	(73,893)	(139,294)
Financing activities	(2,142,112)	2,868	143,235
Net (decrease) increase in cash and cash equivalent	(3,299,146)	(88,107)	2,667

Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
92.2%	54.3%	82%	82%	84.8%
Jordan	Jordan	Jordan	Jordan	Jordan
48,907	63,383	1,742,750	724,676	3,161,757
(575)	1,171	(1,020)	(1,041)	374,308
JD	**JD**	**JD**	**JD**	**JD**
96,399	151,562	4,827,327	1,952,675	3,536,359
532,788	-	4,856,662	2,076,174	24,239,945
(3,176)	(12,990)	(2,045)	(2,870)	(6,975,246)
-	-	-	-	(25,413)
626,011	138,572	9,681,944	4,025,979	20,775,645
577,104	75,189	7,939,194	3,301,303	17,613,888
48,907	63,383	1,742,750	724,676	3,161,757
-	164,648	-	-	9,908,778
(5,030)	(161,881)	(5,675)	(5,772)	(8,251,893)
16	431	21	21	97,044
(2,345)	-	(13)	(33)	(117,006)
(7,359)	3,198	(5,667)	(5,784)	1,636,923
-	(639)	-	-	822,625
(7,359)	2,559	(5,667)	(5,784)	2,459,548
(7,359)	2,559	(5,667)	(5,784)	2,459,548
(575)	1,171	(1,020)	(1,041)	374,308
-	-	-	-	-
(2,505)	(24,045)	1,081,970	237,850	2,641,682
16	11,783	22	21	(376,603)
5,207	17,949	(1,080,223)	(236,103)	(1,951,672)
2,718	5,687	1,769	1,768	313,407

(30) Risk Management

Interest rate risk -

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:

2018 -	Increase in interest rate	Effect on profit for the year before income tax
	(Basis Points)	JD
JD	75	(16,303)
USD	75	4,779

2018 -	Increase in interest rate	Effect on profit for the year before income tax
	(Basis Points)	JD
JD	75	(31,115)
USD	75	56,012

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 -

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:

2018 -	Increase in market index	Effect on the consolidated statement of comprehensive income and equity
	(%)	JD
Amman Stock Exchange	10	937,949

2018 -	Increase in market index	Effect on the consolidated statement of comprehensive income and equity
	(%)	JD
Amman Stock Exchange	10	1,189,114

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 risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, receivables and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

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 2018.

Liquidity risk

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 2018	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Accounts payable and other liabilities	9,927,011	78,564	-	10,005,575
Due to banks	7,066,949	-	-	7,066,949
Loans	-	424,800	212,400	637,200
Total	16,993,960	503,364	212,400	17,709,724

As at 31 December 2017	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Accounts payable and other liabilities	9,491,980	111,129	-	9,603,109
Due to banks	6,090,093	-	-	6,090,093
Loans	-	7,136,648	637,200	7,773,848
Total	15,582,073	7,247,777	637,200	23,467,050

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.

(31) 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 accounts payable, due to banks, loans, 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 2018			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income (quoted)	739,279	-	8,640,206	9,379,485

	31 December 2017			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income (quoted)	684,651	-	11,206,493	11,891,144

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

(32) 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 retained earnings and is measured at JD 165,266,037 as at 31 December 2018 (2017: JD 166,840,004).

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

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or use the modified retrospective approach by applying the impact as an adjustment on the retained earnings' opening balance. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group has performed a detailed impact assessment of IFRS 16, which will result in an increase by JD 1.6 million to the total assets and total liabilities of the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarify that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

(34) Comparative Figures

Some of 2017 figures have been reclassified in order to conform with the presentation of 2018 figures. Such reclassification did not affect previously reported profit or equity for the year 2017.

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 24th ordinary general assembly minutes of meeting held on 25/4/2018 and its approval.

2. Recitation of the auditors's report on the consolidated financial statements for the year ended 31/12/2018.

3. Recitation and discussion of the Board of Directors report for the year ended 31/12/2018 and its approval.

4. Discussion of the Company's consolidated financial statements for the year ended 31/12/2018 and its approval.

5. Approval of the appointment of Mr. Nasser Awwad Mohammad Al-Khaldi - an independent member - on the Board of Directors in succession of Mr. Nafez Saleh Odeh Mustafa who lost his membership, or otherwise election of a new member for the vacant seat.

6. Approval of the recommendation of the Board of Directors to distribute cash dividends for the year 2018 at 2% of the par value common stock to the shareholders as of the date of the meeting of the ordinary general assembly.

7. Release of the Board of Directors for any liability for the year ended 31/12/2018 in accordance with the law.

8. Election of the Company's independent auditors for the year ending 31/12/2019 and determination of their fees, or otherwise authorizing the Board of Directors to do so.

9. Any other matters the ordinary general assembly may propose for discussion.

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