Zara Investment Holding Co. Ltd.
Annual Report 2010

His Majesty King Abdulla II Bin Al-Hussein

Zara Investment Holding Co. Ltd.

Board of Directors' Seventeenth Annual Report on the Company's operations and consolidated accounts for the fiscal year ending 31/12/2010.

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Board of Directors

“ Year 2010 witnessed the completion of extensive renovation projects as well as product developments at several of our properties. ”

Sabih Taher Darwish Masri
Chairman, Board of Directors

Khaled Sabih Taher Masri
Vice Chairman, Board of Directors

Ahmad Saeed Al Sharif, PhD.
Member | Representing the Libyan Foreign Investments Company

Amal Rafiq Suleiman Shabib
Member | Representing the Social Security Corporation

Sami Issa Eid Smeirat
Member | Representing the Social Security Corporation
(successor to Mr. Bassam Wael Rushdi Kanaan as of 15/02/2010)

Isam Halim Jeries Salfiti
Member | Representing Union Bank

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

Kamal Ghareeb Abdel Rahim Al-Bakri
Member | Representing Cairo Amman Bank

Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki
Member

Yassin Khalil ‘Mohammad Yassin’ Talhouni
Member

Yazid Adnan Mustafa Mufti
Member

Nafeth Saleh Odeh Mustafa
Member

Mohammad Osama Jawdat Sha’sha’a
Member

Lina Mazhar Hassan Annab
General Manager

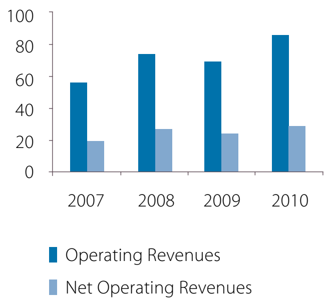
Ernst & Young
Auditors

Ittqan Law Firm Company
Legal Advisor / Mr. Wael Karaen

Message to our Shareholders

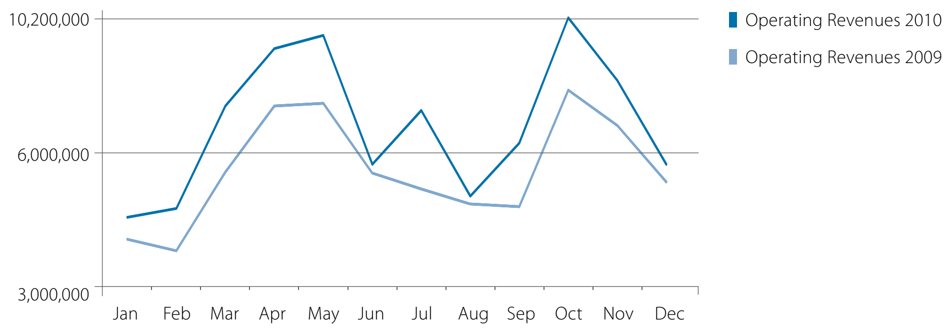
Esteemed Ladies and Gentlemen,

Welcome to Zara's 17th annual meeting for the ordinary general assembly of the shareholders.

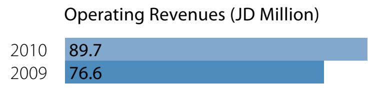


2010 has been a benchmark year for our company on a variety of different and important fronts. During this year, your Company registered the highest hotel operating revenues in its history, with impressive growth rates exceeding 20% over 2009. Moreover, our operating revenues in 2010 grew by 16% compared with those recorded during 2008, the year when we witnessed over 34% growth over the previous year. Most importantly, I am delighted to report that the net profits generated by your Company in 2010 have not only eliminated the accumulated losses but also achieved a retained earnings balance. This is a significant milestone for our Company as we move forward into 2011 following many years of investment and operations.

Our confidence in the agility and the flexibility of our operations was evident on a monthly basis during 2010 where revenues consistently exceeded those achieved during the previous year. In October 2010, our operating revenues surpassed the JD 10.2 million mark, setting a record as the highest earning month in the history of our Company.

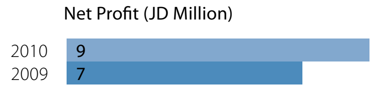


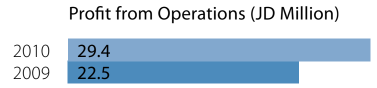
Our key performance indicators for 2010 show the following:



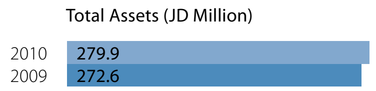
Consolidated Operating Revenues reached JD 89.7 million compared with JD 76.7 million, an increase of 17% over 2009.

Consolidated Profit from Operations reached JD 29.4 million compared with JD 22.5 million, an increase of 31% over 2009, and Net Profit Attributable to Shareholders reached JD 9.0 million compared with JD 7.0 million, an increase of 28% over 2009.

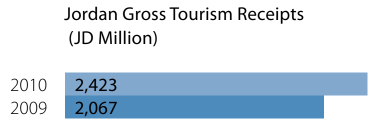




Revenue Per Available Room (RevPAR) reached JD 72.0 up by 1% over 2009.



Consolidated Assets reached JD 279.9 million up by 3% over 2009.



In 2010, Jordan's tourism sector continued bucking the trend witnessed over the past few years in international tourism as a result of the financial and economic crisis. Amid all the uncertainties witnessed over the prospects of tourism worldwide, one fact persisted: interest in Jordan as a tourism destination remains strong and unabated. Tourism receipts in 2010 are reported at JD 2,423 million compared with JD 2,067 million in 2009, an increase of 17%, well above the global average of 5%-6% increase reported for 2010 by the World Tourism Organization (UNWTO). International Tourist visits reached 4.6 million visitors, an increase of 20% over 2009 and much higher than the global average of 5%-8% increase reported for 2010 by UNWTO.

Jordan	**2010**	**2009**	**2008**	**2007**	**2006**
Tourism Receipts (JD million)	2,423	2,067	2,089	1,638	1,461
Gross Domestic Product (JD million)	17,486	16,266	15,056	12,057	10,378
% of GDP	13.9%	12.7%	13.9%	13.6%	14.1%

Zara Investment remained the leader in market share of 5-star hotels and 5-star room inventory in Jordan, as well as in the number of staff employed vis-à-vis the total number of persons employed in the hospitality sector. Employment in the 5-star hotels segment in Jordan reached a total of 8,938 persons in 2010, of which approximately 28% are employed by Zara Investment; while employment in the hospitality sector reached 42,041 in 2010 of which approximately 6% are employed by Zara.

At Zara Investment, employment of local talent and developing human resources as a means of empowering and investing in the local communities is one of our top priorities. It was an honor to have this acknowledged in a recent report issued by the Social Security Corporation, rating Mövenpick Resort & Spa Dead Sea as the top employer of Jordanians in the tourism sector. Similarly, other properties owned by Zara were also cited in this report for their contribution in employing Jordanians. This clearly demonstrates the prominent role played by the Company in the tourism sector in particular, as well as the economy in general, as a key driver in creating opportunities for growth and local employment.

Over the course of 2010, we continued developing plans aimed at improving the sustainability and efficiency of our operations. Clean production projects was one of the primary focus areas in 2010, with the successful completion of a variety of clean production projects aimed at improving our operating efficiency and increasing our profitability. These projects are intrinsic to our vision to set the standard as a benchmark model for green tourism. Moreover, during the second quarter of 2010, all of our properties were enabled and ready to receive the ISO 22000 certification, turning Zara Investment hotels into the first hotels to obtain such accreditation in Jordan. Other sustainability related certifications were achieved with the award of Mövenpick Resort & Residence Aqaba and Mövenpick Resort & Spa Tala Bay Aqaba the tourism industry's prestigious Green Key® certificates.

" Employment of local talent and developing human resources as a means of empowering and investing in the local communities where we operate remained one of our top priorities. "

On the education front, we embarked on developing plans in partnership with the Ministry of Labor to develop a center of excellence for tourism vocational training in the Jordan Valley (Ghor). Aimed at providing essential skill training for students in the Ghor area, this initiative seeks to enhance the local employment potential within the thriving hospitality sector at the shores of the Dead Sea as well as other regions within Jordan.

Year 2010 witnessed the completion of extensive renovation projects as well as product developments at several of our properties. At Hotel InterContinental Jordan, the Premium Wing was opened with its fully renovated premium and deluxe rooms and suites. Additionally, we completed the renovation and redesign of the new Club Lounge. Hotel InterContinental also celebrated the opening of its Forecourt, aimed at enhancing security while providing a pleasant arrival experience. In a similar vein, Grand Hyatt Amman Hotel completed its state-of-the-art arrival building, aimed at easing the bottleneck that existed at the entrance while also ensuring the maximum safety and security measures upon arrival and entry into the hotel. Another project which we inaugurated in 2010 was the state-of-the-art Zara Spa at Mövenpick Resort & Spa Tala Bay Aqaba. In addition to being the first truly stand-alone full fledged spa in Aqaba, Zara Spa is developed with the latest and most innovative therapy and treatment techniques in the global spa industry. The addition of Zara Spa at Mövenpick Resort & Spa Tala Bay Aqaba coupled with the internationally renowned Zara Spa at the Dead Sea puts us in the forefront of top Spa providers in Jordan. In Petra, we also finalized the full room and suite renovation and refurbishment program that had been initiated in 2009.

In our pursuit to enhance shareholders' value and capital structure, we raised the capital of several subsidiaries during 2010. The registered capital of Zara South Coast Development Company, owner of Mövenpick Resort & Spa Tala Bay Aqaba, was raised by JD 9 million to reach JD 24 million. We also raised the registered capital for South Coast Hotels and South Coast Real Estate Development Companies by JD 1.3 and 5.8 million to reach JD 4.8 million and JD 10.05 million respectively. The registered capital of Zara Agriculture Company was also raised by JD 50 thousand to reach JD 100 thousand.

Following careful review of our non-core investments, and in order to dedicate the Company's liquidity towards financing our core investments and operations, we divested out of our 10% shareholding in the owning companies of Kempinski Hotel Ishtar Dead Sea and Kempinski Hotel Aqaba Red Sea. This has contributed positively to our cashflows, leverage and profitability.

Our outlook for 2011 remains optimistic yet vigilant. We are energized and inspired by the momentum we witnessed throughout 2010. The resilience of our business model coupled with the strength of the tourism product in Jordan give us full confidence in our ability to overcome challenges as they arise. Given that uncertainties are still prevailing within

“ Our outlook for 2011 remains optimistic and vigilant at the same time. We are energized and inspired by the momentum we experienced throughout 2010. “

the economic and financial markets both home and abroad, we will remain cautious in our strategic planning. The key areas that we will focus on during 2011 will be the full and comprehensive renovation project of the rooms and suites at the Grand Hyatt Amman while continuing the clean production projects initiated in 2009. In addition, we will continue working on a number of smaller projects throughout our properties aimed at ensuring their impeccable and efficient operation. Another priority for us will be to institutionalize the significant role that our Company plays in the development of the local communities in which it operates. We will continue to assert our leadership in the tourism industry through active participation in both public and private sector initiatives aimed at enhancing the tourism industry in Jordan.

None of our achievements over 2010 would have been possible without the dedication and hard work of our entire team of professionals running our operations all over Jordan. To these wonderful women and men I extend my deepest thanks and appreciation for a job well done.

In conclusion, on behalf of the board of directors, I would like to thank all of our shareholders for their trust and continued support.

Sabih Taher Masri
Chairman of the Board of Directors

Board of Directors' Report

1. Overview

The Board of Directors is pleased to welcome you and to present to you the 17th annual report on the Company's activities, the consolidated financial statements for the fiscal year ending 31/12/2010 and the outlook for 2011.

The economy of Jordan grew by 3.5% in 2010, higher than the 2.3% growth witnessed over 2009, but significantly lower than the 7.8% achieved in 2008. Despite the fact that Jordan's financial sector was relatively isolated from the international financial crisis because of Jordan's limited exposure to overseas capital markets; it nevertheless was affected by the overall global economic climate. The negative impact of the global economic slowdown on the Jordanian economy was evident through the depressing effect it had on its GDP growth. The major sectors affected by this slowdown have been export-oriented sectors such as manufacturing, mining and the transport of re-exports. Nonetheless, the tourism sector continued to buck this negative trend in 2010, and demonstrated once again its robust nature by registering impressive 17% growth rate over 2009. Tourism receipts in 2010 are reported at JD 2,423 million compared with JD 2,067 million in 2009, an increase of 17%, well above the global average of 5%-6% increase reported for 2010 by the World Tourism Organization (UNWTO). International Tourist visitors reached 4.6 million visitors an increase of 20% over 2009 and much higher than the global average of 5%-8% increase reported for 2010 by UNWTO.

Hotel industry key indicators for 2010 compared to 2009:

	Year 2010*	Year 2009*	Variance %
Number of visitor tourists	4,557,022	3,788,897	20.3%
Tourism Income (Million JD)	2,423	2,064	17.4%
Average length of stay (Night)	4.5	4.8	- 6.3%
Number of classified hotels	208	204	2.0%
Number of hotel rooms	17,058	15,854	7.6%
Number of beds	32,014	29,884	7.1%
Number of employees	42,041	39,896	5.4%

*Source: Jordan Ministry of Tourism and Antiquities * Figures as of 31/12 /2010*

5-star hotel key indicators for 2010 compared to 2009:

	Year 2010	Year 2009	Variance %
Number of five-star hotels	28	28	0%
Number of five-star hotel rooms	7,083	7,058	0%
Number of hotel rooms owned by Zara Investment Holding Co. Ltd	2,131	2,131	0%
Rooms owned by Zara - % of total	30%	30%	0%

Source: Jordan Ministry of Tourism and Antiquities

2. (A) Main activities of the Company

Paid up Capital / JD	Main Activity	Head-quarter	Number of Employees
Zara Investment Holding Company PLC			
125,000,000	Hotel, tourism and general investments	Amman	31

Consolidated Assets: JD 279.9 Million

Grand Hyatt Amman Hotel

Mövenpick Resort & Residence Aqaba

2. (B) Subsidiaries

Paid up Capital / JD	Main Activity	Head-quarter	Share-holding %	Number of Employees
Zara South Coast Development Company LLC				
24,000,000	Owner of Mövenpick Resort Tala Bay Aqaba	Aqaba	75%	378
Red Sea Hotels Company LLC				
17,000,000	Owner of Mövenpick Resort & Residence Aqaba	Aqaba	100%	331
Amman Tourism Investment Company LLC				
16,500,000	Owner of Grand Hyatt Amman Hotel , Hyatt Tower and Zara Center	Amman	100%	435
National Hotels and Tourism Company LLC				
15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	532
Jordan Hotels and Tourism Company PLC				
10,000,000	Owner of InterContinental Jordan Hotel	Amman	51.6%	452
South Coast Real Estate Development Company LLC				
10,050,000	Real estate development – Aqaba South Coast (Ras Al Yamaniyah) owner of 528 donum	Aqaba	82%	0
South Coast Hotels Company LLC				
4,800,000	Real estate development – Aqaba South Coast (Ras Al Yamaniyah) owner of 94 donum	Aqaba	82%	0
Nabatean Hotels Company LLC				
2,800,000	Owner of Mövenpick Nabatean Castle Hotel - Petra	Amman	100%	95
Oasis Hotels Company LLC				
1,600,000	Owner of tourism project - Dead Sea, owner of 34 donum	Amman	92.2%	0
Levant Hotels and Tourism Company LLC				
500,000	Owner of Mövenpick Resort Petra	Amman	100%	198
Rum Hotels and Tourism Company LLC				
500,000	Owner of tourism project - Tybeh - Petra, owner of 66 donum	Amman	75%	0
Jordan Himmeh Mineral Company PLC				
500,000	Owner of Jordan Himmeh Resort - Mukhaibeh	Amman	55.8%	3
Jordan Hotel Supplies Trading Company LLC				
300,000	Owner of Souk Zara gift boutiques	Amman	100%	30
Zara Agricultural Company LLC				
50,000	Landscape and nursery services - Jordan Valley	Amman	54.3%	19
Total Number of Employees				**2,504**

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

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

Name	Position	Joined	Representative Appointed on	DOB	Degree	Grad. Date	Profession	Membership in Public Shareholdings
Sabih Taher Darwish Masri	Chairman	1999	-	2/12/1937	B.Sc. Chemical Engineering	1963	Businessman	• Arab Bank / Vice Chairman
Khaled Sabih Taher Masri	Vice Chairman	1994	-	19/2/1966	M.B.A. Business Administration	1989	Businessman	• Jordan Hotels and Tourism Company • Cairo Amman Bank / Chairman • Jordan Himmeh Mineral Company / Chairman
Libyan Foreign Investments Company Ahmed Saeed Al Sharif	Member	2000	17/3/2004	7/6/1945	Ph.D. Economics	1979	Professor, *Qar Younos University - Libya*	
Social Security Corporation Amal Rafiq Suleiman Shabib	Member	2000	1/10/2007	18/10/1961	B.Sc. Civil Engineering	1983	Planning & Development Manager *Nuqul Group*	
Social Security Corporation Sami Issa Eid Smeirat	Member	2000	15/02/2010	13/04/1971	M.B.A.	2004	VP, Jordan Telecom Group *CEO, Orange Enterprise*	
Union Bank Isam Halim Jeries Salfiti	Member	1994	28/7/1994	23/5/1944	B.A. Economics	1967	General Manager *Union Bank*	• Union Bank / Chairman • Union Land Development Company / Chairman • Jordan Hotels and Tourism Company / Chairman • Union Factories for Tobacco and Cigarettes Production Company
Al Masira Investment Company Kamil Abdel Rahman Ibrahim Sadeddin	Member	1994	14/2/2004	26/7/1951	High Diploma, Civil Engineering- England	1975	Chief Executive Officer *Astra / Saudi Arabia*	• Jordan Projects for Tourism Development Company • Jordan Vegetable Oil Industries Company / Chairman • Jordan Express Tourist Transport Company
Cairo Amman Bank Kamal Ghareeb Abdel Rahim Al Bakri	Member	1994	15/6/2007	7/6/1969	LL.B.	1991	General Manager *Cairo Amman Bank*	• Jordan Express Tourist Transport Company • Jordan Insurance Company
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	Member	2000	-	12/11/1931	B.A. Business Administration	1955	Businessman	
Yassin Khalil 'Mohammad Yassin' Talhouni	Member	2000	-	8/5/1973	B.A. Economics	1994	Businessman	• Jordan Hotels & Tourism Company / Vice Chairman • Jordan Himmeh Mineral Company • Jordan Electricity Company • Cairo Amman Bank
Yazid Adnan Mustafa Mufti	Member	2000	-	27/3/1953	B.A. Business Administration	1976	Businessman	• Cairo Amman Bank • Middle East Insurance Company • Palestine Company for Development and Investment
Nafeth Saleh Odeh Mustafa	Member	2003	-	12/12/1934	-		Businessman	• Jordan Hotels and Tourism Company
Mohammad Osama Jawdat Sha'sha'a	Member	2008	-	1/6/1942	High Diploma, International Economics	1967	Businessman	• Jordan Insurance Company

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

Lina Mazhar Hassan Annab

Position	Date of Appointment	DOB	Degree	Grad. Date
General Manager	1/5/2002	29/11/1966	M.A. International Relations	1990

Professional Career

- Held several positions with multinationals in the United States and the Middle East.
- Board member at several private and public shareholding companies.
- Member of Jordan National Tourism Council.
- Board member at Jordan Hospitality & Tourism Education Company.
- Vice Chairman of the Employment–Technical and Vocational Education and Training Council (E-TVET Council).
- Member of the Economic and Social Council.
- Board member at Social Security Investment Fund.
- Board member at Amman Institute.

Ahmad Ibrahim Mohammad Jamjoum

Position	Date of Appointment	DOB	Degree	Grad. Date
Chief Financial Officer	1/11/2008	16/11/1964	M.A. Accounting systems and Auditing /CPA	1991

Professional Career

- Held several financial and consulting positions with various leading local and regional corporations.
- Board Member at Jordan Himmeh Mineral Company.
- Board Member at Palestinian Tourism and Investment Company.

Haitham "Mohammad Nazih" Nureddin Hanbali

Position	Date of Appointment	DOB	Degree	Grad. Date
Financial Controller	7/1/2007	31/7/1969	B.Sc. Accounting / CPA	1996

Professional Career

- Held financial consulting and auditing positions at local and regional consulting firms.

Mövenpick Resort Tala Bay Aqaba

4. Major shareholders and number of shares held compared with 2009

Name	Number of Shares as of 31/12/2010	%	Number of Shares as of 31/12/2009	%
Social Security Corporation	18,516,245	14.8%	18,516,245	14.8%
Libyan Foreign Investments Company	16,282,943	13.0%	16,282,943	13.0%
Al Masira Investment Company	15,295,011	12.2%	15,295,011	12.2%
Arab Company for Supplies and Trading	9,173,628	7.3%	9,173,628	7.3%
Cairo Amman Bank	8,325,070	6.6%	8,325,070	6.6%
Mohammed Bin Abdel Rahman Bin Hamad Al Sheik	6,000,000	14.8%	6,000,000	14.8%
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	6,000,000	14.8%	6,000,000	14.8%

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. These seven 5-star hotels have a combined total of 2,132 rooms. Our company enjoys a command position with its status as one of the foremost investment companies in the hospitality sector, coupled with a 34% share of 5-star hotel revenue in the Kingdom. This is manifested in relation to both its paid up capital and/or the net book value of its property and equipment totaling respectively JD 125 million/share and JD 22.8 million as of 31/12/2010 up by 4.2% over 2009.

All of the company's hotels are managed by renowned international management companies, which include the Intercontinental Hotels Group, Hyatt International, and the Mövenpick Hotels and Resorts. The affiliation with such reputable operators enables the properties of Zara to compete on both local and international levels.

During 2010, all of Zara properties maintained their leadership position in the market. The Mövenpick Resort & Spa Dead Sea achieved the highest revenues of JD 20.9 million in the Kingdom, while Hotel Intercontinental Jordan achieved the second highest revenues in Amman and the Grand Hyatt Amman Hotel remained among the top three properties in Amman insofar as gross operating profits are concerned. In Petra, Mövenpick Resort Petra registered the highest revenues, average room rate, gross operating profits, and occupancy rate. Mövenpick Resort & Spa Tala Bay Aqaba achieved the highest revenues in Aqaba despite its first full year in operations; while Mövenpick Resort & Residence Aqaba achieved the highest gross operating profits and occupancy rate in Aqaba.

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:

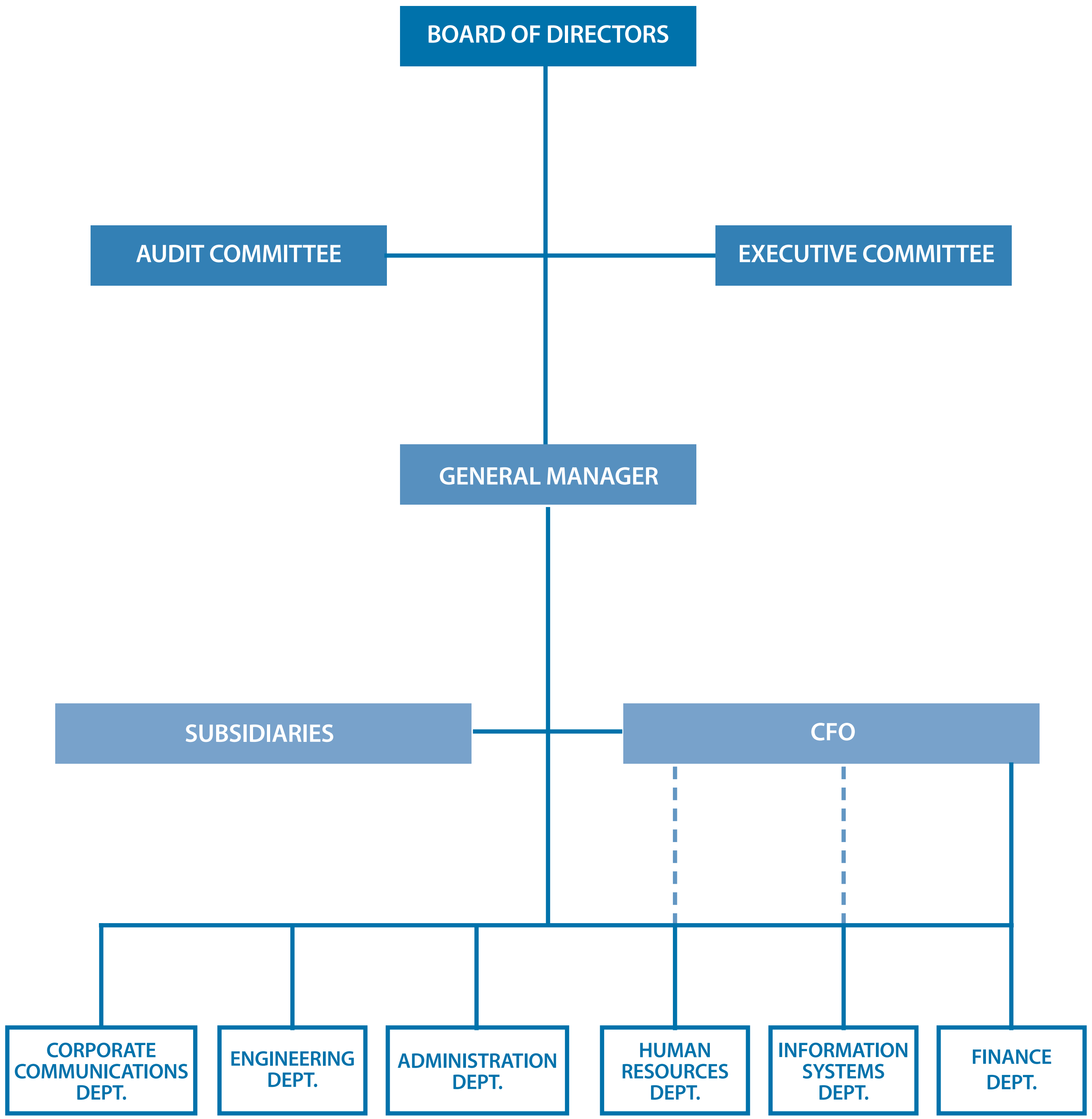
There are no government protection measures, nor privileges enjoyed by the Company nor any of its products / subsidiaries in accordance with legal regulations.

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

All of the company's hotels and resorts have benefited from the exemptions stipulated in the Investment Promotion and Special Economic Zone Laws. These exemptions cover duties and taxes on procurements of furniture, fixtures and equipment required for renovation purposes.

Mövenpick Resort Tala Bay Aqaba

9. (A) Organization structure



9. (B) Number of company employees and qualifications

Ph.D.	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara Investment Holding Company PLC						
0	3	0	19	3	6	31

Subsidiaries

Ph.D.	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara South Coast Development Company LLC						
0	0	0	128	106	144	378
Red Sea Hotels Company LLC						
0	0	0	65	88	178	331
Amman Tourism Investment Company LLC						
0	1	0	69	84	281	435
National Hotels and Tourism Company LLC						
0	3	0	69	56	404	532
Jordan Hotels and Tourism Company PLC						
0	2	0	73	102	275	452
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
Nabatean Hotels Company LLC						
0	0	0	9	13	73	95
Oasis Hotels Company LLC						
0	0	0	0	0	0	0
Levant Hotels and Tourism Company LLC						
1	0	19	27	0	151	198
Rum Hotels and Tourism Company LLC						
0	0	0	0	0	0	0
Jordan Himmeh Mineral Company PLC						
0	0	0	0	0	3	3
Jordan Hotel Supplies Trading Company LLC						
0	0	0	10	4	16	30
Zara Agricultural Company LLC						
0	0	0	0	0	19	19
Total						**2,504**

9. (C) Qualification and training programs for company employees

Course Name	Number
Sustainability Workshop	808
Environment Training	294
Fire Fighting	285
Risk Management	230
Cherish Guest Recognition Program	234
Chemical Hazard	184
English Courses	182
Making the Most of My Performance	152
Applied Finance Program	116
First Aid	106
Lessons in Leadership	105
Code of Business Conducts and Ethics	102
Quality and Customer Service	76
Responsibility Toward Security	70
Training Presentation	55
ISO 22000	37
Time Management	36
Preventing Work Injuries	32
Communication Skills	30
Excellence in Managing Performance	29
Bridging to the Motivation Gap	19
Energy Saving	19
Microsoft	17
How to Conduct a Meeting	14
On-Job Training Skills	10
Room Service	10
Water Treatment	10
Income Tax Law	10
Essential Management Techniques	9
Professional Presentation Skills	3
Energy Management	2
International Financial Reporting Standards	2
Master Public Speaking	1
Total	**3,289**

10. Risks

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

11. Company's achievements in 2010

The following are the major Company achievements in 2010:

1. Jordan Hotels and Tourism Company owner of Hotel InterContinental Jordan
   a. The completion and opening of the completely renovated Premium Wing covering 173 rooms and suites.
   b. The completion and opening of the completely redesigned and renovated Club Lounge.
   c. The completion and opening of the construction of the Forecourt Hotel entrance. This project adds value to the hotel in more than one respect: In addition to enhancing the security safety measures, the new entrance provides guests with an elegant arrival experience as well as ease of access to the hotel.
   d. Awarded ISO 22000 certification

2. Amman Tourism Investment Company owner of Grand Hyatt Amman Hotel
   a. The opening of the arrival building at the entrance area. The new entrance provides the guests with an elegant welcoming area as well as ease of access to the hotel. In addition, this building is developed with a state-of-the-art design aimed at maximizing safety and security measures. It is expected to ease the bottle neck related to the security check area now routinely found at the entrance of most hotels in Jordan.
   b. Awarded ISO 22000 certification

3. Levant Hotels and Tourism Company owner of Mövenpick Resort Petra
   a. The completion of the comprehensive room and outlet refurbishment and renovation project.
   b. The completion of the refurbishment of the All-Day-Dining restaurant that included furniture and finishing works.
   c. The completion of the refurbishment and soft redesign of the roof terrace.
   d. The completion of the newly redesigned Executive Lounge.
   e. Awarded ISO 22000 certification.

4. Zara South Coast Development Company, owner of Mövenpick Resort & Spa Tala Bay Aqaba
   a. The official opening of the 1,200 square meter state-of-the-art Zara Spa in June 2010. Zara Spa includes 11 different types of treatment rooms, a sauna, a steam room, a whirlpool with skylight, Spa shop, a beauty salon, and a nail studio. This opening marks the establishment of the largest spa in Aqaba and South of Jordan.
   b. The installation of new solar heating system intended to partially replace the use of electricity as well as diesel fuel.
   c. Raised the registered capital by JD 9 million to reach JD 24 million.
   d. Awarded ISO 22000 certification
   e. Awarded Green Key certification

5. Zara Investment Holding Company:
   a. The company continued the development and deployment of its information systems. Business Intelligence and analytical modules are being integrated with the company's Enterprise Resource Planning (ERP) system in order to enhance the accuracy and timeliness of financial and operational reporting and monitoring of the operations of the company.

12. Financial impact of non-recurring transactions that occurred during the fiscal year and 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 2006 through 2010

	2010	2009	2008	2007	2006
Profits (losses) realized	9,008,142	7,024,635	9,844,760	4,669,869	(462,449)
Dividends	-	-	-	-	-
Equity attributable to shareholders	149,726,283	139,966,939	131,673,954	119,666,590	109,517,280
Share price JD	1.14	1.40	1.75	2.05	2.00

Mövenpick Resort & Spa Dead Sea

14. Analysis of Company's financial position and results of operations during fiscal year 2010 - 2009

No.	Description	2010 %	2009 %
1	Return on Investments	3.36	2.67
2	Return on Equity	5.51	4.64
3	Return on Paid-in Capital	7.52	5.81
4	Profit Margin	10.48	9.48
5	EBT to Operating Revenues	11.95	11.18
6	Ownership Ratio	60.92	57.51
7	Equity to Loans	184.83	166.86
8	Loans to Assets	32.96	34.47
9	Property and Equipment to Equity	130.71	136.39
10	Current Liability to total assets	11.13	10.54
11	Liabilities to Total Assets	39.08	42.49
12	Liabilities to SH Equity	64.16	73.87
13	Current Liabilities to SH Equities	18.27	18.33
14	Long-term Loans to SH Equity	45.74	54.75
15	Operating Revenues to SH equity	52.61	48.93
16	Operating Revenues to Assets	32.05	28.14
17	Current Ratio	104.57	85.61

InterContinental Jordan Hotel

Following are the key indicators of the Company's hotels for 2010 compared with those for 2009

	Hotel	Number of Rooms	Occupancy %		Average Room Rate JD		Operating Revenues JD	
			2010	2009	2010	2009	2010	2009
(i)	InterContinental Jordan	450	66	70	126	115	18,484,409	14,953,302
	Grand Hyatt Amman	316	63	61	124	131	16,547,340	17,213,238
	Hyatt Tower	90	70	76	133	132	1,695,439	1,833,604
	Mövenpick Resort & Spa Dead Sea	362	68	61	127	122	20,851,125	18,354,818
	Mövenpick Resort & Residence Aqaba	332	59	57	89	100	8,999,867	9,451,366
	Mövenpick Resort Petra	183	68	63	118	111	9,307,544	8,209,651
	Mövenpick Nabatean Castle Hotel Petra	92	59	49	83	74	2,604,212	1,891,206
(ii)	Mövenpick Resort Tala Bay Aqaba	306	57	25	90	90	10,031,567	1,759,605
	Total	**2,131**	**63**	**60**	**113**	**112**	**88,521,503**	**73,666,790**

(i) Wings A & B with 173 rooms were turned to operations in Oct 2010
(ii) First full year of operations since soft opening was on August 12, 2009

1. The consolidated balance sheet of Zara indicates that the total assets as of 31/12/2010 totaled JD 279,856,071 compared with JD 272,568,960 as of 31/12/2009, representing a 2.67% increase.
2. The equity attributable to shareholders as of 31/12/2010 totaled JD 149,726,283 compared with JD 139,966,939 as of 31/12/2009 representing a 6.97% increase.
3. The consolidated income statement indicates that operating revenues for 2010 totaled JD 89,687,120 compared with JD 76,698,399 representing a 16.93% increase.
4. The consolidated expenses including general and administration, depreciation, and net finance expenses for 2010 totaled JD 21,487,615 compared with JD 17,095,350 representing a 25.69% increase.
5. The consolidated net profit for 2010 totaled JD 9,008,142 compared with JD 7,024,635 for 2009 representing a 28.24% increase.

" The resilience of our business model coupled with the strength of the tourism product in Jordan give us full confidence in our ability to overcome challenges as they arise. "

15. Company's outlook and plans for 2011:

1. We will improve our profitability and operating efficiency by continuing the development and application of clean production projects. These projects include but are not limited to the switch from the use of diesel fuel to clean burning liquefied petroleum gas (LPG), installation of new solar heating systems, partially replacing the use of electricity as well as diesel fuel, and the upgrade of water management and water usage reduction measures.
2. We will improve our cost control measures through the application of smart monitoring business intelligence analytical tools that are designed according to industry's best practice.
3. We will start the room and suite renovation program at the Grand Hyatt Amman.
4. We will augment and better institutionalize our community based activities and programs aimed at energizing, enabling and empowering the residents of the communities where we operate.
5. We will continue to actively pursue cooperation with local, regional, and international investment companies to establish joint projects in the Kingdom.

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 PLC	12,528
Zara South Coast Development Company LLC	10,500
Red Sea Hotels Company LLC	13,300
Amman Tourism Investment Company LLC	15,550
National Hotels and Tourism Company LLC	13,150
Jordan Hotels and Tourism Company PLC	17,000
South Coast Real Estate Development Company LLC	1,800
South Coast Hotels Company LLC	1,800
Nabatean Hotels Company LLC	6,800
Levant Hotels and Tourism Company LLC	11,750
Rum Hotels and Tourism Company LLC	2,088
Jordan Himmeh Mineral Company PLC	4,500
Oasis Hotels Company LLC	2,088
Jordan Hotel Supplies Trading Company LLC	2,250
Zara Agricultural Company LLC	1,800
Total	**116,904**

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

Name	Position	Nationality	Number of Shares as of 31/12/2010	Number of Shares as of 31/12/2009	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2010	Number of Shares Held by Controlled Companies as of 31/12/2009
Sabih Taher Darwish Masri	Chairman	Jordanian	1,705,000	1,705,000	• Arab Supply and Trading Co. • Astra Investment Co. • Al Masira Investment Co.	9,173,628 10,000 15,295,011	9,173,628 10,000 15,295,011
Khaled Sabih Taher Masri	Vice Chairman	Jordanian	1,730,000	1,730,000	None	None	None
Libyan Foreign Investments Company, represented by Ahmad Saeed Al Sharif	Member	Libyan	16,282,943 -	16,282,943 -	None	None	None
Social Security Corporation, represented by Amal Rafiq Suleiman Shabib	Member	Jordanian	18,516,245 -	18,516,245 -	None	None	None
Social Security Corporation, represented by Sami Issa Eid Smeirat	Member	Jordanian	18,516,245 -	18,516,245 -	None	None	None
Union Bank represented by Isam Halim Jeries Salfiti	Member	Jordanian	90,250 -	90,250 -	None	None	None
Al Masira Investment Co. represented by Kamil Abdel Rahman Ibrahim Sadeddin	Member	Jordanian	15,295,011 -	15,295,011 -	None	None	None
Cairo Amman Bank, represented by Kamal Ghareeb Abdel-Rahim Al Bakri	Member	Jordanian	8,325,070 -	8,325,070 -	None	None	None
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	Member	Saudi	6,000,000	6,000,000	None	None	None
Yassin Khalil Mohammad Yassin Talhouni	Member	Jordanian	4,141,188	4,141,188	• National Development and Supply Company • Levant Investment Co.	200,000 1,462,500	200,000 1,462,500
Yazid Adnan Mustafa Mufti	Member	Jordanian	25,000	25,000	None	None	None
Nafeth Saleh Odeh Mustafa	Member	Saudi	500,000	500,000	None	None	None
Mohammad Osama Jawdat Sha'sha'a	Member	Jordanian	10,850	10,850	None	None	None

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

Position	Nationality	Number of Shares as of 31/12/2010	Number of Shares as of 31/12/2009	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2010	Number of Shares Held by Controlled Companies as of 31/12/2009
Lina Mazhar Hassan Annab						
General Manager	Jordanian	0	0	None	0	0
Ahmad Ibrahim Mohammad Jamjoum						
Chief Financial Officer	Jordanian	0	0	None	0	0
Haitham "Mohammad Nazih" Nureddin Hanbali						
Financial Controller	Jordanian	0	0	None	0	0

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

Relationship	Nationality	Number of Shares as of 31/12/2010	Number of Shares as of 31/12/2009	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2010	Number of Shares Held by Controlled Companies as of 31/12/2009
Relatives of Sabih Masri Najwa Mohamad Abdel Rahman Madi						
Wife	Jordanian	1,730,000	1,730,000	None	0	0
Relatives of Nafeth Saleh Odeh Mustafa Mary Bint Issa Bin Ilyas Loussi						
Wife	Saudi	500,000	500,000	None	0	0

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

Position	Transportation Allowance	Session Attendance Allowance	Accommodation	Total JD
Sabih Taher Darwish Masri				
Chairman	6,000	-	-	6,000
Khaled Sabih Taher Masri				
Vice Chairman	6,000	-	-	6,000
Ahmad Saeed Al Sharif				
Member	-	15,038	2,089	17,127
Amal Rafiq Suleiman Shabib				
Member	6,000	-	-	6,000
Bassam Wael Rushdi Kanaan (until 15/02/2010)				
Member	500	-	-	500
Sami Issa Eid Smeirat (as of 15/02/2010)				
Member	5,500	-	-	5,500
Isam Halim Jeries Salfiti				
Member	6,000	-	-	6,000
Kamil Abdel Rahman Ibrahim Sadeddin				
Member	6,000	-	-	6,000
Kamal Ghareeb Abdel-Rahim Al Bakri				
Member	6,000	-	-	6,000
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki				
Member	-	-	4,525	4,525
Yassin Khalil Moh'd Yassin Talhouni				
Member	6,000	-	-	6,000
Yazid Adnan Mustafa Mufti				
Member	6,000	-	-	6,000
Nafeth Saleh Odeh Mustafa				
Member	6,000	-	-	6,000
Mohammad Osama Jawdat Sha'sha'a				
Member	6,000	-	-	6,000
Total	**66,000**	**15,038**	**6,614**	**87,652**

18. (B) Remuneration of senior executive management

Position	Salaries	Transportation Allowance	Bonuses	Other Benefits	Total JD
Lina Mazhar Hassan Annab					
General Manager	100,800	0	30,000	0	130,800
Ahmad Ibrahim Mohammad Jamjoum					
Chief Financial Officer	66,000	3,000	18,500	600	88,100
Haitham "Mohammad Nazih" Nureddin Hanbali					
Financial Controller	46,740	1,260	2,400	0	50,400

19. Donations paid by the Company during the fiscal year:

Beneficiary	Amount JD
Medical Aid for Palestinians	1,200
Hikmat Road Safety	8,118
Ministry of Labor	12,000
Ramadan Packages	3,000
Others	1,719
Total	**26,037**

The hotels also donated the amount of JD 14,200 to various charities and collected the amount of JD 83,449 from its customers for the benefit of King Hussein Cancer Foundation.

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

There are no contracts, projects, obligations 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 Investment demonstrated its commitment to the environment with the implementation of a comprehensive JD 1.4 million plan covering a variety of large-scale green projects. These projects aimed to utilize the latest international environment protection methods in all of our operations in Jordan, coupled with a number of small-scale environmentally friendly programs such as paper recycling and the use of energy-saving light bulbs in several properties.

Based on an extensive environmental study that was conducted for all of our hotels, we embarked on the following clean production projects that resulted in:

1. Preservation of water resources by almost 50,000 cubic meters.
2. Reduction in greenhouse gas emissions, with expected annual reduction of CO2 estimated at 3,700 tons.
3. Successful use of alternative sources of friendly energy through the partial switch to solar energy in several of our properties.
4. The substitution of diesel use by LPG systems for partial heating purposes.
5. The award of all of our hotels of ISO 22000 certification.
6. Setting a benchmark for a more environmentally-conscious tourism and hospitality industry, a key sector for the economy of Jordan.
7.

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

The Company plays a key role in the locations of its operations, one of the most important aspects of which is the creation of employment opportunities for the local community. In addition to employment, the hotels offer their facilities to students of neighboring schools looking for hospitality training. In 2010, our hotels provided over 100 on-the-job training opportunities hospitality students in the Food and Beverage, Housekeeping and Kitchen departments. Zara is now actively working on establishing a center of excellence for hospitality training aimed at catering to the residents of the Jordan Valley.

Moreover, the Company actively and continuously seeks opportunities where, by virtue of its expertise and through transfer of knowledge, can contribute in assisting and funding the capacity building of various carefully selected hospitality training centers.

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZARA INVESTMENT COMPANY (HOLDING COMPANY) AMMAN - JORDAN

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Zara Investment Company P.S.C. - Holding Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statement of Income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements
Board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements and financial information contained in the Board of Directors' report are in agreement with.

Amman – Jordan
20 March 2011

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2010

ASSETS	Notes	2010 JD	2009 JD
Non-Current Assets -			
Property and equipment	4	193,502,800	185,228,623
Investment properties	5	6,667,875	6,859,052
Projects in progress	6	22,669,028	21,719,739
Available-for-sale investments	7	23,372,390	31,680,994
Advance payments on investments		1,072,537	2,486,537
		247,284,630	247,974,945
Current Assets -			
Inventory	8	2,048,258	2,141,115
Accounts receivable	9	9,354,740	7,001,659
Other debit balances	10	11,191,933	8,362,940
Cash and cash equivalents	11	9,976,510	7,088,301
		32,571,441	24,594,015
Total Assets		**279,856,071**	**272,568,960**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	12	125,000,000	125,000,000
Statutory reserve	12	3,657,660	2,747,747
Voluntary reserve	12	689,496	689,496
Cumulative change in fair value of available-for-sale financial assets	7	19,495,431	18,744,229
Retained earnings (accumulated losses)		883,698	(7,214,533)
Equity attributable to owners of the parent		**149,726,285**	**139,966,939**
Non-controlling interests	22	20,751,316	16,793,018
Total Equity		**170,477,601**	**156,759,957**
Non-Current Liabilities -			
Long-term loans	13	77,969,075	85,832,400
Deferred tax liabilities	23	259,969	1,249,615
		78,229,044	87,082,015
Current Liabilities -			
Current portion of long-term loans	13	12,425,325	6,807,142
Due to banks	14	1,838,716	1,309,842
Accounts payable		7,719,787	8,595,204
Other credit balances	15	7,426,535	9,806,330
Provisions	16	598,201	1,173,795
Provision for income tax	23	1,140,862	1,034,675
		31,149,426	28,726,988
Total Liabilities		**109,378,470**	**115,809,003**
Total Equity and Liabilities		**279,856,071**	**272,568,960**

The accompanying notes from 1 to 32 are an integral part of these consolidated financial statements.

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 JD	2009 JD
Operating revenues		89,687,120	76,698,399
Operating expenses		(59,015,313)	(52,003,387)
Net operating revenues	17	**30,671,807**	**24,695,012**
Other income	18	1,499,382	1,351,073
Gain on sale of available-for-sale financial assets		729,840	-
Administrative expenses	19	(3,515,036)	(3,555,950)
Impairment of available-for-sale financial assets	7	-	(25,520)
Financing costs, net	20	(6,830,579)	(5,618,698)
Depreciation	4,5	(11,142,000)	(7,920,702)
Provisions	21	(522,933)	(38,752)
Miscellaneous fees		(170,963)	(312,705)
Profit before income tax		**10,719,518**	**8,573,758**
Income tax expense	23	(1,322,041)	(1,305,322)
Profit for the year		**9,397,477**	**7,268,436**
Attributable to:			
Owners of the parent		9,008,144	7,024,635
Non-controlling interests	22	389,333	243,801
		9,397,477	7,268,436
Basic and diluted earnings per share	24	**0.072**	**0.056**

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 JD	2009 JD
Profit for the year		9,397,477	7,268,436
Add: Other comprehensive income items after tax:			
Cumulative change in fair value of available-for-sale financial assets, net of tax	7	751,202	1,268,350
Total comprehensive income for the year		**10,148,679**	**8,536,786**
Attributable to:			
Owners of the parent		9,759,346	8,292,985
Non–controlling interests		389,333	243,801
		10,148,679	8,536,786

The accompanying notes from 1 to 32 are an integral part of these consolidated financial statements.

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2010

	Attributable to the equity holders of the parent							
		Reserves						
	Paid in Capital	Statutory	Voluntary	Cumulative change in fair value of available-for-sale financial assets	Retained earnings (accumulated losses)	Total	Non-Controlling Interests	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at January 1, 2010	**125,000,000**	**2,747,747**	**689,496**	**18,744,229**	**(7,214,533)**	**139,966,939**	**16,793,018**	**156,759,957**
Total comprehensive income for the year	-	-	-	751,202	9,008,144	9,759,346	389,333	10,148,679
Transferred to reserves	-	909,913	-	-	(909,913)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	3,568,965	3,568,965
Balance at December 31, 2010	**125,000,000**	**3,657,660**	**689,496**	**19,495,431**	**883,698**	**149,726,285**	**20,751,316**	**170,477,601**
Balance at January 1, 2009	**125,000,000**	**2,030,948**	**689,496**	**17,475,879**	**(13,522,369)**	**131,673,954**	**14,118,166**	**145,792,120**
Total comprehensive income for the year	-	-	-	1,268,350	7,024,635	8,292,985	243,801	8,536,786
Transferred to reserves	-	716,799	-	-	(716,799)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	2,431,051	2,431,051
Balance at December 31, 2009	**125,000,000**	**2,747,747**	**689,496**	**18,744,229**	**(7,214,533)**	**139,966,939**	**16,793,018**	**156,759,957**

The accompanying notes from 1 to 32 are an integral part of these consolidated financial statements.

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 JD	2010 JD
Operating Activities			
Profit before income tax		10,719,518	8,573,758
Adjustments for:			
Depreciation		11,142,000	7,920,702
Dividends income		(36,418)	(336,195)
Gain on sale of property and equipment		(66,886)	(42,297)
Interest expense		6,890,886	5,930,003
Interest Income		(60,307)	(311,305)
Provision for projects in progress		350,035	-
Reversal of unneeded provisions		(440,240)	-
Provision for doubtful debts		347,518	1,662
Gain on sale of available-for-sale financial assets		(729,840)	-
Impairment of available-for-sale financial assets		-	25,520
Changes in working capital:			
Inventories		92,857	(26,569)
Accounts receivable		(2,700,599)	572,888
Other debit balances		469,737	(153,593)
Accounts payable		(875,417)	229,648
Other credit balances		(2,379,795)	1,925,282
Provisions		(135,354)	-
Income tax paid		(1,215,854)	(1,239,338)
Net cash flows from operating activities		**21,371,841**	**23,070,166**
Investing Activities			
Purchase of property and equipment		(2,064,625)	(1,995,331)
Proceeds from sale of property and equipment		55,011	104,703
Advance payments on purchase of land		(3,298,730)	(3,000,000)
Purchase of investment properties		(3,999)	(13,582)
Payments for projects in progress		(18,093,790)	(26,597,432)
Purchase of available-for-sale financial assets		-	(1,700)
Proceeds from sale of available-for-sale financial assets		11,000,000	
Advance payments on financial investments		(786,000)	(786,537)
Dividends received		36,418	336,195
Interest received		60,307	311,305
Net cash flows used in investing activities		**(13,095,408)**	**(31,642,379)**

The accompanying notes from 1 to 32 are an integral part of these consolidated financial statements.

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 JD	2010 JD
Financing Activities			
Repayment of loans		(6,807,142)	(22,464,285)
Proceeds from loans		4,562,000	24,936,400
Change in non-controlling interests due to increase in subsidiaries share capital		3,568,965	2,431,051
Interest paid		(7,240,921)	(5,985,730)
Net cash flows used in financing activities		**(5,917,098)**	**(1,082,564)**
Net increase (decrease) in cash and cash equivalents		**2,359,335**	**(9,654,777)**
Cash and cash equivalents, beginning of the year		5,778,459	15,433,236
Cash and cash equivalents, end of the year	11	**8,137,794**	**5,778,459**

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2010

1. General

Zara Investment Company P.S.C. (the "Company") was established on May 10, 1994 as a public shareholding company. The Company's subscribed and paid in capital is JD 125,000,000 consisting of 125,000,000 shares, each having a par value of JD 1.

The principal activities of the Company as a holding company are to manage its subsidiaries (together, the "Group") and participate in other companies' management in which it is a principal owner, investing in stocks, bonds and financial instruments, granting loans, guarantees and financing 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 subsequent to their meeting held on 20 March 2011. The consolidated financial statements require shareholders approval.

2. Accounting policies

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared under the historical cost convention as modified for the measurement at fair value of available-for-sale investments.

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 as at 31 December 2010, subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is able to govern the financial and operating policies of subsidiaries so as to benefit from its activities.

The financial statements of the subsidiaries are prepared for the same financial year of the Company, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Company.

Intra-company balances and transactions, including in unrealized profits and losses, and dividends are eliminated in full.

Non-controlling interest represents the portion not owned by the Company of its subsidiaries. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance

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 interest;
- 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; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The company's subsidiaries and its ownership percentage are disclosed in note (28)

2.3 Summary of significant accounting policies

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, 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 income.

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

	%
Buildings	2
Electro-mechanicals	15
Machinery and equipment	15
Furniture and fixture	15
Computer equipment	20
Vehicles	15
Others	2-20

Asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. The loss is recognized in the consolidated statement of income.

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

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Investment properties

Investment properties is property (land or building) held to earn rentals or for capital appreciation rather than land or building use for production or supply of goods or service 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 (when they are ready for use) on a straight-line basis over their estimated useful lives, annual depreciation rates used range between 2% - 20%.

Projects in progress

Constructions in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Constructions in progress are not depreciated until they became ready for use.

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 of are recognised in the consolidated statement of income.

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 so 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 income.

Available for sale financial assets

These are initially recognized at cost, being the fair value of consideration given including directly attributable transaction costs and subsequently re-measured at fair value. Fair value changes are reported as a separate component of equity until the investment is derecognized or the investment is determined to be impaired. On derecognizing or impairment the cumulative gain or loss previously reported as equity, is included in the consolidated statement of income

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the cumulative change in fair value of available-for-sale financial assets until the investment is derecognized, at which time the cumulative gain or loss is recognized in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of income and removed from the cumulative change in fair value of available-for-sale financial assets. The Group evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate.

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income – is removed from other comprehensive income and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognized directly in other comprehensive income.

Fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

In case of an available-for-sale financial assets cannot be measured reliably it is stated at cost less any impairment provision.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- he rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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.

Inventories

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

Accounts receivable

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business.
Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other income in the consolidated statement of income.

Cash and cash equivalents

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

For the purpose of the consolidated statement 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 and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

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 they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Accounts payable and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 income statement net of any reimbursement.

Income Taxes

Tax expense comprises current tax and deferred taxes.

The income tax provisions for the years ended 31 December 2010 and 2009 were calculated in accordance with the Temporary Income Tax Law no. 28 of 2009, and the Income Tax Law no. (57) of 1985 and its subsequent amendments, respectively.

Deferred tax is provided on temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

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

Revenue recognition

Revenues are recognized upon rendering services and issuance of invoice.

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

Other revenues are recognized on an accrual basis.

Operation lease

Group as a lessee
Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as a lessor
Operating lease revenue from investment properties are recognised as other income in the consolidated statement of income on a straight-line basis over the lease term.

Foreign currency

Foreign currency transactions during the year are recorded using exchange rates that were 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 income statement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

2.4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages.
These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.
IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy was applied prospectively and had no material impact on earnings per share. IFRS 3.64

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distributions of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or performance of the Group.

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2010

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 and expenses and the provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

- A provision will be established for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision in accordance with IFRS.
- The financial year is charged with its income tax expense in accordance with laws and regulation and IASs. Deferred tax assets and liabilities and income tax provision is calculated accordingly.
- The management periodically reviews the useful lives of property equipment in order to calculate the annual deprecation charges based on the general conditions of property and equipment and estimate the future useful lives accordingly. Any impairment losses of property and equipment are recognized in the consolidated statement of income.
- A provision will be established against court cases where the Group is the defendant based on a legal study provided by the Group's legal advisor based on the probability of risks occurrence. These studies are reviewed periodically and the provision is adjusted accordingly.
- The management of the Group periodically reviews the financial assets stated at cost to assess any impairment loss that may occur. Impairment loss is recognized in the consolidated statement of income.

4. PROPERTY AND EQUIPMENT

This item consists of the following:

2010	Land JD	Buildings JD	Electro-mechanicals JD	Machinery & Equipment JD	Furniture & Fixtures JD	Computer Equipment JD	Vehicles JD	Other JD	Total JD
Cost									
At 1 January 2010	34,434,572	142,607,814	51,982,168	25,579,932	33,791,358	5,140,262	1,237,472	2,538,917	297,312,495
Additions	67,558	76,956	256,976	629,004	595,169	279,485	147,112	12,365	2,064,625
Transferred from projects in progress	-	6,082,083	3,879,993	2,301,204	4,512,239	314,046	104,936	-	17,194,501
Retirements	-	-	(50,000)	-	-	-	(101,195)	-	(151,195)
At 31 December 2010	34,502,130	148,766,853	56,069,137	28,510,140	38,898,766	5,733,793	1,388,325	2,551,282	316,420,426
Accumulated Depreciation									
At 1 January 2010	-	25,263,580	39,037,532	20,562,658	21,205,268	3,636,828	778,922	1,599,084	112,083,872
Additions	-	3,277,040	2,673,277	1,311,385	2,915,906	573,746	130,426	65,044	10,946,824
Retirements	-	-	(11,875)	-	-	-	(101,195)	-	(113,070)
At 31 December 2010	-	28,540,620	41,698,934	21,874,043	24,121,174	4,210,574	808,153	1,664,128	122,917,626
Net book value at 31 December 2010	34,502,130	120,226,233	14,370,203	6,636,097	14,777,592	1,523,219	580,172	887,154	193,502,800

2009	Land JD	Buildings JD	Electro-mechanicals JD	Machinery & Equipment JD	Furniture & Fixtures JD	Computer Equipment JD	Vehicles JD	Other JD	Total JD
Cost									
At 1 January 2009	34,433,710	125,519,326	43,888,344	22,898,005	28,237,732	4,441,704	1,134,849	2,459,498	263,013,168
Additions	862	195,993	322,821	657,800	548,525	154,856	69,227	45,247	1,995,331
Transferred from projects in progress	-	16,957,808	9,461,891	2,307,270	6,736,636	544,062	67,953	34,172	36,109,792
Retirements	-	(65,313)	(1,690,888)	(283,143)	(1,731,535)	(360)	(34,557)	-	(3,805,796)
At 31 December 2009	34,434,572	142,607,814	51,982,168	25,579,932	33,791,358	5,140,262	1,237,472	2,538,917	297,312,495
Accumulated Depreciation									
At 1 January 2009	-	22,359,345	39,263,456	19,924,470	21,111,976	3,181,843	722,081	1,538,234	108,101,405
Additions	-	2,916,295	1,464,964	920,938	1,814,744	455,345	91,399	60,850	7,724,535
Retirements	-	(12,060)	(1,690,888)	(282,750)	(1,721,452)	(360)	(34,558)	-	(3,742,068)
At 31 December 2009	-	25,263,580	39,037,532	20,562,658	21,205,268	3,636,828	778,922	1,599,084	112,083,872
Net book value at 31 December 2009	34,434,572	117,344,234	12,944,636	5,017,274	12,586,090	1,503,434	458,550	939,833	185,228,623

5. INVESTMENT PROPERTIES

	2010 JD	2009 JD
Cost		
At 1 January	10,320,087	10,306,505
Additions	3,999	13,582
At 31 December	10,324,086	10,320,087
Accumulated depreciation		
At 1 January	3,461,035	3,264,868
Additions	195,176	196,167
At 31 December	3,656,211	3,461,035
Net book value		
At 31 December	6,667,875	6,859,052

Based on the view of the management of the Group, the fair value of the investment properties is not materially different from its carrying amount.

6. PROJECTS IN PROGRESS

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

	2010 JD	2009 JD
Company Name		
Jordan Hotels and Tourism Co. *	14,995,697	8,575,511
Jordan Himmeh Mineral Co.	350,035	350,035
Nabatean Hotels Co.	148,840	148,840
Levant Hotels and Tourism Co.	161,497	2,336,348
Amman Tourism Investment Co.	3,024,227	1,488,701
Oasis Hotels Co. **	525,703	525,703
National Hotels and Tourism Co.	1,380,563	748,702
Red Sea Hotels Co.	121,740	29,805
Zara Agricultural Co.	122,736	-
South Coast Hotels Co. **	528,245	528,245
Zara South Coast Development Co. ***	2,695,023	8,026,293
Zara Investment Co. **	104,292	101,091
	24,158,598	22,859,274
Less: Provision for projects in progress **	(1,489,570)	(1,139,535)
	22,669,028	21,719,739

* This item includes an amount of JD 554,008 (2009: JD 100,313) which represents interest expenses that were capitalized on projects in progress during the year 2010.

*** This item includes amount of JD 817,550 which represents interest expenses that were capitalized on projects in progress during the year 2009 and no interest expenses were capitalized during the year 2010.

Movement on projects in progress is as follows:

	2010 JD	2009 JD
Beginning balance	21,719,739	31,244,359
Additions	18,143,790	26,585,172
Transferred to Property and Equipment	(17,194,501)	(36,109,792)
Ending balance	22,669,028	21,719,739

Movement on the provision for projects in progress is as follow:

	2010 JD	2009 JD
Beginning balance	1,139,535	1,152,189
Charge for the year (note 21)	350,035	-
Reversal	-	(12,654)
Ending balance	1,489,570	1,139,535

The estimated cost to complete the above projects is approximately JD 15,000,000 as of 31 December 2010 (37,000,000 as of 31 December 2009). Management of the Group expects to complete the projects during the coming two years.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	2010 JD	2009 JD
Quoted shares - Local		
Jordan Express Tourist Transport Co.	979,633	713,785
Jordan Projects Tourism Development Co.	21,852,957	22,357,249
	22,832,590	23,071,034
Unquoted shares - Local		
Jordan Hotels and Tourism Education	180,000	180,000
United Saudi Jordanian Hotels and Tourism Co.	-	6,850,080
Ayla Hotels and Tourism Co.	-	1,220,080
Dead Sea Conferences and Exhibitions Co.	354,000	354,000
	534,000	8,604,160
Unquoted shares - Foreign		
Jerusalem Tourism Investment Co.	5,800	5,800
Palestine Touristic Investment Co.	1,160,000	1,160,000
	1,165,800	1,165,800
Total available-for-sale financial assets	24,532,390	32,840,994
Less: provision for unquoted shares recorded at cost	(1,160,000)	(1,160,000)
	23,372,390	31,680,994

Movement on available-for-sale financial assets is as follows:

	2010 JD	2009 JD
Beginning balance	31,680,994	27,351,906
Capitalization of advance payments on financial Investments	2,200,000	3,000,000
Purchases	-	1,700
Impairment loss	-	(25,520)
Change in fair value	(238,444)	1,352,908
Sales	(10,270,160)	-
Ending balance	23,372,390	31,680,994

Investments in unquoted shares are carried at cost as fair values cannot be reliably determined. In management's opinion, the costs of these investments are not materially different from their fair values.

Movement on the cumulative change in fair value of available-for-sale financial assets is as follows:

	2010 JD	2009 JD
Beginning balance	18,744,229	17,475,879
Change in fair value (note 23)	(238,444)	1,352,908
Change in deferred tax liabilities	989,646	(84,558)
Ending balance	19,495,431	18,744,229

8. INVENTORIES

	2010 JD	2009 JD
Food and beverages	711,075	672,533
Supplies and equipment	1,146,364	1,117,692
Others	190,819	350,890
	2,048,258	2,141,115

9. ACCOUNTS RECEIVABLE

	2010 JD	2009 JD
Accounts receivable	9,972,760	7,745,569
Less: provision for doubtful accounts	(618,020)	(743,910)
	9,354,740	7,001,659

Movement in the allowance for doubtful accounts is as follows:

	2010 JD	2009 JD
Beginning balance	743,910	897,101
Charge for the year	402,579	562,215
Reversal	(55,661)	(560,553)
Write-offs	(473,408)	(154,853)
Ending balance	618,020	743,910

As at 31 December, the ageing of unimpaired accounts receivables is as follows:

		Past due but not impaired				
	Neither past due nor impaired	1-30 days	31-90 days	91-120 days	> 120 days	Total
	JD	JD	JD	JD	JD	JD
2010	1,095,005	5,057,641	2,944,245	113,829	144,020	9,354,740
2009	773,534	3,012,689	2,998,868	163,172	53,396	7,001,659

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

10. OTHER DEBIT BALANCES

This item consists of the following:

	2010 JD	2009 JD
Refundable deposits	808,071	649,305
Advance payments to contractors	607,662	1,802,419
Prepaid expenses	1,642,371	1,529,064
Advance payments on purchase of land	7,441,028	4,142,298
Others	692,801	239,854
	11,191,933	8,362,940

11. CASH AND CASH EQUIVALENTS

	2010 JD	2009 JD
Cash on hand	159,108	310,228
Current accounts	7,774,408	4,437,231
Term deposits	2,042,994	2,340,842
	9,976,510	7,088,301

Cash and cash equivalents include current accounts and term deposit bearing annual interest rates ranging from 1% to 4.75%.

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

	2010 JD	2009 JD
Cash in hand and at banks	9,976,510	7,088,301
Bank overdraft	(1,838,716)	(1,309,842)
	8,137,794	5,778,459

12. EQUITY

Paid-in capital

The Company's authorized, subscribed and paid-in share capital is 125,000,000 shares with JD 1 par value per share.

Statutory reserve

As required by the Jordanian Companies Law, 10% of the annual profit before taxation and other fees is to be transferred to statutory reserve. The reserve is not available for distribution to shareholders.

Voluntary reserve

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

13. LOANS

This item consists of the following:

	Loan Installments			
	2010		2009	
	Short-term	Long-term	Short-term	Long-term
Currency	JD	JD	JD	JD
Arab Bank - Jordan Hotels and Tourism Co. (1)				
USD	-	-	507,142	-
Arab Bank - Jordan Hotels and Tourism Co. (2)				
USD & JOD	1,683,333	8,416,667	-	5,538,000
Arab Bank - Amman Tourism Investment Co.				
JOD	1,520,000	10,640,000	1,520,000	12,160,000
Arab Bank - Zara Investment Holding Co. (1)				
JOD	1,480,000	10,360,000	1,480,000	11,840,000
Arab Bank - Zara Investment Holding Co. (2)				
JOD	3,300,000	23,400,000	3,300,000	26,700,000
International Finance Corporation - Zara Investment Holding Co. (1)				
USD	4,017,192	24,302,808	-	28,320,000
International Finance Corporation - Zara Investment Holding Co. (2)				
USD	424,800	849,600	-	1,274,400
	12,425,325	77,969,075	6,807,142	85,832,400

Arab Bank - Jordan Hotels and Tourism Company (1)

US Dollar

A loan of US $ 8,571,420 was granted during December 2003 to settle the International Finance Corporation loan with a fourth degree mortgage on the land of the Hotel for an amount of JD 4,000,000. The loan is repayable in twelve equal semi-annual instalments of US$ 714,285 each commencing on December 15, 2004 until June 15, 2010. Annual interest on the loan is LIBOR plus 1.5%. On June 15, 2010, the loan balance amounting to JD 507,142 was settled.

Arab Bank - Jordan Hotels and Tourism Company (2)

US Dollar and JD

On June 8, 2009 a two tranche syndicated loan managed by the Arab Bank amounting to JD 3,000,000 and US Dollar 10,000,000 was granted to finance the renovation of blocks A & B of the Intercontinental Jordan Hotel. The loan to be utilized according to the percentage of completion is repayable in 12 semi-annual equal instalments amounting to JD 841,666 the first of which is due 24 months from the date of signing the agreement. The floating interest rate is due every six months according to the average lending rates of the participating banks plus 0.75% annual margin for the JD tranche and to LIBOR plus 2.25% annual margin for the US Dollar tranche with 5% floor. During 2009 Jordan Hotel and Tourism Co. utilized JD 5,538,000 from the US Dollar tranche and during 2010 the loan balance was utilized in full.

Arab Bank - Amman Tourism Investment Company

JD

On January 14, 1998 a decreasing 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 period was 8 years including a 5–year grace period. The loan was repayable over 3.5 years in equal semi-annual instalments of JD 1,785,714 each, commencing on January 14, 2004. Annual interest rate on the loan was 9.5%. The loan was rescheduled during 2001 and 2003 such that the first instalment was due on January 14, 2005 at an annual interest rate of 7.25%. During 2004 Amman Tourism Investment Company settled 50% of the loan using its share of the bond proceeds (Note 11), and transferred the remaining balance of the loan to US Dollars at an annual interest rate of LIBOR plus 1.5%.

On December 11, 2007 the loan currency was changed from US Dollars to Jordanian Dinars and increased by JD 13,400,000 to a ceiling of JD 15,200,000. The loan period is 11 years including a 2-year grace period with the same collaterals mentioned above. The loan is repayable in 10 equal annual instalments of JD 1,520,000 each commencing on December 31, 2009. The floating interest is due every six months according to the Arab Bank lending rate plus 0.25% annual margin. On December 31, 2010 the second instalment amounting to JD 1,520,000 was settled.

Arab Bank - Zara Investment Holding Company (1)

JD

On October 22, 2006 a loan amounting to JD 14,800,000 managed by Arab Bank was granted to the Company to finance the Company's current projects with a second degree mortgage on the land of Movenpick Aqaba. The loan was repayable in 10 equal semi-annual instalments at an annual interest rate of 8.5% commencing after an 18-month grace period. On November 21, 2007 the loan period was extended to 11 years with a 2-year grace period with the same collaterals mentioned above. The loan is repayable in 10 equal annual instalments of JD 1,480,000 each commencing on December 31, 2009. The floating interest is due every six months according to Arab Bank lending rate plus 0.25% annual margin. On December 31, 2010 the second instalment amounting to JD 1,480,000 was settled.

Arab Bank - Zara Investment Holding Company (2)

JD

On December 4, 2007 a syndicated loan managed by the Arab Bank amounting to JD 30,000,000 was granted to repay the second and third of Zara Investment Company bonds issued on December 12, 2004 that were due on December 12, 2008 and December 12, 2009 amounting to JD 14,000,000 and JD 16,000,000 respectively (note 11). The loan is repayable in nine annual instalments of JD 3,300,000 each, except the last instalment amounting to JD 3,600,000. Repayment commences 36 months from the date of signing the agreement and ends 132 months there from. The floating interest is due every six months according to the lending rate of the participating banks plus 0.25% annual margin. On December 4, 2010 the first instalment amounting to JD 3,300,000 was settled.

International Finance Corporation - Zara Investment Holding Company (1)

US Dollar

On February 28, 2008 a loan of US Dollar 40,000,000 was granted to finance the construction of Movenpick hotel at Tala Bay located on the south coast of Aqaba. The loan is guaranteed by a mortgage on the Company's shares in the Jordan Hotels and Tourism Co. and National Hotels and Tourism Co. and Amman

Tourism Hotels and Investment Co. guarantee. The loan period is 10 years including a 3-year grace period.

The loan is repayable in 14 semi-annual instalments of US Dollar 2,837,000 each except the last instalment amounting to US Dollar 3,119,000 at an interest rate of LIBOR plus 1.6% determined at the date of each disbursement and fixed for the period of the loan. The first instalment is due on June 15, 2011 and the last is on December 15, 2017. During the second half of 2008, the Company's disbursements were US Dollar 30,000,000 and US Dollar 7,000,000 at 6.17% and 3.79% respectively. During the first half of 2009 the Company utilized the remaining USD 3,000,000 at 4.22%.

International Finance Corporation - Zara Investment Holding Company (2)
US Dollar

On September 30, 2009 a loan of US Dollar 1,800,000 was granted for period of 4 years with a grade period of 1 year to finance the improvement of operational processes to make more efficient use of inputs (energy, water, and raw materials), reduce operating costs and mitigate harmful environmental impacts such as greenhouse gas emissions and water. The loan which holds the same guarantees stipulated by above loan agreement is repayable in 6 semi-annual instalments of US Dollar 300,000 at an interest rate of LIBOR plus 3% determined of the date of disbursement and fixed for the tenure of the loan. The first instalment is due on June 15, 2011 and the last is due on December 15, 2013. On December 11, 2009 the loan was utilized in whole at 4.776%.

Terms and conditions of the loans contain requirements 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 requirements.

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

Year	JD
2011	12,425,325
2012	12,425,325
2013	12,425,325
2014	12,000,525
2015	12,000,525
2016-2018	29,117,375
	90,394,400

14. DUE TO BANKS

This item represents the balance of the overdraft facilities as of 31 December 2009 granted to Jordan Hotels and Tourism Company from Arab Bank and Union Bank with a ceiling of JD 1,000,000 and JD 2,000,000 respectively. The annual interest rate on these facilities is 8.125%.

15. OTHER CREDIT LIABILITIES

	2010 JD	2009 JD
Advances received on increase in subsidiaries capital	-	2,528,000
Accrued interest	598,487	606,258
Contractors' retentions	453,759	799,740
Accrued expenses	4,101,387	2,320,714
Deposits	1,278,557	2,693,978
Other	994,345	857,640
	7,426,535	9,806,330

16. PROVISIONS

	2010 JD	2009 JD
Legal claims and other obligations	361,519	801,759
Universities fees	125,965	98,052
Scientific research	6,430	106,504
Others	104,287	167,480
	598,201	1,173,795

17. SEGMENT INFORMATION

2010	* Hotels Segment JD	Other Segments JD	Total JD
Operating revenues	88,521,503	1,165,617	89,687,120
Operating expenses	(58,597,447)	(417,866)	(59,015,313)
Net operating income	29,924,056	747,751	30,671,807
Other information			
Segment assets	261,403,595	18,452,476	279,856,071
Segment liabilities	68,464,112	40,914,360	109,378,472
Depreciation	11,065,963	76,037	11,142,000
Provision for doubtful debts	303,719	98,860	402,579
Interest income	58,531	1,776	60,307
Interest expense	4,016,100	2,874,786	6,890,886

* Hotels' net operating income consisted of the following:

2010	Operating revenues JD	Operating expenses JD	Net operating income JD
Inter-Continental Jordan Hotel	18,484,409	(12,399,690)	6,084,719
Grand Hyatt Amman Hotel	18,242,779	(11,246,707)	6,996,072
Mövenpick Resort & Spa Dead Sea	20,851,125	(13,594,904)	7,256,221
Mövenpick Resort Petra	9,307,544	(4,882,368)	4,425,176
Mövenpick Resort & Residence Aqaba	8,999,867	(6,681,834)	2,318,033
Mövenpick Nabatean Castle	2,604,212	(1,602,266)	1,001,946
Mövenpick Resort & Spa Tala Bay Aqaba	10,031,567	(8,189,678)	1,841,889
	88,521,503	(58,597,447)	29,924,056

2009	* Hotels Segment JD	Other Segments JD	Total JD
Operating revenues	73,666,790	3,031,609	76,698,399
Operating expenses	(49,686,543)	(2,316,844)	(52,003,387)
Net operating income	23,980,247	714,765	24,695,012
Other information			
Segment assets	259,523,337	13,045,623	272,568,960
Segment liabilities	71,436,598	44,372,405	115,809,003
Depreciation	7,856,178	64,524	7,920,702
Provision for doubtful debts	523,463	38,752	56,215
Interest income	112,099	199,206	311,305
Interest expense	3,970,126	1,959,877	5,930,003

* Hotels' net operating income consisted of the following:

2009	Operating revenues JD	Operating expenses JD	Net operating income JD
Inter-Continental Jordan Hotel	14,953,302	(9,838,260)	5,115,042
Grand Hyatt Amman Hotel	19,046,842	(11,528,689)	7,518,153
Mövenpick Resort & Spa Dead Sea	18,354,818	(12,359,930)	5,994,888
Mövenpick Resort Petra	8,209,651	(4,443,564)	3,766,087
Mövenpick Resort & Residence Aqaba	9,451,366	(6,618,583)	2,832,783
Mövenpick Nabatean Castle	1,891,206	(1,232,637)	658,569
Mövenpick Resort & Spa Tala Bay Aqaba	1,759,605	(3,664,880)	(1,905,275)
	73,666,790	(49,686,543)	23,980,247

During 2009, the Group applied new amendments for the "Uniform system of Accounts" for the lodging industry for the hotel sector, whereby service charge is accounted for as part of revenues.

Following is the effect of applying the amendment:

	Mövenpick Resort & Spa Dead Sea JD	Mövenpick Resort Petra JD	Mövenpick Resort & Residence Aqaba JD	Mövenpick Nabatean Castle JD	Total JD
Effect of services charge on operating revenue	1,624,261	731,398	822,903	169,781	3,348,343
Effect of services charge on operating expense	(1,578,929)	(685,478)	(822,777)	(156,562)	(3,243,746)
Effect on net operating income	45,332	45,920	126	13,219	104,597

18. OTHER REVENUES

This item consists of the following:

	2010 JD	2009 JD
Rent	915,925	813,025
Reversal of unneeded provisions	440,240	-
Gain on sale of property and equipment	66,886	42,297
Dividends income	36,418	336,195
Others	39,913	159,556
	1,499,382	1,351,073

19. ADMINISTRATIVE EXPENSES

	2010 JD	2009 JD
Salaries and wages	1,015,963	1,010,265
Directors' remuneration	146,052	149,031
Bonuses	41,419	39,163
Donations	26,037	15,105
Governmental expenses	102,561	136,478
Hospitality	14,815	14,973
Insurance	482,192	539,515
Bank charges	121,199	412,327
Maintenance	76,636	50,393
Professional fees	114,312	92,186
Property tax	238,393	197,341
Postage and telephone	44,947	49,082
Rent	345,238	317,171
Subscriptions	39,735	38,152
Withholding tax	11,490	13,776
Travel & Transportation	31,018	28,862
Advertising and marketing	14,376	50,531
Others	648,653	401,599
	3,515,0360	3,555,950

20. FINANCING COASTS, NET

	2010 JD	2009 JD
Interest expense	(6,890,886)	(5,930,003)
Interest income	60,307	311,305
	(6,830,579)	(5,618,698)

21. PROVISIONS

	2010 JD	2009 JD
Provision for doubtful debts *	98,860	38,752
Provision for projects in progress	350,035	-
Bonuses provision	48,500	-
Others	25,538	-
	522,933	38,752

* This amount represents the amount allocated to other segments.

22. NON-CONTROLLING INTERESTS

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

23. INCOME TAX

Deferred tax liabilities

Deferred tax liabilities represent the estimated income tax on unrealized gain from available-for-sale assets, which appear in the cumulative change in fair value in equity.

Movement on deferred tax liabilities is as follows:

	2010 JD	2009 JD
Begining balance	1,249,615	1,165,057
Change for the year	(989,646)	84,558
Ending balance	259,969	1,249,615

Income tax

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

	2010 JD	2009 JD
Current year income tax	1,228,852	923,227
Prior years income tax	93,189	382,095
	1,322,041	1,305,322

Movement on income tax payable is as follows:

	2010 JD	2009 JD
Beginning balance	1,034,675	968,691
Income tax for the year	1,322,041	1,305,322
Income tax paid	(1,215,854)	(1,239,338)
Ending balance	1,140,862	1,034,675

Below table shows the reconciliation between the accounting profit before income tax and taxable income:

	2010 JD	2009 JD
Accounting profit before tax	10,719,518	8,573,758
Non-taxable revenues	(4,443,527)	(7,881,121)
Non-deductible expenses	6,156,571	6,233,359
Taxable income	12,432,562	6,925,996
Income tax expense for the year	1,228,852	923,227
Legal tax rate	5% - 14%	5% – 25%
Effective average income tax rate	11%	11%

No income tax provision was calculated for the Company and some of its subsidiaries for 2010 due to the excess of expenses over taxable revenues, or due to losses accumulated in prior years, in accordance with the Temporary Income Tax Law no. (28) of 2009.

The Income Tax Department has not reviewed the Company's records for the years 2010 and 2009 up to the date of the consolidated financial statements.

The Company obtained a final clearance from Income Tax Department for all years up to 31 December 2008.

The income tax provision appearing in the consolidated statement of income represents income tax due on the results of operations of some of the Company's subsidiaries.

24. EARNINGS PER SHARE

	2010 JD	2009 JD
Profit attributable to owners of the parent (JD)	9,008,144	7,024,635
Weighted average number of shares (Share)	125,000,000	125,000,000
Earnings per share	0.072	0.056

The basic and diluted earnings per share are equal.

25. CONTINGENT LIABILITIES

As of the date the consolidated financial statements, the Group had outstanding bank guarantees of JD 1,115,000 (2009: JD 7,507,980).

26. OPERATING LEASE COMMITMENTS

Group as a lessee
On 1 September 2010, the Company signed a renewable, based on the previous written agreement of the two parties, office lease agreement for one year amounted to JD 154,593 (2009: JD 145,368). Additionally, the Company leases some apartments for short period of time when needed.

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

	2010 JD	2009 JD
Within one year	100,000	50,000

Group as a lessor
The Group has entered into commercial property leases on its investment properties These leases have terms between one and ten years.

Future minimum rentals receivables under operating leases as at 31 December are as follows:

	2010 JD	2009 JD
Within one year	466,143	470,732
After one year but not more than five years	1,122,149	1,095,193
More than five years	31,763	176,822
	1,620,055	1,742,747

27. LITIGATIONS AGAINST THE GROUP

In the normal course of business the Group appear as defendants in a number of lawsuits amounting to JD 354,844 as of December 31, 2010. The Group and its legal advisor believe that the Group's position holds strong against these lawsuits and no need for any provision against these lawsuits except for what has been recorded.

A lawsuit was filed in the United States of America on 7 November 2007 against Zara Investment Holding Company, Amman Tourism Investment Company and nine other parties. The lawsuit alleges negligence with respect to the terrorist attack that took place at the Grand Hyatt Amman Hotel on 9 November 2005. During 2010, the court has dismissed the legal case against the Company. The Group and its legal advisor believe that the Group's position holds strong against these lawsuits and no obligation will arise for these lawsuits.

28. RELATED PARTY TRANSACTIONS

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

	Paid in Capital JD	Principal Activities	Ownership %
Amman Tourism Investment Co.	16,500,000	Grand Hyatt Amman / Hyatt Tower and Zara Center	100
Red Sea Hotels Co.	17,000,000	Mövenpick Resort & Residence Aqaba	100
National Hotels and Tourism Co.	15,000,000	Mövenpick Resort & Spa Dead Sea	100
Jordan Hotels and Tourism Co.	10,000,000	Inter-Continental Jordan Hotel	51.6
Levant Hotels and Tourism Co.	500,000	Mövenpick Resort Petra	100
South Coast Real Estate Development Co.	10,050,000	Real Estate Development - Aqaba	82
South Coast Hotels Co.	4,800,000	Tourism Project - Aqaba	82
Nabatean Hotels Co.	2,800,000	Mövenpick Nabatean Castle	100
Zara South Coast Development Co.	24,000,000	Mövenpick Resort & Spa Tala Bay Aqaba	75
Rum Hotels and Tourism Co.	500,000	Tourism Project - Wadi Mousa	75
Jordan Himmeh Mineral Co.	500,000	Himmeh Resort	55.8
Oasis Hotels Co.	1,600,000	Tourism Project - Dead Sea	92.2
Jordan Hotel Supplies Trading Co.	300,000	Gift Shops	100
Zara Agricultural Co.	100,000	Plants	54,3

Related parties represent subsidiaries, major shareholders, and key management personnel of the Group.

Pricing policies and terms of these transactions are approved by the Group's management.

Summary of compensation of key management personnel is as follows:

	2010 JD	2009 JD
Salaries and bonuses	269,300	267,650

29. RISK MANAGEMENT

Interest rate risk

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

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

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates with all other variables held constant.

2010	Increase in Interest Rate Basis Points	Effect on Profit for the year JD
JD	75	(378,781)
USD	75	(297,708)

2009	Increase in Interest Rate Basis Points	Effect on Profit for the year JD
JD	75	(419,768)
USD	75	(267,297)

The effect of decrease in interest rate 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 income statement and the cumulative change in fair value to reasonably possible changes in equity prices, with all other variables held constant.

2010	Increase in Market Index %	Effect on the consolidated statement of comprehensive income and equity JD
Amman Stock Exchange	10	2,283,259

2009	Increase in Market Index %	Effect on the consolidated statement of comprehensive income and equity JD
Amman Stock Exchange	10	2,307,103

The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

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 balance sheet.

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 large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2010.

Liquidity risk

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

The table below summarises the maturities of the Group's undiscounted financial liabilities based on contractual payment dates.

At 31 December 2010	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Accounts payables and accruals	6,654,619	1,663,655	453,759	-	8,772,033
Loans	-	13,450,414	52,881,965	31,519,558	97,851,937
Total	6,654,619	15,114,069	53,335,724	31,519,558	106,623,970

At 31 December 2009	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Accounts payables and accruals	7,361,170	1,840,292	799,740	-	10,001,202
Loans	-	7,368,731	62,217,077	30,696,496	100,282,304
Total	7,361,170	9,209,023	63,016,817	30,696,496	110,283,506

Currency risk

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

30. 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 debit balances. Financial liabilities consist of bank overdrafts, loans, accounts payable, and some other credit balances.

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

31. 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 paid-in capital, statutory reserve, voluntary reserve, cumulative change in fair value of available-for-sale financial assets and retained earnings (accumulated losses), and is measured at JD 149,726,285 as at 31 December 2010 (2009: JD 139,966,939).

32. Standards Issued But Not Yet Effective

1. Standards issued but not yet effective and not applied up to the date of issuance of the Group's consolidated financial statements are listed below:

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39

and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2. Interpretations issued but not yet effective and not applied up to the date of issuance of the Group's consolidated financial statements are listed below:

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of this interpretation will have no effect on the financial statements of the Company.

Board 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 financial statement 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	Lina Mazhar Hassan Annab	Ahmad Ibrahim Mohammad Jamjoum

Recommendations for the General Assembly

The Board of Directors recommends the following:

4. Recitation of the minutes of the 16th annual General Assembly and its approval.
5. Recitation of the auditor's report for the fiscal year ending 31/12/2010.
6. Recitation and discussion of the Board of Directors report for the year ending 31/12/2010 and its approval.
7. Discussion of the Company's consolidated financial statements as of 31/12/2010 and its approval.
8. Release of the Board of Directors in accordance with the law.
9. Election of the Company's auditors for the year ending 31/12/2011 and determining their fees.
10. Any other matters the 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

"Vision

is the art

of seeing

the invisible."

Jonathan Swift
(Author of Gulliver's Travels)