Zara Investment Holding Co. Ltd. | **Annual Report 2011**

His Majesty King Abdulla II Bin Al-Hussein

Zara Investment Holding

Board of Directors' Eighteenth Annual Report on the Company's operations and consolidated accounts for the fiscal year ending 31/12/2011.

Zara Investment Holding Company Limited
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We are on:
twitter.com/zaraholding
www.youtube.com/user/ZaraInvestment

Board of Directors

Jerash

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 *(until 20/10/2011)*
Jamila Tawfiq Mahmoud Mahasneh	Member | Representing the Social Security Corporation *(successor to Ms. Amal Rafiq Suleiman Shabib from 20/10/2011)*
Sami Issa Eid Smeirat	Member | Representing the Social Security Corporation
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
Nafez 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 & Gentlemen,

Welcome to Zara Investment Holding's 18th annual meeting for the ordinary general assembly of the shareholders.

Following years of continued growth in operating revenues and profits, Zara Investment Holding (Zara hereinafter) experienced in 2011 one of the most tenuous years in its history. The challenges faced by Zara were due to various factors of which the political turmoil in the Middle East region reigned supreme. Consolidated Operating Revenues dropped by 12.8% over 2010 to JD 78.2 million versus JD 89.7 million in 2010. The drop in revenues was also closely correlated to the 30% drop in our Net Operating Revenues as compared with 2010.

Furthermore, although our Net Operating Revenues amounted to JD 21.5 million, our loss for the year amounted to JD 0.868 million. The loss was mainly attributable to the drop in Gross Revenues coupled with the financing and depreciation expenses which amounted to JD 6.6 million and JD 13.4 million respectively. Given the extraordinary circumstances witnessed by all and as we watched closely the unfolding of the events during 2011, we were somewhat reassured amidst all of that uncertainty that the drop in our business was in line, if not slightly better, with the overall drop witnessed by all players in the tourism industry in Jordan.

Moreover, the setback in the momentum of tourism growth was a global phenomenon confirmed by the World Travel & Tourism Council (WTTC) and the down review of its forecast of global growth rates from 4.5% to 3.2% in 2011 and from 5.1% to 3.3% in 2012. In the Middle East the WTTC reviewed its reforecasted growth rates for 2011 from 4.7% to (0.5) %.

The unrest witnessed during 2011 throughout most of the Middle East adversely affected the tourism sector in Jordan. This was evidenced by the drop in the number of visitors to Jordan by 19% amounting to 6.2 million visitors compared with 7.7 million visitors in 2010. The drop in the number of visitors was strongly felt in major tourism sites such as Petra where the drop in visitors reached 32% over the previous year, whereas in Madaba the same number dropped by 30% year on year. Visitors from the Gulf Cooperation Council (GCC), an important visitor segment to Jordan, also witnessed a decrease by 24% in 2011 over 2010. In addition, tourism receipts, one of the main contributors to GDP, also dropped by 16% to JD 2.03 billion compared with JD 2.4 billion in 2010.

Trip cancellations as well as avoidance of the area due to the prevailing political conditions in the region are among the leading factors for the decline in the overall number of visitors to Jordan. Other factors include inaccurate western media coverage linking the peaceful demonstrations taking place in Jordan to the more volatile ones in Egypt and Libya. Finally and just as important is the fact that most leisure tourists don't usually visit Jordan as a stand-alone destination, but instead plan their trips to the area within a combined tour package that traditionally includes Syria and Egypt as part of the overall trip.

In view of this, the Ministry of Tourism as well as its marketing arm The Jordan Tourism Board (JTB) were quick to realize the severity of the situation, and they promptly launched intensive awareness campaigns about Jordan through social and other traditional media, in order to counter the misconceptions about the safety situation in Jordan. This was done in a concerted effort in which all industry players came together in an attempt to dispel the distortion of the image of Jordan overseas. Zara's role was key in extending assistance to these campaigns through providing logistics and accommodation to many of the journalists invited to assess firsthand the situation in Jordan.

In 2011 Zara continued to maintain its leading market share of 5-star hotels and 5-star room inventory in Jordan. Our leadership was also evident in the number of human resources employed vis-à-vis the total number of persons employed in the hospitality sector. Employment in the 5-star hotels segment in Jordan reached 8,554 persons in 2011 of which approximately 28% are employed by Zara; while employment in the hospitality sector reached 41,749 in 2011 of which approximately 6% are employed by Zara.

Stemming from our strong belief that developing and sustaining the tourism sector in Jordan takes the efforts of all concerned in the private and public sectors, Zara played an active and leading role in the formulation as well as the launch of the National Tourism Strategy 2011-2015. Moreover Zara continued to work on plans in partnership with the Ministry of Labor to develop a center of excellence for hospitality training in the Jordan Valley. In addition, we are cooperating with the Salt Vocational Training Center where we are finalizing the light refurbishment of 23 accommodation rooms that would provide a revenue stream to the Center as well as an ideal training environment for the trainees.

Another area of business sustainability includes the issue of clean energy. In 2011 and within most of our properties we were able to successfully move away from the use of diesel fuel to clean-burning liquefied petroleum gas (LPG). We also migrated where possible to solar heating systems partially replacing the use of electric power as well as diesel fuel. Water management and water usage reduction measures were also introduced. We were delighted to see that our commitment to and responsibility towards the environment resulted in tangible savings that were achieved over the course of 2011. In addition to the savings, the decrease in our electricity and fuel consumption resulted in substantial reduction in emissions of carbon dioxide (CO_2).

Taking into consideration the number of renovation and improvement projects that our properties have undergone over the past few years coupled with the unclear prospects we started 2011 with, we deliberately and consciously kept our current projects to a minimum. Such projects are only undertaken when it is absolutely necessary. In 2011 we began the complete renovation of the rooms and suites of the Grand Hyatt slated for completion in the first quarter of 2013. We also embarked on smaller projects needed to maintain the level of quality and service at all of Zara's hotels and resorts.

In light of our objective to improve the capital structure, we raised the capital of Zara South Coast Development Company, owner of Mövenpick Resort and Spa Tala Bay Aqaba by JD 6 million to reach JD 30 million, increasing Zara's share from 75% to 80%.

We also restructured the company's outstanding loans in order to reduce significantly the financing costs starting January 2012.

Moving into 2012 we are fully aware of the potential uncertainties and challenges that could transpire in the months to come. However, our outlook remains positive that an eminent economic slowdown in Jordan would be softened by the various buffers enjoyed by the country. These buffers include but are not limited to the high level of foreign currency reserves and the well developed and regulated financial system capable of supporting both the public and the private sectors. In 2012, we remain energized and inspired by the momentum we experienced throughout the past few years. The resilience of our business model along with the strength of the tourism product in Jordan give us confidence in our ability to overcome challenges as they arise. However, given that uncertainties are still prevailing within the economic and financial markets home and abroad, we will remain vigilant in how we strategically plan for proceeding forward. The key areas that we will focus on during 2012 will be cost cutting measures and expense control to carry us through what we expect to be a difficult year. Given the proven savings that we have achieved so far, we will continue our ongoing program of clean production projects. We will also continue with projects that we have already started such as the renovation of the rooms and suites of the Grand Hyatt Amman. Another area of great importance to us will be to institutionalize the significant role that your Company plays in the local development of the communities in which it operates. Year 2012 is slated to witness the fermentation of our partnership with public sector institutions in the establishment of a comprehensive center of excellence for hospitality vocational training in one of the most touristically important areas in Jordan.

As we charted our way through 2011 and as we set our sight on the future, I am confident that none of our achievements and aspirations would be possible without the dedication and hard work of our entire team of professionals running our properties all over Jordan. To these wonderful women and men I extend my deepest thanks and appreciation for a job well done.

Finally and in closing, 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

The Hill of the **Citadel (Jabal al-Qal'a)** in the middle of Amman was occupied as early as the Neolithic period, and fortified during the Bronze Age (1800 BC), and is the site of ancient Rabbath-Ammon. The name "Amman" comes from "Rabbath Ammon," or "Great City of the Ammonites," who settled in the region some time after 1200 BC. 10 minutes away from the Grand Hyatt Amman Hotel and Hotel InterContinental Jordan.

Welcome to Zara Investment Holding's 18th annual meeting for the ordinary general assembly of the shareholders.

The year 2011 proved to be a most challenging year for the economy of Jordan due to the political upheaval that took the whole Middle East region by storm. After reporting a streak of high growth rates averaging 8% between 2003 and 2008, in 2011 for the third year in a row and in line with the regional and international trend the economy of Jordan witnessed a slow Gross Domestic Product (GDP) growth of 2.5%, lower than the 3.5%witnessed in 2010. The slowdown comes as Jordan experiences the repercussions of the regional political turmoil as well as the deterioration in the global financial conditions coupled with the debt crisis in the Euro zone. The contraction of the economy exacerbated already acute challenges faced by Jordan such as cutting the budget deficit and public debt, boosting employment opportunities, and stimulating the investment environment.

Tourism was inevitably scathed by all the adverse developments taking place region-wide rendering 2011 one of the most trying years witnessed by this sector in recent history. This was evidenced by the drop in the number of visitors by 20% amounting to 6.6 million visitors compared with 8.2 million visitors in 2010. The drop in the number of visitors was evident in major tourism sites such as Petra where the drop in visitors reached 32%. Tourism receipts, one of the main contributors to GDP, also dropped by 16% to JD 2.03 billion compared to JD 2.4 billion in 2010.

The government of Jordan has placed economic and political reform as its top priority for 2012. With Jordan's firm commitment to focusing on economic growth, its economic prospects look set to continue moving, albeit slowly, into positive territory in 2012.

Hotel industry key indicators for 2011 compared to 2010:

	Year 2011	Year 2010	Variance %
Number of visitor tourists	3,815,991	4,557,024	-16.3%
Tourism income (Million JD)	2,026	2,423	-16.4%
Average length of stay (Night)	4.5	4.5	-
Number of classified hotels	208	208	-
Number of hotel rooms	17,107	17,058	0.3%
Number of beds	31,987	32,014	-0.1%
Number of employees	41,749	42,041	-0.7%

Source: Ministry of Tourism and Antiquities

5-star hotel key indicators for 2011 compared to 2010:

	Year 2011	Year 2010	Variance %
Number of five-star hotels	28	28	-
Number of five-star hotel rooms	7,119	7,083	0.5%
Number of hotel rooms owned by Zara Investment Holding Co. Ltd	2,131	2,131	-
Rooms owned by Zara - % of total	30%	30%	-

Source: Ministry of Tourism and Antiquities

Zara Investment welcomes Jordan's guests in

Amman

Amman ... A sprawling city spread over 7 hills, or jebels. Amman is the modern capital of the Hashemite kingdom of Jordan. Known as Rabbath-Ammon during prehistoric periods and later as Philadelphia, the ancient city was once part of the Decapolis league.

GRAND HYATT AMMAN

Grand Hyatt Amman is the preferred hotel address for the discerning business traveler visiting Amman. The Hotel is conveniently located in the heart of Amman's business and diplomatic district, with an invaluable link to Zara Expo; the capital's premier Trade, Exhibition and Conference Centre.

- **40 minutes** away from Queen Alia International Airport
- **10 minutes** away from down town Amman
- **50 minutes** away from Jerash

Main Activities

Wadi Rum also known as 'The Valley of the Moon' is a valley cut into the sandstone and granite rock in south Jordan at 60 km (37 mi) to the east of Aqaba. 50 minutes away from Mövenpick Resort & Residence Aqaba, and 90 minutes away from Mövenpick Resort Petra. Listed on the UNESCO World Heritage sites: date of inscription: 2011.

2. (A) Main activities of the Company

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

Consolidated Assets: JD 271.2 Million

2. (B) Subsidiaries

Paid up Capital / JD	Main Activity	Head-quarter	Share-holding %	Number of Employees
Zara South Coast Development Company LLC				
30,000,000	Owner of Mövenpick Resort Tala Bay Aqaba	Aqaba	80%	386
Red Sea Hotels Company LLC				
17,000,000	Owner of Mövenpick Resort & Residence Aqaba	Aqaba	100%	332
Amman Tourism Investment Company LLC				
16,500,000	Owner of Grand Hyatt Amman Hotel , Hyatt Tower and Zara Center	Amman	100%	410
National Hotels and Tourism Company LLC				
15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	551
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
Jordan Hotels and Tourism Company PSC				
10,000,000	Owner of InterContinental Jordan Hotel	Amman	51.6%	451
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%	71
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%	158
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 PSC				
500,000	Owner of Jordan Himmeh Resort - Mukhaibeh	Amman	55.8%	4
Jordan Hotel Supplies Trading Company LLC				
300,000	Owner of Souk Zara gift boutiques	Amman	100%	33
Zara Agricultural Company LLC				
100,000	Landscape and nursery services - Jordan Valley	Amman	54.3%	21
Total Number of Employees				**2,448**

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

Zara Investment welcomes Jordan's guests in

Amman

Amman | The Citadel ... Towering above Amman, the site of the earliest fortifications is now subject to numerous excavations which have revealed remains from the Neolithic period as well as from the Hellenistic and late Roman to Arab Islamic Ages. The site which is known as the Citadel includes many structures such as the Temple of Hercules, the Omayyad Palace and the Byzantine church.

INTERCONTINENTAL.
JORDAN

InterContinental Jordan is located in a fascinating city of contrasts-showcasing a unique blend of old and new atop one of Amman's seven hills. The Hotel is in the heart of the diplomatic area of Amman, within walking distance of the old city centre and a short taxi ride from popular sites such as the Citadel.

- **40 minutes** away from Queen Alia International Airport
- **15 minutes** car ride from the Citadel & within walking distance of the old city centre
- **45 minutes** away from the Dead Sea

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 *(until 20/10/2011)*	Member	2000	1/10/2007	18/10/1961	B.Sc. Civil Engineering	1983	Planning & Development Manager *Nuqul Group*	
Social Security Corporation Jamila Tawfiq Mahmoud Mahasneh *(from 20/10/2011)*	Member	20011	20/10/2011	1/3/1963	M.A. Economics	1999	Assistant Manager Social Security Corporation	
Social Security Corporation Sami Issa Eid Smeirat	Member	2000	15/02/2010	13/04/1971	M.B.A. Business Administration	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 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 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
Nafez 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

Senior Executive Management

Petra's mysteries gradually unfold, with the unforgettable rock walls as you proceed through the **Siq**, until at last, the gorge delivers you to the spectacular Treasury and the remainder of Petra's secrets. Mövenpick Resort Petra is 5 minutes away from Petra main entrance.

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
- Board Member at Jordan Tourism Board (JTB – as of December 2011)
- Member of Jordan National Tourism Council
- 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

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 Investment Company
- Board Member at Jordan Express Tourist Transport Company
- Technical Committee Member at Jordan Tourism Board.

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.

Major shareholders

The site of John the Baptist's settlement at **'Bethany Beyond the Jordan',** where Jesus was baptized, formed part of the early Christian pilgrimage route between Jerusalem, the Jordan River, and Mount Nebo. 15 minutes away from Mövenpick Resort & Spa Dead Sea.

4. Major shareholders and number of shares held compared with 2010:

Name	Number of Shares as of 31/12/2011	%	Number of Shares as of 31/12/2010	%
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 Supply and Trading Corporation	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	4.8%	6,000,000	4.8%
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	6,000,000	4.8%	6,000,000	4.8%

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 the leading position as one of the top investment companies in Jordan in the hospitality sector, coupled with 34% share of 5-star hotel revenue in the Kingdom. This is manifested in relation to both its paid up capital and the net book value of its property and equipment totaling respectively JD 125 million/share and JD 216.8 million as of 31/12/2011. All of the Company's hotels are managed by renowned international management companies, which include the Intercontinental Hotels Group (IHG), Hyatt International, and the Mövenpick Hotels and Resorts (MRC). The affiliation with such reputable operators enables the properties of Zara to compete on both the local and international levels. During 2011, all of Zara properties maintained their leadership position in the market. The Hotel Intercontinental Jordan achieved the highest revenues and operating profits in Amman. Mövenpick Resorts achieved the highest revenues and operating profits in Dead Sea; Petra; and 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:

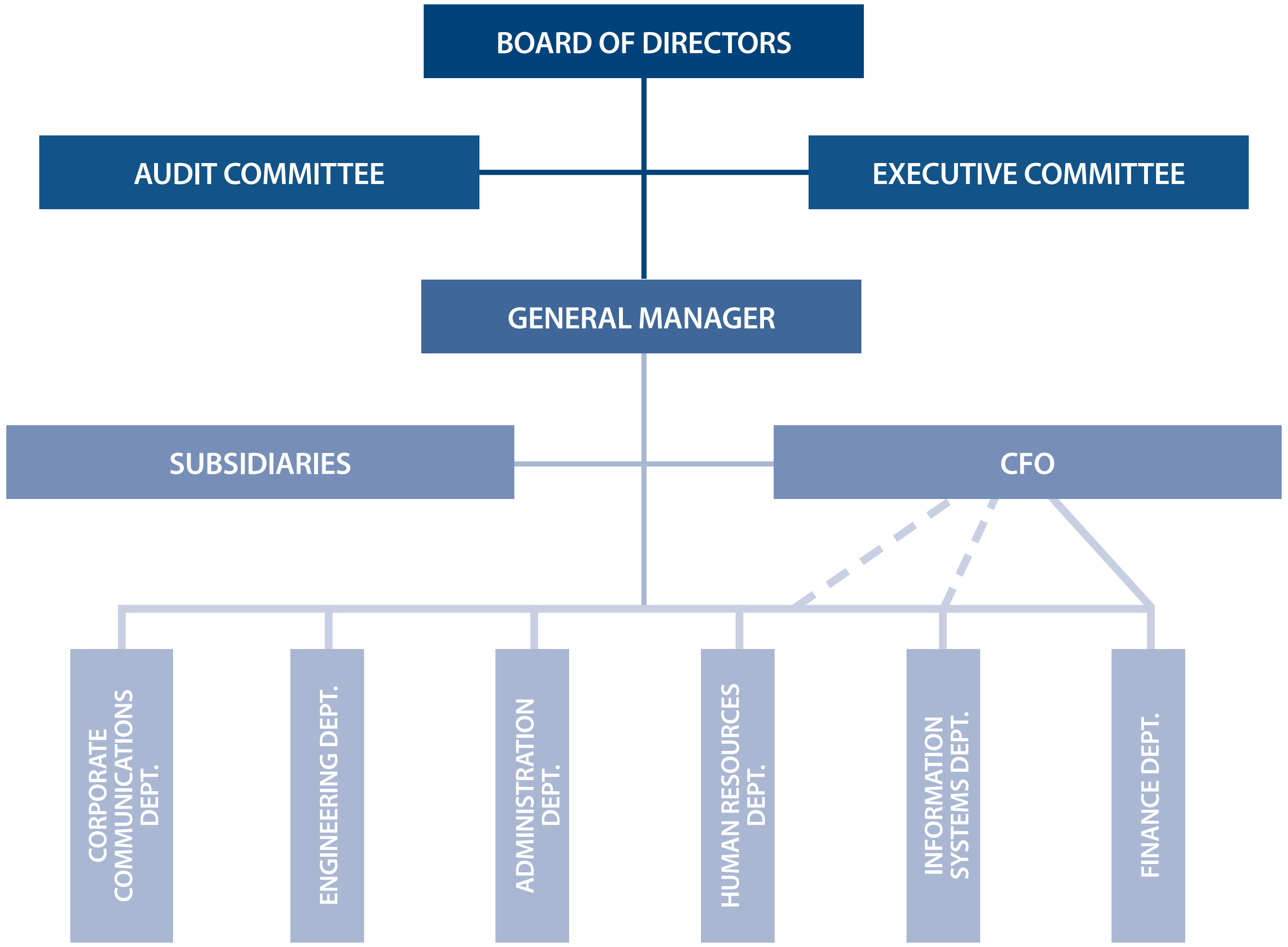
There are no government protection measures, nor privileges enjoyed by the Company or any of its products / subsidiaries in accordance with legal regulations.

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 (FF&E) required for refurbishment and renovation purposes.

Organization Structure

Roman Amphitheater - Amman



9. (B) Number of company employees and qualifications

Zara Investment Holding Company PLC

Ph.D.	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
0	2	0	20	2	7	31

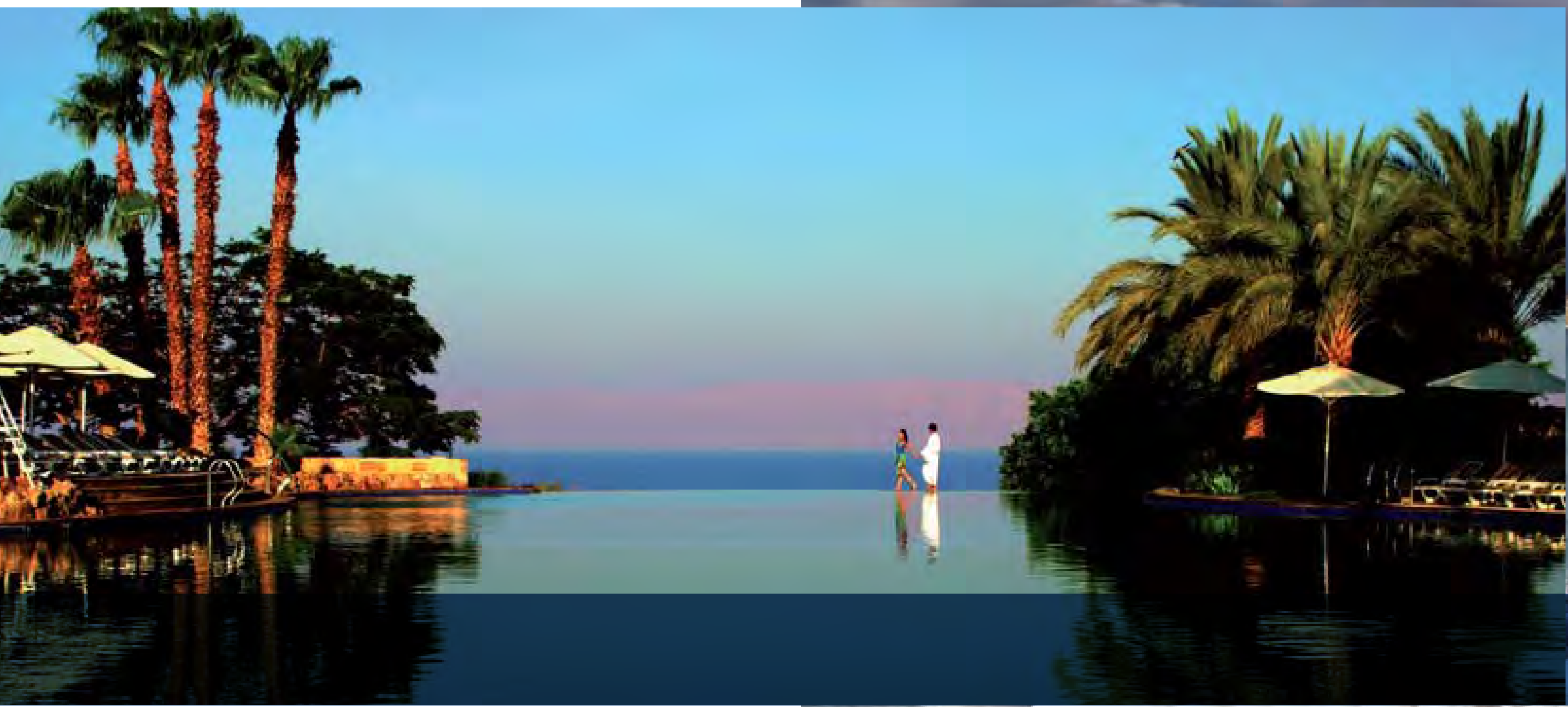
Subsidiaries

Ph.D.	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara South Coast Development Company LLC						
0	0	0	63	87	236	386
Red Sea Hotels Company LLC						
0	0	0	46	91	195	332
Amman Tourism Investment Company LLC						
0	1	0	74	120	215	410
National Hotels and Tourism Company LLC						
0	5	0	69	52	425	551
South Coast Real Estate Development Company LLC						
0	0	0	0	0	0	0
Jordan Hotels and Tourism Company PLC						
0	1	0	61	109	280	451
South Coast Hotels Company LLC						
0	0	0	0	0	0	0
Nabatean Hotels Company LLC						
0	0	0	7	2	62	71
Oasis Hotels Company LLC						
0	0	0	0	0	0	0
Levant Hotels and Tourism Company LLC						
0	1	0	23	7	127	158
Rum Hotels and Tourism Company LLC						
0	0	0	0	0	0	0
Jordan Himmeh Mineral Company PLC						
0	0	0	0	0	4	4
Jordan Hotel Supplies Trading Company LLC						
0	0	0	12	3	18	33
Zara Agricultural Company LLC						
0	0	0	0	0	21	21
Total						
0	**10**	**0**	**375**	**473**	**1,590**	**2,448**

Zara Investment welcomes Jordan's guests in

Dead Sea

The Dead Sea ... Where the Jordan River empties into the Dead Sea, you will find the most unique place in the entire world, the "lowest spot on earth" (417 m /1,312 feet below sea level), you can enjoy the bizarre but delightful experience of "floating" on the surface of waters, four times saltier than regular seawater.



MÖVENPICK
Resort & Spa Dead Sea

Set on the northern shores of the Dead Sea at the lowest point on Earth, this deluxe resort, built in traditional village style of oriental flair featuring a combination of natural stone, handcraft wood, luxurious fabrics and textures complete with an impressive collection of antiques and artwork, offers luxurious rooms, a range of outlets, first-class meeting and leisure facilities featuring the renowned ZARA Spa.

- **50 minutes** from Queen Alia International Airport
- **15 minutes** away from the Bethany Beyond the Jordan
- **50 minutes** from Amman

Dana Biosphere Reserve is Jordan's largest nature reserve, covering some 320 km2 of rugged and beautiful landscape along the face of the Great Rift Valley. It sweeps down in a series of mountain ridges, from the 1500m high plateau near Quadesiyya to the desert plains of Wadi Araba. 40 minutes away from Mövenpick Resort Petra.

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

Course Name	Number of Attendees
7 Hospitality Keys	1510
HACCP	155
Movenpick Standards of Communications	130
Room Care / Housekeeping	117
Evacuation Training	113
Minimum Hospitality requirements	108
ICDL Course	66
Recycling (Green Entity)	65
Front Office Up Selling	41
F&B Selling Techniques	35
Induction Training in Basic Food Hygiene	35
Guest Courtesy	20
Basic Concepts in Tourism Industry	10
Responsibilities of Hotel Staff Toward Security	7
Opera System	6
Conference & Event Sales - The IFH Academy	2
Introduction to Restaurant Revenue Management	2

Course Name	Number of Attendees
Performance Appraisals	750
Quality Service Standards	523
Sustainability	503
English Language	424
Data Privacy	394
Product Knowledge	340
Fire, Safety, Emergency and First Aid	217
Excellence in Managing Performance	217
Personal Hygiene	187
Computer Skills	147
Ethics Policy	126
Handling Chemicals Safety	119
Time Management	109
Cost Awareness	105
Green Key Initiatives And Sustainability	100
On-Job Training Skills	92
How to Say «NO»	80
Communication Skills	39
Microsoft Excel	32
Building Great Team	31
Strength in Numbers	30
Living Our Values	26
Cross Cooperation & Appreciation	24
Effective Feedback	18
First Impression	16
Solving Everyday Problems	12
Leading Effective Meetings	11
Russian Language Course	9
Off- Job Training Skills	6
E-Mail Business Writing	4
Etiquette Walk & Talk	4
Essential Management Techniques	2
The Coaching Mindset for Engaging & Developing	2
Total Number of Attendees	**7,121**

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 2011

1. Jordan Hotels and Tourism Company, owner of Hotel InterContinental Jordan:
   a. Nominated the best five stars hotel for outstanding performance.
   b. Environmental partnership with Royal Botanic Garden.
   c. Awarded the Green Key Certificate.

2. Amman Tourism Investment Company, owner of Grand Hyatt Amman Hotel:
   a. The start of the comprehensive room and suite renovation program, slated to be completed by first quarter 2013.
   b. Switch of the cooling and heating system of the hotel from 2-pipe to 4-pipe system.
   c. Voted one of the top ten hotels in the Middle East by Condé Nast Reader's Choice Awards

3. Levant Hotels and Tourism Company, owner of Mövenpick Resort Petra:
   a. Upgrade of the safety and security installations located at the entrance of the hotel.
   b. Awarded the Green Globe certification.

4. Zara South Coast Development Company, owner of Mövenpick Resort & Spa Tala Bay Aqaba:
   a. Raised registered capital by JD 6 million to reach JD 30 million increasing Zara's share by 5% to reach 80%.
   b. The completion of full laundry facility using the latest energy saving technology.
   c. Partially switched to solar energy replacing use of electricity and diesel.
   d. Implemented recycling of pools water used for irrigation purposes.
   e. Awarded the Green Globe certification.
   f. Awarded the Blue Flag certification.
   g. Voted Best Guest Experience 2011 among all Mövenpick hotels and resorts worldwide.
   h. Achieved Award of Excellence 2011 by Trip Advisor.

5. Red Sea Hotels Company, owner of Mövenpick Resort & Residence Aqaba:
   a. Awarded the Green Globe certification.
   b. Awarded the Blue Flag certification.
   c. Voted by Apollo Kuoni Scandinavia as best hotel for customer satisfaction out of Apollo's 1600 contracted properties.

6. National Hotels and Tourism Company, owner of Mövenpick Resort & Spa Dead Sea:
   a. Awarded the Green Globe certification with a grade of 95 points, the highest rating awarded by Green Globe Institution.
   b. Selected as one of the top resorts in the Middle East by Condé Nast Traveller Reader's Choice Awards.
   c. Ranked as one of the top hotels on Expedia® Insiders' Select™ list.
   d. Listed as one of the world's healthiest hotels on Hotels.com.
   e. Zara Spa at Mövenpick Resort & Spa Dead Sea was rated best spa retreat in the Middle East by Condé Nast Traveller.

7. Zara Investment Holding Company:
   a. Enhanced the applied systems in order to ensure accurate and timely delivery of financial and operational reports.
   b. Strengthened the internal control system by requesting operators to adapt to latest internal audit standards and formalize the communication of internal audit reports.
   c. Developed a risk management system to assist management in minimizing the occurrence of such risk and identify the needed preventive and corrective measures.
   d. Updated the existing financial and administration system to cope with latest leading practices.
   e. Restructuring the loan portfolio to minimize the interest charges.

Mount Nebo, one of the most revered holy sites of Jordan and the place where Moses was buried. A small Byzantine church was built there by early Christians, which has been expanded into a vast complex. During his visit to Jordan in 2000, the Late Pope John Paul II held a sermon here that was attended by some 20,000 faithful. 30 minutes away from Mövenpick Resort & Spa Dead Sea.

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 2011:

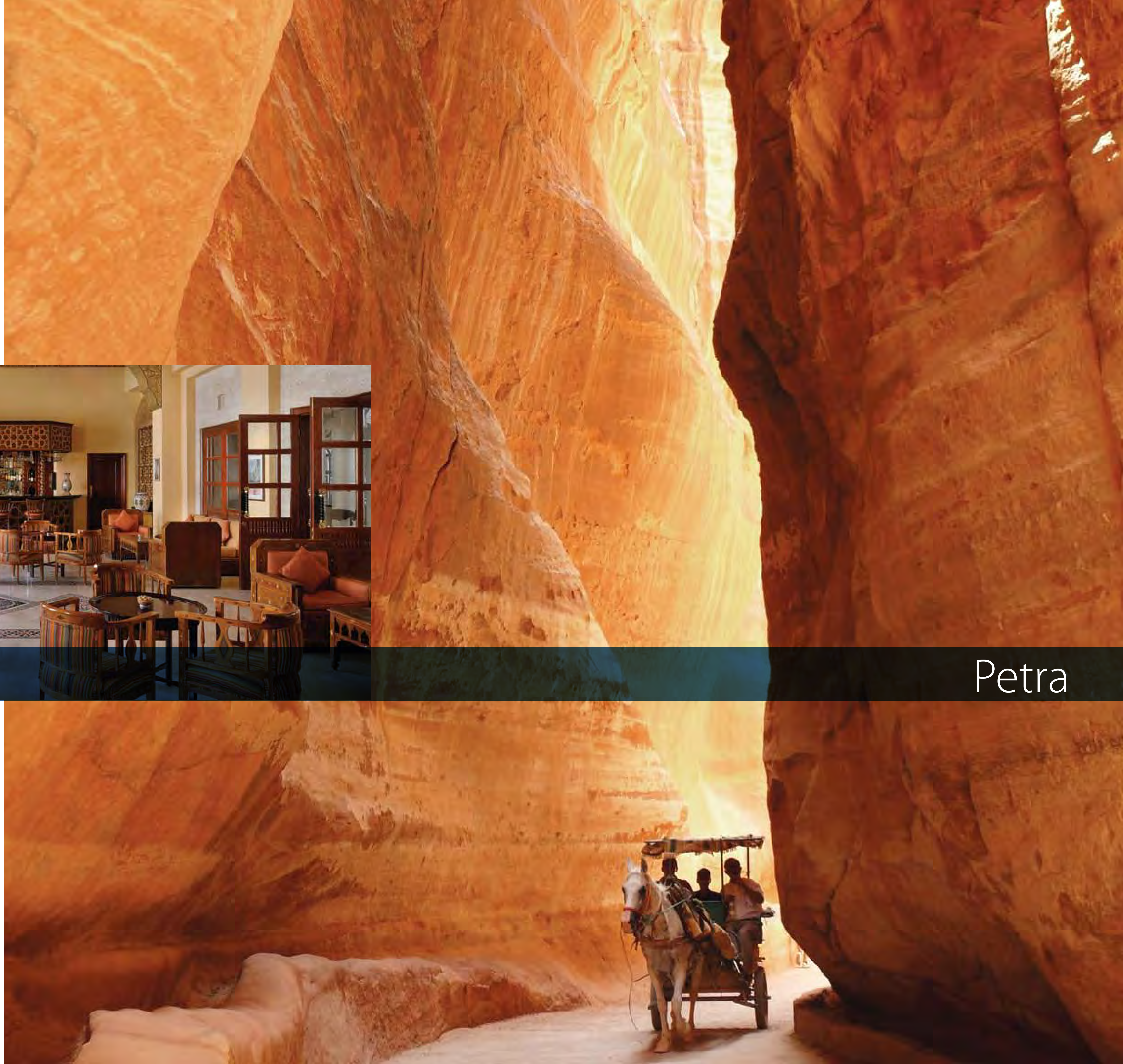
	2011	2010	2009	2008	2007
Profits (losses) realized	(867,718)	9,008,144	7,024,635	9,844,760	4,669,869
Dividends	-	-	-	-	-
Equity attributable to shareholders	146,323,274	149,726,285	139,966,939	131,673,954	119,666,590
Share price JD	1.05	1.14	1.40	1.75	2.05

Zara Investment welcomes Jordan's guests in:

Petra

Petra ... The jewel in Jordan's tourism crown, this ancient Nabatean capital is a world treasure. Petra is a marriage of natural and manmade wonders on an exemplary scale. Created by the Nabateans-a Semitic people from northern Arabia-some 2000 years ago, the entire city was carved out of the multi-colored rock mountains. In 2007, Petra was selected as one of the New 7 Wonders of the world.

Listed on the UNESCO World Heritage sites: date of inscription: 1985



MÖVENPICK
Resort Petra

Mövenpick Resort Petra Located directly at the entrance to the historic city of Petra, the luxurious Mövenpick Resort Petra, with its authentic antiques and artwork is certainly one of the most notable hotels in the Middle East.

MÖVENPICK
Nabatean Castle Hotel
Petra

Mövenpick Nabatean Castle Hotel situated in a breathtaking secluded position on a hillside at an altitude of 1,400 meters, with spectacular view of the Great Rift Valley.

- **10 minute** drive from the entrance to the historic site of Petra
- **60 minutes** away from Wadi Rum
- **90 minutes** away from Aqaba

Jerash - one of the most complete and best-preserved cities of the Roman province of Arabia, situated in the biblical land of Gilead. 60 minutes away from the Grand Hyatt Amman Hotel and InterContinental Jordan.

14. Analysis of Company's financial position and results of operations during fiscal year 2011 - 2010:

No.	Description	2011 %	2010 %
1	Return on Investments	-0.40	3.36
2	Return on Equity	-0.64	5.51
3	Return on Paid-in Capital	-0.86	7.52
4	Profit Margin	-1.37	10.48
5	Earnings before Taxes (EBT) to Operating Revenues	-0.64	11.95
6	Ownership Ratio	61.38	60.92
7	Equity to Loans	182.24	184.83
8	Loans to Assets	33.68	32.96
9	Property and Equipment to Equity	130.27	130.64
10	Current Liability to total assets	14.38	11.13
11	Liabilities to Total Assets	38.62	39.08
12	Liabilities to Equity	62.91	64.16
13	Current Liabilities to Equity	23.42	18.27
14	Long-term Loans to Equity	39.35	45.74
15	Operating Revenues to Equity	46.97	52.61
16	Operating Revenues to Assets	28.83	32.05
17	Current Ratio	62.36	81.07

Following are the key indicators of the Company's hotels for 2011 compared with those for 2010:

Hotel	Number of Rooms	Occupancy %		Average Room Rate JD		Operating Revenues JD	
		2011	2010	2011	2010	2011	2010
InterContinental Jordan	450	56	66	118	126	19,337,205	18,484,409
Grand Hyatt Amman	316	49	63	122	124	12,618,939	16,547,340
Hyatt Tower	90	84	70	135	133	1,954,963	1,695,439
Mövenpick Resort & Spa Dead Sea	362	55	68	123	127	16,361,557	20,851,125
Mövenpick Resort & Residence Aqaba	332	61	59	84	89	8,530,147	8,999,867
Mövenpick Resort Petra	183	56	68	108	118	6,806,463	9,307,544
Mövenpick Nabatean Castle Hotel Petra	92	21	59	71	83	778,722	2,604,212
Mövenpick Resort Tala Bay Aqaba	306	61	57	92	90	10,912,902	10,031,567
Total	**2,131**	**55**	**63**	**107**	**113**	**77,300,898**	**88,521,503**

1. The consolidated statement of financial position of Zara indicates that the total assets as of 31/12/2011 totaled JD 271,189,060 compared with JD 279,856,071 as of 31/12/2010, representing a decline of 3.1%
2. The equity attributable to shareholders as of 31/12/2011 totaled JD 146,323,274 compared with JD 149,726,285 as of 31/12/2010 representing a decline of 2.3%
3. The consolidated income statement indicates that operating revenues for 2011 totaled JD 78,192,232 compared with JD 89,687,120 representing a decline of 12.8%
4. The consolidated expenses including administration, depreciation, and net finance expenses for 2011 totaled JD 23,266,722 compared with JD 21,936,508 representing an increase of 6.1% increase.
5. The consolidated net loss attributable to shareholders for 2011 totaled JD 867,718 compared with net profit JD 9,008,144 for 2010 representing a decline 0f 109.6%.

Company's Outlook and Plans For 2012

Wadi Rum Listed on the UNESCO World Heritage sites: date of inscription: 2011.

1. We will maintain our leadership position in the market.
2. We will continue the full-scale room and suite renovation program at the Grand Hyatt Amman Hotel.
3. We will consistently monitor debt restructuring to minimize financing costs.
4. We will improve our cost control measures through the application of smart monitoring business intelligence analytical tools that are designed according to best practices in the hospitality industry.
5. We will improve our profitability and operating efficiency by continuing the development and application of clean production projects.
6. We will institutionalize our community based activities and programs aimed at enabling and empowering the residents of the communities in which we operate.
7. We will start the development of the vocational training center in Mid Ghor aimed at turning this center into a center of excellence serving in building the capacities of the residents of the Jordan Valley area.
8. We will finalize the installation of needed systems as well as the soft refurbishment of the rooms at Salt vocational training center. These measures shall enable the center to sustain itself through providing it with revenue generation capabilities.
9. We will continue cooperating with various players in the public and the private sectors in initiatives to improve the quality of the service delivery in our industry.
10. We will continue to actively pursue cooperation with potential 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	12,000
Red Sea Hotels Company LLC	13,300
Amman Tourism Investment Company LLC	15,600
National Hotels and Tourism Company LLC	25,200
South Coast Real Estate Development Company LLC	2,000
Jordan Hotels and Tourism Company PLC	17,000
South Coast Hotels Company LLC	2,000
Nabatean Hotels Company LLC	7,000
Oasis Hotels Company LLC	2,320
Levant Hotels and Tourism Company LLC	11,800
Rum Hotels and Tourism Company LLC	2,320
Jordan Himmeh Mineral Company PLC	4,500
Jordan Hotel Supplies Trading Company LLC	2,250
Zara Agricultural Company LLC	2,000
Total	**131,818**

Zara Investment welcomes Jordan's guests in

Aqaba

Aqaba ... Jordan's year-round, warm-weather beach and water-sports resort. It is the perfect place to enjoy the beach and sun in a laid-back Arab town full of history, local markets and handicraft shops.

MÖVENPICK
Resort & Residence Aqaba

Mövenpick Resort & Residence Aqaba is located in the heart of Aqaba with a magnificent view of the stunning waters overlooking the Red Sea. Considered an architectural gem, the resort is designed in a way to bring the grand and luxurious arabesque beauties and pleasant hospitality of Aqaba to its surroundings.

- **4 hours** driving from Amman
- **40 minutes** flying from Queen Alia International Airport (Amman) to King Hussein International Airport (Aqaba)
- **60 minutes** away from Wadi Rum

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

Name	Position	Nationality	Number of Shares as of 31/12/2011	Number of Shares as of 31/12/2010	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2011	31/12/2010
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 (Until 20/10/2011)	Member	Jordanian	18,516,245 -	18,516,245 -	None	None	None
Social Security Corporation, represented by Jamila Tawfiq Mahmoud Mahasneh (As of 20/10/2011)	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
Nafez 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

The Petra Archaeological Park (PAP) covers a 264 dunum (264,000 square metres) area within Wadi Musa, which is considered a tourism and archaeological site, and a World Heritage Site registered on the UNESCO World Heritage list since 1985. Mövenpick Resort Petra is 5 minutes away from Petra main entrance.

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

Position	Nationality	Number of Shares as of 31/12/2011	Number of Shares as of 31/12/2010	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2011	Number of Shares Held by Controlled Companies as of 31/12/2010
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 31/12/2011	Number of Shares as of 31/12/2010	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2011	Number of Shares Held by Controlled Companies as of 31/12/2010
Relatives of Sabih Masri Najwa Mohamad Abdel Rahman Madi						
Wife	Jordanian	1,730,000	1,730,000	None	0	0
Relatives of Nafez Saleh Odeh Mustafa Mary Bint Issa Bin Ilyas Loussi						
Wife	Saudi	500,000	500,000	None	0	0

Zara Investment welcomes Jordan's guests in

Aqaba

Aqaba ... A dazzling underwater whether a first-time snorkeler or an experienced diver, you will be amazed by its world-renowned display of underwater life, including coral, colorful fish and exotic marine plants. You can even enjoy it all without getting wet, from the deck of a glass-bottomed boat.

MÖVENPICK
Resort Tala Bay Aqaba

The Mövenpick Resort & Spa Tala Bay is located in Tala Bay Aqaba, a new and exclusive residential community on the southern shores of the Red Sea including a marina, various residential and hotel accommodations, restaurants, retail shops and boutiques. The area is situated 15 minutes from the city centre of Aqaba, 1 hour away from the historical city of Petra and Wadi Rum, while King Hussein International Airport is only 25 minutes away.

- **15 minutes** from the city centre of Aqaba,
- **20 minutes** from King Hussein International Airport
- **90 minutes** away from Petra

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	-	6,504	2,589	9,093
Amal Rafiq Suleiman Shabib (until 20/10/2011)				
Member	4,500	-	-	4,500
Jamila Tawfiq Mahmoud Mahasneh (as of 20/10/2011)				
Member	1,500	-	-	1,500
Sami Issa Eid Smeirat				
Member	6,000	-	-	6,000
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	-	-	4,314	4,314
Yassin Khalil Moh'd Yassin Talhouni				
Member	6,000	-	-	6,000
Yazid Adnan Mustafa Mufti				
Member	6,000	-	-	6,000
Nafez Saleh Odeh Mustafa				
Member	6,000	-	-	6,000
Mohammad Osama Jawdat Sha'sha'a				
Member	6,000	-	-	6,000
Total	**66,000**	**6,504**	**6,903**	**79,407**

Situated 85 km to the east of Amman, is the little palace **(Qusayr) of Amra**, noted for its extensive fresco paintings which cover virtually all the interior surfaces. Listed on the UNESCO World Heritage sites: date of inscription: 1985.

18. (B) Remuneration of senior executive management:

Position	Salaries	Transportation Allowance	Bonuses	Other Benefits	Total JD
Lina Mazhar Hassan Annab					
General Manager	105,840	0	26,460	0	132,300
Ahmad Ibrahim Mohammad Jamjoum					
Chief Financial Officer	69,300	3,000	18,225	600	91,125
Haitham "Mohammad Nazih" Nureddin Hanbali					
Financial Controller	49,140	1,260	2,400	0	52,800

The monumental hippodrome at the ancient city of **Jerash** in Jordan is, for the first time in over a thousand years, hosting a spectator event – authentic replica Roman chariots racing in the Roman circus at Jerash. Visit jerashchariots.com 60 minutes away from the Grand Hyatt Amman Hotel and InterContinental Jordan.

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

Beneficiary	Amount JD
JHTED	5,450
Jabal Amman Residence Association, JARA	5,000
Ramadan Packages	3,785
Madrasati initiative	3,600
HIKMAT Road Safety	2,153
MAP	1,900
Misc.	2,135
Total	**26,863**

The hotels also collected the amount of JD 98,200 from its guests 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 is committed to environmental sustainability in all of its hotel operations all over Jordan. In 2009 Zara initiated an aggressive clean production program aimed at significantly reducing greenhouse gas emissions (CO2), in addition to protecting the environment of the areas in which we operate. The projects we embarked on vary in scale. Large scale project include, but are not limited to, the switch from diesel fuel to the more friendly sources of LPG and solar energy. Other smaller scale environmentally friendly programs include paper recycling and the use of energy-saving light bulbs in most of Zara hotels.

The projects we undertook in 2009 are in line with our strong and long-term commitment to the environment. In 2011 we were able to see tangible results on various fronts including monetary savings. Some of the results that we achieved include:

1. More efficient use of water resources.
2. Reduction in greenhouse gas emissions, with measurable reduction of CO2.
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 the environmentally friendly LPG systems for partial heating purposes.
5. The certification and recognition of most of our hotels as green hotels by various internationally renowned environmental rating organizations.

Finally and as a market leader in our field, we fully appreciate the importance and magnitude of our role and responsibility in setting a benchmark for a more environmentally-conscious tourism and hospitality industry, a key sector for the economy of Jordan.

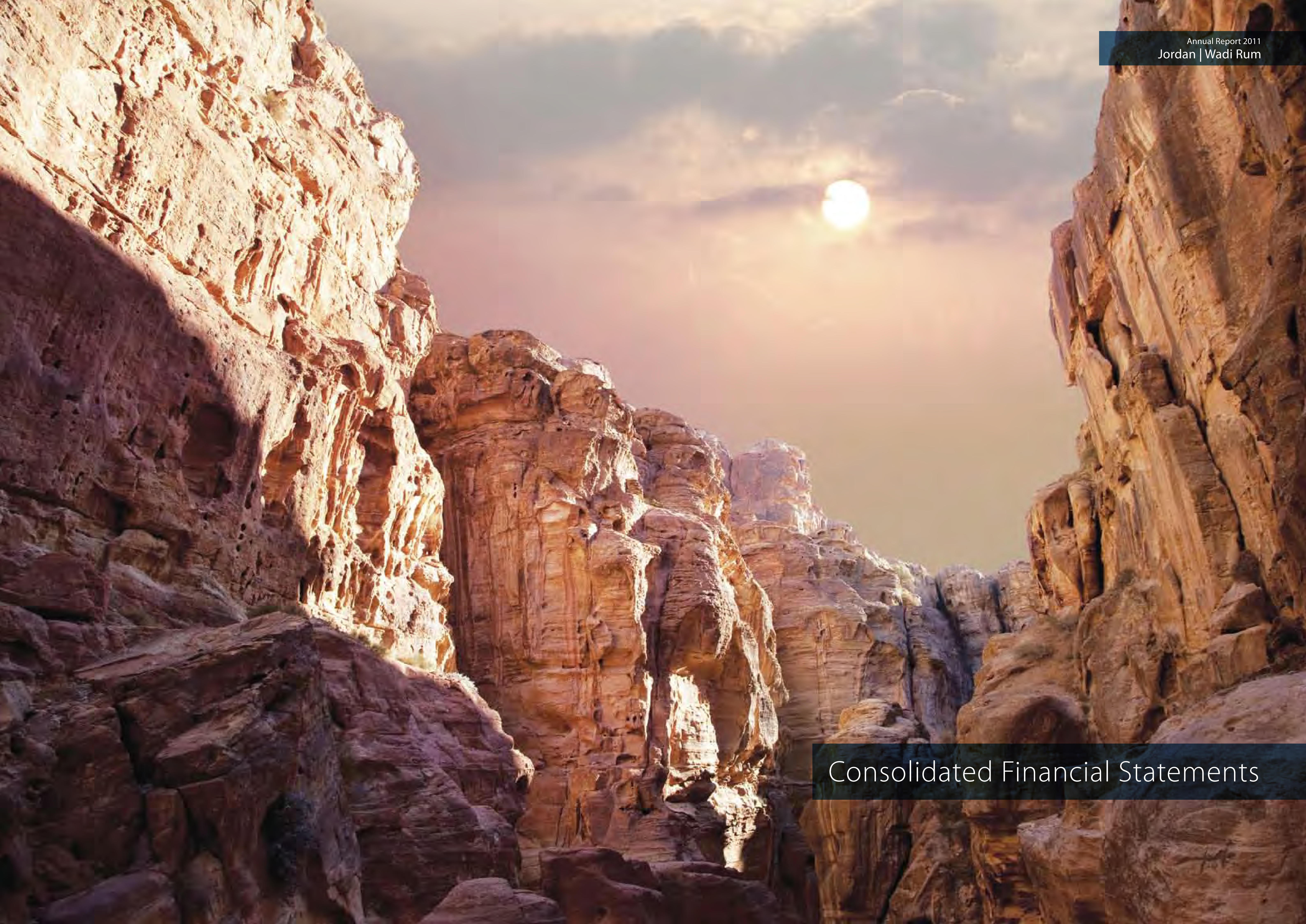
21. (B) The Company's contribution in servicing the local community:

The teams serving our hotels are comprised of talented young men and women who are residents of the local communities where we operate. In large part we owe a lot of our success to them. Therefore, we believe that the development and empowerment of the local players in these communities lie at the heart of our corporate social responsibility. We do so by focusing on and supporting better education as well as on and off the job training. In 2011, our hotels provided over 107 On-the-job training opportunities for hospitality students in the Food and Beverage, Housekeeping and Kitchen departments.

During 2012, Zara will start the development of a center of excellence for hospitality training aimed at building capacities to improve employability of the residents of the Jordan Valley.

The Company is also now finalizing the refurbishment of 23 accommodation rooms at the Salt Vocational Training Center. This will set a remarkable precedent in terms of enabling the Center to generate a revenue stream, provide the Salt City with the first hotel- standard accommodation facility, as well as provide the students at this Center with an ideal hands-on and live training environment.

Last but not least, 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 education and training centers.



Consolidated Financial Statements

Independent Auditors' Report To The Shareholders Of Zara Investment Company P.S.C. - 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 2011 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 consolidated 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 consolidated 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 2011 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, we recommend to confirm on it.

Ernest & young / Jordan
Waddah Isam Barqawi
License No. 591

Amman – Jordan
18 March 2012

Zara Investment Company (Holding Company)

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011

ASSETS

	Note	2011	2010
		JD	JD
Non-current assets			
Property and equipment	4	199,116,891	193,502,800
Investment properties	5	6,479,241	6,667,875
Projects in progress	6	11,262,250	22,546,292
Financial assets at fair value through other comprehensive income	7	21,140,359	-
Available-for-sale financial assets	8	-	23,372,390
Advance payments of financial investments	10	1,072,537	1,072,537
Advance payments on purchase of land	11	7,808,906	7,441,028
		246,880,184	254,602,922
Current assets			
Inventories	12	1,955,902	2,048,258
Accounts receivable	13	6,065,028	9,354,740
Other current assets	14	3,150,304	3,873,641
Cash and cash equivalents	15	13,137,642	9,976,510
		24,308,876	25,253,149
Total assets		271,189,060	279,856,071

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES

	Note	2011	2010
		JD	JD
Equity			
Equity attributable to owners of the parent			
Paid-in capital	16	125,000,000	125,000,000
Statutory reserve	16	3,657,660	3,657,660
Voluntary reserve	16	689,496	689,496
Cumulative change in fair value	9	17,296,133	19,495,431
(Accumulated losses) retained earnings		(320,015)	883,698
Equity attributable to owners of the parent		146,323,274	149,726,285
Non-controlling interests	26	20,143,337	20,751,316
Total equity		166,466,611	170,477,601
Liabilities			
Non-current liabilities			
Long-term loans	17	65,511,450	77,969,075
Deferred tax liabilities	27	227,236	259,969
		65,738,686	78,229,044
Current liabilities			
Current portion of long-term loans	17	12,457,625	12,425,325
Short-term loan	18	10,620,000	-
Due to banks	19	2,758,114	1,838,716
Accounts payable		7,284,584	7,719,787
Other current liabilities	20	5,194,640	7,382,007
Provisions	21	270,010	598,201
Provision for income tax	27	398,790	1,185,390
		38,983,763	31,149,426
Total liabilities		104,722,449	109,378,470
Total equity and liabilities		271,189,060	279,856,071

Zara Investment Company (Holding Company)
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011	2010
		JD	JD
Operating revenues		78,192,232	89,687,120
Operating expenses		(56,721,368)	(59,015,313)
Net operating revenues	22	**21,470,864**	**30,671,807**
Other income	23	1,442,270	1,499,382
Gain on sale of available-for-sale financial assets		-	729,840
Administrative expenses	24	(3,243,022)	(3,963,929)
Financing costs, net	25	(6,641,848)	(6,830,579)
Depreciation	4, 5	(13,381,852)	(11,142,000)
Provisions	21	(147,292)	(245,003)
(Loss) profit before income tax		**(500,880)**	**10,719,518**
Income tax expense	27	(571,099)	(1,322,041)
(Loss) profit for the year		(1,071,979)	9,397,477
Attributable to:			
Owners of the parent		(867,718)	9,008,144
Non-controlling interests	26	(204,261)	389,333
		(1,071,979)	9,397,477
Basic and diluted earnings per share	28	(0.007)	0.072

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

Zara Investment Company (Holding Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011	2010
		JD	JD
(Loss) profit for the year		(1,071,979)	9,397,477
Add: Other comprehensive income items after tax:			
Change in fair value	9	(2,199,298)	751,202
Total comprehensive income for the year		(3,271,277)	10,148,679
Attributable to:			
Owners of the parent		(3,067,016)	9,759,346
Non-controlling interests		(204,261)	389,333
		(3,271,277)	10,148,679

The accompanying notes from 1 to 37 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, 2011

	Attributable to the equity holders of the parent								
		Reserves							
	Paid-in capital	Statutory	Voluntary	Cumulative change in fair value	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2011	125,000,000	3,657,660	689,496	19,495,431	883,698	149,726,285	20,751,316	170,477,601
Total comprehensive income for the year	-	-	-	(2,199,298)	(867,718)	(3,067,016)	(204,261)	(3,271,277)
Distribution of subsidiary profit	-	-	-	-	-	-	(739,713)	(739,713)
Change in non-controlling Interests due to increase in the share capital of a subsidiary	-	-	-	-	(335,995)	(335,995)	335,995	-
Balance at 31 December 2011	125,000,000	3,657,660	689,496	17,296,133	(320,015)	146,323,274	20,143,337	166,466,611
Balance at 1 January 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)	-	-	-
Change in non-controlling Interests due to increase in the share capital of a subsidiary	-	-	-	-	-	-	3,568,965	3,568,965
Balance at 31 December 2010	125,000,000	3,657,660	689,496	19,495,431	883,698	149,726,285	20,751,316	170,477,601

The accompanying notes from 1 to 37 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, 2011

	Note	2011	2010
		JD	JD
Operating Activities			
(Loss) profit before income tax		(500,880)	10,719,518
Adjustments for:			
Depreciation		13,381,852	11,142,000
Dividends income		(36,418)	(36,418)
Gain on sale of property and equipment		(96,984)	(66,886)
Interest expense		6,753,504	6,890,886
Interest income		(111,656)	(60,307)
Provision for projects in progress		-	350,035
Reversal of provisions		(280,804)	(440,240)
Provision for doubtful debts		(53,467)	347,518
Miscellaneous provisions		147,292	245,003
Gain on sale of available-for-sale financial assets		-	(729,840)
Changes in working capital			
Inventories		92,356	92,857
Accounts receivable		3,343,179	(2,700,599)
Other current assets		989,042	(797,756)
Accounts payable		(435,203)	(875,417)
Other current liabilities		(2,321,551)	(2,261,335)
Provisions paid		(194,679)	(380,357)
Income tax paid		(1,357,699)	(980,552)
Net cash flows from operating activities		**19,317,884**	**20,458,110**

	Note	2011	2010
		JD	JD
Investing activities			
Purchase of property and equipment		(1,493,501)	(2,064,625)
Proceeds from sale of property and equipment		129,774	55,011
Advance payments on purchase of land		(367,878)	(3,298,730)
Purchase of investment properties		(3,382)	(3,999)
Payments for projects in progress		(6,059,174)	(18,371,099)
Advanced payments and retentions to contractors		(40,749)	848,776
Proceeds from sale of available-for-sale financial assets		-	11,000,000
Advance payments on financial investments		-	(786,000)
Dividends received		36,418	36,418
Interest received		111,656	60,307
Net cash flows used in investing activities		**(7,686,836)**	**(12,523,941)**
Financing Activities			
Repayment of loans		(12,425,325)	(6,807,142)
Proceeds from loans		10,620,000	4,562,000
Change in non-controlling interests due to increase in subsidiaries share capital		-	3,568,965
Dividends distribution from subsidiaries to non-controlling interest		(739,713)	-
Interest paid		(6,844,276)	(6,898,657)
Net cash flows used in financing activities		**(9,389,314)**	**(5,574,834)**
Net increase in cash and cash equivalents		**2,241,734**	**2,359,335**
Cash and cash equivalents, beginning of the year		8,137,794	5,778,459
Cash and cash equivalents, end of the year	15	**10,379,528**	**8,137,794**

The accompanying notes from 1 to 37 are an integral part of these consolidated financial statements.

Zara Investment Company (Holding Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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 18 March 2012. 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) as issued by the International Accounting standard Board.

The consolidated financial statements have been prepared under the historical cost convention as modified for the measurement of financial assets at fair value through other comprehensive income and available-for-sale financial assets.

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 2011, 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 attributable to non-controling interest are recognized 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 percentages are disclosed in note (32).

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 (According to IAS 39 – Applied before December 2011)

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.

Financial assets at fair value through other comprehensive income (According to IFRS 9 – Applied since 1 December 2011)

These are financial assets limited to equity instruments and are no longer subject to impairment testing. These financial assets are initially recognized at fair value plus attributable transactions costs and subsequently measured at fair value.

The change in fair value of those assets is presented in the statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.
In case those assets - or part of them - were sold, the resultant gain or loss in recorded in the statement of comprehensive income within equity and the cumulative change in fair value for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of income.

Dividends income is recorded in the consolidated statement of 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.

De-recognition 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:

- The rights to receive cash flows from the financial asset have expired; or
- The Group has transferred its rights to receive cash flows from the financial 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 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 a provision 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 consolidated statement of income 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 consolidated statement of income.

De-recognition 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated 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 consolidated statement of income net of any reimbursement.

Income Taxes

Tax expense comprises current tax and deferred taxes.
The income tax provisions for the years ended 31 December 2011 and 2010 were calculated in accordance with the Temporary Income Tax Law no. 28 of 2009.

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.

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

Other revenues are recognized on an accrual basis.

Operating 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 statement of income.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed when 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 possible.

2.4 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements 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 2011:

IFRS 9 Financial Instruments: Financial Instruments

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 and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial instruments.

The Group has early adopted the standard as of 1 January 2011, the Group did not restate the comparative figures as the standard permits the early adopters not to restate. However the available for sale financial instruments were reclassified to financial assets at fair value through other comprehensive income and no adjustments were made to the opening balances for the retained earnings and the cumulative change in fair value as of 1 January 2011.

The new standard includes the following classification and measurements of financial assets:

1. Financial assets at amortized cost:
- These are financial assets that the entity intends according to its business model to hold to collect contractual cash flows which represent payments of principal and interest on principal outstanding.
- Those financial assets are initially recognized at fair value plus attributable transactions costs, the amortization of premium / discount is included in finance income / expense. Any provision for impairment in value is recorded when the asset or any part of it is not recoverable. Impairment is recorded in the consolidated statement of income.
- The amount of impairment for those assets represents the difference between the carrying amount and the present value of the discounted projected cash flows using the actual interest rate.
- Financial assets cannot be reclassified to / from this category except in the circumstances specified in the International Financial Reporting Standards. In case any of these assets were sold before its maturity date, the result of sale is recorded in the statement of comprehensive income in a separate line item and the transaction is properly disclosed in accordance with the International Financial Reporting Standards requirements.

2. Financial assets at fair value through profit and loss:
- These are the financial assets that the Group holds to sell in the near future and make short term profits.
- Those assets are initially recognized at fair value - directly attributable transaction costs are recorded in the consolidated statement of income - and subsequently measured at fair value. The change in fair value is recorded in the consolidated statement of income including the change in fair value resulting from the foreign exchange differences of non-monetary assets.
- In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the consolidated statement of income.
- Dividends income and accrued interest are recorded in the consolidated statement of income.
- Financial assets cannot be reclassified to / from this category except for the circumstances specified in the International Financial Reporting Standards.

3. Financial assets at fair value through other comprehensive income:
- These are financial assets limited to equity instruments and are no longer subject to impairment testing.
- These financial assets are initially recognized at fair value plus attributable transactions costs and subsequently measured at fair value.
- The change in fair value of those assets is presented in the statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.
- In case those assets - or part of them - were sold, the resultant gain or loss in recorded in the consolidated statement of comprehensive income within equity and the cumulative change in fair value reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of income.
- Dividends income is recorded in the consolidated statement of income.

The adoption of this standard has no impact on the financial position or performance of the Group.

IAS 24 Related Party Disclosures (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasis a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
The amendment to the interpretation had no effect on the financial position or performance of the Group.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to the interpretation had no effect on the financial position or performance of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
The adoption of this interpretation does not have any impact on the financial position or performance of the Group.

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

	Lands	Buildings	Electro-mechanicals	Machinery and equipment	Furniture and fixtures	Computer equipment	Vehicles	Others	Total
2011	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
At 1 January 2011	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
Additions	662	89,931	124,447	423,655	580,305	178,367	96,134	-	1,493,501
Transferred from projects in progress	-	5,952,591	6,165,645	637,575	4,247,821	339,584	-	-	17,343,216
Retirements	-	-	-	(150)	(25,757)	(5,269)	(86,053)	-	(117,229)
At 31 December 2011	34,502,792	154,809,375	62,359,229	29,571,220	43,701,135	6,246,475	1,398,406	2,551,282	335,139,914
Accumulated depreciation									
At 1 January 2011	-	28,540,620	41,698,934	21,874,043	24,121,174	4,210,574	808,153	1,664,128	122,917,626
Additions	-	3,405,414	3,740,629	1,456,633	3,785,583	606,350	143,253	51,974	13,189,836
Retirements	-	-	-	(7)	(24,586)	(3,161)	(56,685)	-	(84,439)
At 31 December 2011	-	31,946,034	45,439,563	23,330,669	27,882,171	4,813,763	894,721	1,716,102	136,023,023
Net book value at 31 December 2011	34,502,792	122,863,341	16,919,666	6,240,551	15,818,964	1,432,712	503,685	835,180	199,116,891
2010									
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

The cost of fully depreciated property and equipment as of 31 December 2011 is JD 82,089,222 (2010: JD 80,025,931).

5. Investment Properties

	2011	2010
	JD	JD
Cost		
At 1 January	10,324,086	10,320,087
Additions	3,382	3,999
At 31 December	10,327,468	10,324,086
Accumulated depreciation		
At 1 January	3,656,211	3,461,035
Additions	192,016	195,176
At 31 December	3,848,227	3,656,211
Net book value		
At 31 December	6,479,241	6,667,875

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

6. Projects in Progress

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

	2011	2010
Company name	JD	JD
Jordan Hotels and Tourism Co.	41,845	14,995,697
Jordan Himmeh Mineral Co.*	350,035	350,035
Nabatean Hotels Co.	148,840	148,840
Levant Hotels and Tourism Co.	142,628	161,497
Amman Tourism Investment Co.	5,553,479	3,024,227
Oasis Hotels Co.*	525,703	525,703
National Hotels and Tourism Co.	1,438,583	1,380,563
Red Sea Hotels Co.	126,490	121,740
South Coast Hotels Co.*	528,245	528,245
Zara South Coast Development Co.	3,792,984	2,695,023
Zara Investment Co.*	102,988	104,292
	12,751,820	24,035,862
Less: provision projects in progress *	(1,489,570)	(1,489,570)
	11,262,250	22,546,292

No interest expense was capitalized during 2011 (2010: JD 554,008).

Movement on the projects in progress is as follow:

	2011	2010
	JD	JD
Beginning balance	22,546,292	21,719,739
Additions	6,059,174	18,021,054
Transferred to property and equipment	(17,343,216)	(17,194,501)
Ending balance	11,262,250	22,546,292

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

	2011	2010
	JD	JD
Beginning balance	1,489,570	1,139,535
Charge for the year (note 24)	-	350,035
Ending balance	1,489,570	1,489,570

The estimated cost to complete the above projects is approximately JD 10,000,000 as of 31 December 2011 (2010: JD 15,000,000). Management of the Group expects to complete the projects during the coming two years.

7. Financial Assets at Fair Value Through Other Comprehensive Income

This item represents the Group equity investment in the following Companies:

	2011	2010
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Co.	764,770	-
Jordan Projects Tourism Development Co.	19,835,789	-
	20,600,559	-
Unquoted shares – Local		
Jordan Hotels and Tourism Education	180,000	-
Dead Sea Conferences and Exhibitions Co.	354,000	-
	534,000	-
Unquoted shares – Foreign		
Jerusalem Tourism Investment Co.	5,800	-
Palestine Tourism Investment Co.	1,160,000	-
Impact of writing off the accumulated losses in the share capital	(1,160,000)	-
	5,800	-
	21,140,359	-

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

Beginning balance	23,372,390	-
Change in fair value	(2,232,031)	-
Ending balance	21,140,359	-

Investments in unquoted shares are carried at cost. In management's opinion, the costs of these investments equal their fair values.

8. Available-For-Sale Financial Assets

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

	2011	2010
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Co.	-	979,633
Jordan Projects Tourism Development Co.	-	21,852,957
	-	22,832,590
Unquoted shares – Local		
Jordan Hotels and Tourism Education	-	180,000
Dead Sea Conferences and Exhibitions Co.	-	354,000
	-	534,000
Unquoted shares – Foreign		
Jerusalem Tourism Investment Co.	-	5,800
Palestine Tourism Investment Co.	-	1,160,000
Impact of writing off the accumulated losses in the share capital	-	(1,160,000)
	-	5,800
	-	23,372,390

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

Beginning balance	-	31,680,994
Capitalization of advance payments	-	2,200,000
Change in fair value		(238,444)
Sales	-	(10,270,160)
Ending balance	-	23,372,390

Investments in unquoted shares are carried at cost. In management's opinion, the costs of these investments equal their fair values.

9. Cumulative Change in Fair Value

Movement on cumulative change in fair value is as follows:

	2011	2010
	JD	JD
Beginning balance	19,495,431	18,744,229
Change in fair value of available-for-sale financial assets	-	(238,444)
Change in fair value of financial assets at fair value through other comprehensive income	(2,232,031)	-
Change in deferred tax liability (Note 27)	32,733	989,646
Ending balance	17,296,133	19,495,431

10. Advance Payments of Financial Investments

This item represents the Group unquoted equity investment in Palestine Tourism Investment Co. located in Bethlehem which owns Jaser Castle Hotel managed by Inter-Continental Hotels Group. The procedures for the capital increase have not yet been completed until the date of these consolidated financial statements.

11. Advance Payments on Purchase of Lands

This item represents amounts paid in advance by the following subsidiaries to purchase a number of parcels of land. The subsidiaries have not completed the transfer of ownership until the date of these consolidated financial statements:

Company name	2011	2010	Paid to
	JD	JD	
Amman Tourism Investment Co.	585,000	585,000	Greater Amman Municipality
South Coast Real Estate Development Co.	5,445,961	5,145,441	Aqaba Special Economic Zone Authority
South Coast Hotels Co.	1,220,647	1,153,289	Aqaba Special Economic Zone Authority
Zara South Coast Development Co.	557,298	557,298	Jordan Projects Tourism Development Co.
	7,808,906	7,441,028	

12. Inventories

	2011	2010
	JD	JD
Food and beverages	658,037	711,075
Supplies and equipment	1,126,443	1,146,364
Others	171,422	190,819
	1,955,902	2,048,258

13. Accounts Receivable

	2011	2010
	JD	JD
Accounts receivable	6,585,333	9,972,760
Provision for doubtful accounts	(520,305)	(618,020)
	6,065,028	9,354,740

Movement on the provision for doubtful accounts is as follows:

	2011	2010
	JD	JD
Beginning balance	618,020	743,910
Charge for the year*	71,327	402,579
Reversals during the year**	(124,794)	(55,061)
Write-off during the year	(44,248)	(473,408)
Ending Balance	520,305	618,020

* The charge for the year was allocated to administration expenses of JD 5,614 (2010: JD 98,860) and the rest to operating expenses.
** The reversals during the year were allocated to other income of JD 74,921 (2010: JD 1,000) and the rest to operating expenses.

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

	Neither past due nor impaired	Past due but not impaired				Total
		1-30 days	31 – 90 days	91 – 120 days	> 120 days	
	JD	JD	JD	JD	JD	JD
2011	1,031,585	3,271,834	1,654,869	81,302	25,438	6,065,028
2010	1,095,005	5,057,641	2,944,245	113,829	144,020	9,354,740

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.

14. Other Current Assets

	2011	2010
	JD	JD
Refundable deposits	684,156	808,071
Advance payments to contractors	873,367	607,662
Prepaid expenses	1,185,630	1,642,371
Others	407,151	815,537
	3,150,304	3,873,641

15. Cash And Cash Equivalents

	2011	2010
	JD	JD
Cash on hand	145,403	159,108
Current accounts	8,655,839	7,774,408
Term deposits	4,336,400	2,042,994
	13,137,642	9,976,510

Cash and cash equivalents include current accounts and term deposit bearing annual interest rates ranging from 1% to 4%.

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

	2011	2010
	JD	JD
Cash on hand and at banks	13,137,642	9,976,510
Bank overdraft	(2,758,114)	(1,838,716)
	10,379,528	8,137,794

16. 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. The company may stop this transfer to statutory reserve when its balance reaches 25% of the authorized share capital.

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

17. Long-Term Loans

This item consists of the following:

	Loan instalments					
	2011			2010		
Currency	Short Term	Long Term	Total	Short Term	Long Term	Total
	JD	JD	JD	JD	JD	JD
Syndicated loan – Jordan Hotels and Tourism Co.						
USD	1,183,333	4,733,333	5,916,666	1,183,333	5,916,667	7,100,000
Syndicated loan – Jordan Hotels and Tourism Co.						
JOD	500,000	2,000,000	2,500,000	500,000	2,500,000	3,000,000
Arab Bank – Amman Tourism Investment Co.						
USD	1,520,000	9,120,000	10,640,000	1,520,000	10,640,000	12,160,000
Arab Bank – Zara Investment Holding Co. (1)						
JOD	1,480,000	8,880,000	10,360,000	1,480,000	10,360,000	11,840,000
Syndicated loan – Zara Investment Holding Co. (2)						
USD	3,332,300	20,067,700	23,400,000	3,300,000	23,400,000	26,700,000
International Finance corporation – Zara investment Holding Co. (1)						
USD	4,017,192	20,285,617	24,302,809	4,017,192	24,302,808	28,320,000
International Finance corporation – Zara investment Holding Co. (2)						
USD	424,800	424,800	849,600	424,800	849,600	1,274,400
	12,457,625	65,511,450	77,969,075	12,425,325	77,969,075	90,394,400

Arab Bank - Jordan Hotels and Tourism Company
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. The loan is repayable over 12 equal semi annual instalments with a grace period of 24 months.

Arab Bank - Amman Tourism Investment Company
USD

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.

On December 31, 2011 the loan currency was change from JD to USD with the same conditions and a floating interest rate every six months equals to LIBOR plus 3% margin per annum but not less than 4% over the loan term. The loan amount is repayable over 7 equal annual instalments of USD 2,143,865 each, starting from December 31, 2012 and the last instalment on December 31, 2018.

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 and interest rate was reduced to 7% per annum.

Syndicated Loan - Zara Investment Holding Company (2)
USD

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.

On December 29, 2011 the loan currency changed from JD to USD with the same conditions beaing a floating six month LIBOR plus 3% margin per annum, but not less than 4% over the loan term. The loan amount is repayable over 7 equal annual instalments of USD 4,700,000 each except for the last instalment of USD 4,804,231 starting from December 4, 2012 and the last instalment on December 4, 2018.

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%. The first and second instalments of JD 4,017,192 were paid during 2011.

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%. The first and second instalments of JD 424,800 were paid during 2011.

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
2012	12,457,625
2013	12,457,625
2014	12,032,825
2015	12,032,825
2016	12,032,825
2017 – 2018	16,955,350
Total	77,969,075

18. Short Term Loans

On January 7, 2011 the Company signed a commercial loan agreement with Cairo Amman Bank for USD 15,000,000 without commission, bearing a floating six months LIBOR plus 2.25% margin per annum with 4% floor per annum. The loan duration is one year and repayable over one instalment at the end of loan term. The loan amount was fully withdrawn on December 31, 2011.

19. Due to Banks

This item represents the balance of the overdraft facilities 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%.

20. Other Current Liabilities

	2011	2010
	JD	JD
Accrued interest	507,715	598,487
Contractors' retentions	678,715	453,759
Accrued expenses	2,617,836	4,101,387
Deposits	594,448	1,278,557
Others	795,926	949,817
	5,194,640	7,382,007

21. Provisions

	Legal claims	Universities fees	Scientific research	Employees' benefits	Others	Total
	JD	JD	JD	JD	JD	JD
2011						
Beginning balance	361,519	125,965	6,430	45,030	59,257	598,201
Additions	-	-	-	101,132	46,160	147,292
Reversal	(280,804)	-	-	-	-	(280,804)
Paid during the year	-	(125,965)	(1,466)	(20,961)	(46,287)	(194,679)
Ending balance	80,715	-	4,964	125,201	59,130	270,010
2010						
Beginning balance	801,759	98,052	106,504	53,200	114,280	1,173,795
Additions	-	125,965	-	74,038	45,000	245,003
Reversal	(440,240)	-	-	-	-	(440,240)
Paid during the year	-	(98,052)	(100,074)	(82,208)	(100,023)	(380,357)
Ending balance	361,519	125,965	6,430	45,030	59,257	598,201

22. Segment Information

The primary reporting segments were determined based on the risk and rewards for the Group which is substantially affected by the segments products and services.

These segments are organized and operated separately in accordance with the nature of its products and services and used by the chef executive officer and the primary Decision Maker of the Group.

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

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

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

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

	*Hotels Segment	Other Segments	Elimination	Total
	JD	JD	JD	JD
2011				
Operating revenues	77,300,898	1,608,386	(717,052)	78,192,232
Operating expenses	(56,440,658)	(997,762)	717,052	(56,721,368)
Net operating revenues	**20,860,240**	**610,624**	**-**	**21,470,864**
Other information				
Segment assets	256,697,700	65,796,477	(51,305,117)	271,189,060
Segment liabilities	105,370,529	50,657,037	(51,305,117)	104,722,449
Depreciation	13,304,935	76,917	-	13,381,852
Provision for doubtful accounts	65,713	5,614	-	71,327
Interest income	62,741	434,582	(385,667)	111,656
Interest expense	5,696,351	1,442,820	(385,667)	6,753,504

* Hotels' net operating revenue consisted of the following:

	Operating revenues	Operating expenses	Net Operating revenues
	JD	JD	JD
Hotel Intercontinental Jordan	19,337,205	(13,017,377)	6,319,828
Grand Hyatt Amman	14,573,902	(9,848,047)	4,725,855
Dead Sea Movenpick Hotel	16,361,557	(12,692,110)	3,669,447
Petra Movenpick Hotel	6,806,463	(4,284,093)	2,522,370
Aqaba Movenpick Hotel	8,530,147	(6,763,396)	1,766,751
Nabatean Castle Hotel	778,722	(784,162)	(5,440)
Tala Bay Movenpick Hotel	10,912,902	(9,051,473)	1,861,429
	77,300,898	(56,440,658)	20,860,240

	*Hotels Segment	Other Segments	Elimination	Total
	JD	JD	JD	JD
2010				
Operating revenues	88,521,503	1,774,078	(608,461)	89,687,120
Operating expenses	(58,597,447)	(1,026,327)	608,461	(59,015,313)
Net operating revenue	**29,924,056**	**747,751**	**-**	**30,671,807**
Other information				
Segment assets	273,511,727	46,558,692	(40,214,348)	279,856,071
Segment liabilities	106,741,554	42,851,264	(40,214,348)	109,378,470
Depreciation	11,065,963	76,037	-	11,142,000
Provision for doubtful accounts	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 revenues consisted of the following:

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

23. Other Income

	2011	2010
	JD	JD
Rent	951,213	915,925
Reversal of provisions	280,804	440,240
Gain on sale of property and equipment	96,984	66,886
Dividends income	36,418	36,418
Reversal of provision for doubtful accounts	74,921	1,000
Others	1,930	38,913
	1,442,270	1,499,382

24. Administrative Expenses

	2011	2010
	JD	JD
Salaries and wages	1,071,976	1,015,963
Directors' remuneration	139,477	146,052
Bonuses	37,636	41,419
Provision for doubtful accounts	5,614	98,860
Provision for impairment of project in progress	-	350,035
Donations	27,713	26,037
Governmental expenses	47,315	102,561
Hospitality	7,680	14,815
Insurance	528,446	482,192
Bank charges	149,032	121,199
Maintenance	59,448	76,636
Professional fees	120,763	114,312
Property tax	204,471	238,393
Postage and telephone	44,251	44,947
Rent	345,121	345,238
Subscriptions	42,156	39,735
Withholding tax	13,303	11,490
Travel and transportation	29,977	31,018
Advertising and marketing	15,567	14,376
Others	353,076	648,651
	3,243,022	3,963,929

25. Financing Costs, Net

	2011	2010
	JD	JD
Interest expense	(6,753,504)	(6,890,886)
Interest income	111,656	60,307
	(6,641,848)	(6,830,579)

26. Non-controlling Interests

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

27. Income Tax

Deferred tax liabilities

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

Movement on deferred tax liabilities is as follows:

	2011	2010
	JD	JD
Beginning balance	259,969	1,249,615
Change for the year	(32,733)	(989,646)
Ending balance	227,236	259,969

Income tax

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

	2011	2010
	JD	JD
Current year income tax	470,900	1,252,389
Prior years income tax	100,199	69,652
	571,099	1,322,041

Movement on income tax payable is follows:

	2011	2010
	JD	JD
Beginning balance	1,185,390	843,901
Income tax for the year	470,900	1,252,389
Income tax paid	(1,257,500)	(910,900)
Ending balance	398,790	1,185,390

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

	2011	2010
	JD	JD
Accounting (loss) profit before tax	(500,880)	10,719,518
Losses of the Company and other subsidiaries	5,308,039	5,304,417
Carried forward losses	(900,448)	(3,532,150)
Exemption by Investment Promotion Law	-	(503,859)
Non-taxable revenues	(74,150)	(407,518)
Non-deductible expenses	407,845	852,152
Taxable income	4,240,406	12,432,560
Income tax expense for the year	470,900	1,252,389
Legal income tax rate	5% - 14%	5% - 14%
Effective income tax rate	(94%)	12%

No income tax provision was calculated for the Company and some of its subsidiaries for 2011 due to the excess of expenses over taxable revenues, or due to losses accumulated from prior years, in accordance with the Temporary Income Tax Law no. (28) of 2009.

The Income Tax Department has not reviewed the Company's and its subsidiaries records, except for Amman Tourism Investment Company, Rum Hotels and Tourism Company and Oasis Hotels Company for the years 2011 and 2010 up to the date of the consolidated financial statements.

The Income Tax Department has reviewed the accounting records for Amman Tourism Investment Company, Rum Hotels and Tourism Company and Oasis Hotels Company for 2010.

The Company, National Hotels and Tourism Company, Red Sea Hotels Company, Levant Hotels and Tourism Company, Zara Agricultural Company, and Jordan Himmeh Mineral Company have obtained the final clearance from Income Tax Department for all years up to 31 December 2009.

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.

28. Earnings Per Share

	2011	2010
	JD	JD
(Loss) profit attributable to owners of the parent (JD)	(867,718)	9,008,144
Weighted average number of shares (Share)	125,000,000	125,000,000
Basic earning per share,	(0.007)	0.072

The basic and diluted earnings per share are equal.

29. Contingentt Liabilities

As of the date the consolidated financial statements, the Group had outstanding bank guarantees of JD 1,115,000 (2010: JD 1,115,000).

30. Operating Lease Commitments

Group as a lessee

On 1 September 2011, 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 (2010: JD 145,368).

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

	2011	2010
	JD	JD
Within one year	100,000	100,000

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:

	2011	2010
	JD	JD
Within one year	543,186	466,143
After one year but not more than five years	1,289,884	1,122,149
More than five years	149,595	31,763
	1,982,665	1,620,055

31. 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, 2011. 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.

32. Related Party Transactions

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

	Paid In Capital	Principal activities	Ownership
	JD		%
Amman Tourism Investment Co. LLC	16,500,000	Grand Hyatt Amman / Hyatt Tower and Zara Center	100
Red Sea Hotels Co. LLC	17,000,000	Aqaba Movenpick Hotel	100
National Hotels and Tourism Co. LLC	15,000,000	Dead Sea Movenpick Hotel	100
Jordan Hotels and Tourism Co. PSC	10,000,000	Hotel Inter-Continental Jordan	51.6
Levant Hotels and Tourism Co. LLC	500,000	Petra Movenpick Hotel	100
South Coast Real Estate Development Co. LLC	10,050,000	Real Estate Development - Aqaba	82
South Coast Hotels Co. LLC	4,800,000	Tourism Project - Aqaba	82
Nabatean Hotels Co. LLC	2,800,000	Nabatean Castle Hotel	100
Zara South Coast Development Co. LLC	30,000,000	Tala Bay - Aqaba	80
Rum Hotels and Tourism Co. LLC	500,000	Tourism Project - Wadi Mousa	75
Jordan Himmeh Mineral Co. PSC	500,000	Himmeh Resort	55.8
Oasis Hotels Co. LLC	1,600,000	Tourism Project - Dead Sea	92.2
Jordan Hotel Supplies Trading Co. LLC	300,000	Gift Shops	100
Zara Agricultural Co. LLC	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.

Related parties transactions included in the consolidated statement of financial position is as follows:

	2011	2010
	JD	JD
Bank balances – Arab Bank, Cairo Amman Bank and Union Bank	12,992,239	9,817,402
Long and Short-term loans – Arab Bank, Cairo Amman Bank and Union Bank	63,436,666	60,800,000
Due to Banks – Union Bank	2,758,114	1,838,716
Amounts due to Ayla Consulting Co.	4,340	-
Amounts due from Ayla Consulting Co.	-	49,011
Amounts due to Astra Co.	50,030	97,990
Amounts due from Cairo Amman Bank	11,754	11,002

Related parties transactions included in the consolidated statement of income:

	2011	2010
	JD	JD
Salaries and bonuses of senior executive management of the Company	276,225	269,300
Financing Costs – Arab Bank, Cairo Amman Bank and Union Bank	5,143,412	5,217,529
Interest income – Cairo Amman Bank	111,656	60,307
Rent income – Cairo Amman Bank	132,105	143,913
Rent expenses – Astra Co.	147,168	156,392

33. 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.

	Increase in Interest Rate	Effect on loss for the year
2011	Basis Points	JD
JD	75	96,450
USD	75	488,318

	Increase in Interest Rate	Effect on loss for the year
2010	Basis Points	JD
JD	75	(111,300)
USD	75	(566,658)

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 consolidated statement of comprehensive income and the cumulative change in fair value of financial assets at fair value through other comprehensive income and available-for-sale financial assets to reasonably possible changes in equity prices, with all other variables held constant.

	Increase in Market Index	Effect on the consolidated statement of comprehensive income and equity
2011	Basis Points	JD
Amman Stock Exchange	10	2,060,055

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

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 consolidated statement of financial position.

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

The Group provides services to large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2011.

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 and market interest rate.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
At 31 December 2011		JD	JD	JD	JD	JD
Accounts payable and other liabilities	-	9,902,420	1,186,430	-	-	11,088,850
Due to banks	2,814,138	-	-	-	-	2,814,138
Long and short-term loans	-	-	26,621,188	56,099,078	17,633,564	100,353,830
Total	2,814,138	9,902,420	27,807,618	56,099,078	17,633,564	114,256,818

At 31 December 2010						
Accounts payable and other liabilities	-	6,654,619	1,663,655	453,759	-	8,772,033
Due to banks	1,876,065	-	-	-	-	1,876,065
Long and short-term loans	-	-	13,450,414	52,881,965	31,519,558	97,851,937
Total	1,876,065	6,654,619	15,114,069	53,335,724	31,519,558	108,500,035

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). So the impact of currency risk is not essential to the consolidated financial statements.

34. Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable and some other current assets. Financial liabilities consist of bank overdrafts, loans, accounts payable, and some other current liabilities.

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

35. Capital Management

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

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

Capital comprises of paid-in capital, statutory reserve, voluntary reserve, cumulative change in fair value and retained earnings (accumulated losses), and is measured at JD 146,323,274 as at 31 December 2011 (2010: JD 149,726,285).

36. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 Income Taxes – Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012. The Group do not expect any impact on the financial position or performance.

IAS 19 Employee Benefits (Amendment)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group does not expect any impact on the financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group do not expect any impact on the financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.
The Group do not expect any impact on the financial position or performance.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.
The Group do not expect any impact on the financial position or performance.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The new standard

will have no impact on the Group's financial position of performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.
The Group do not expect any impact on the financial position or performance.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 24 Related Party Transactions (Amendment)
The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)
The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements; therefore the amendment of the interpretation has no effect on the financial position or performance of the Group.

37. Comparative Figures

Some of 2010 balances were reclassified to correspond to 2011 presentation with no effect on equity or loss for the year.