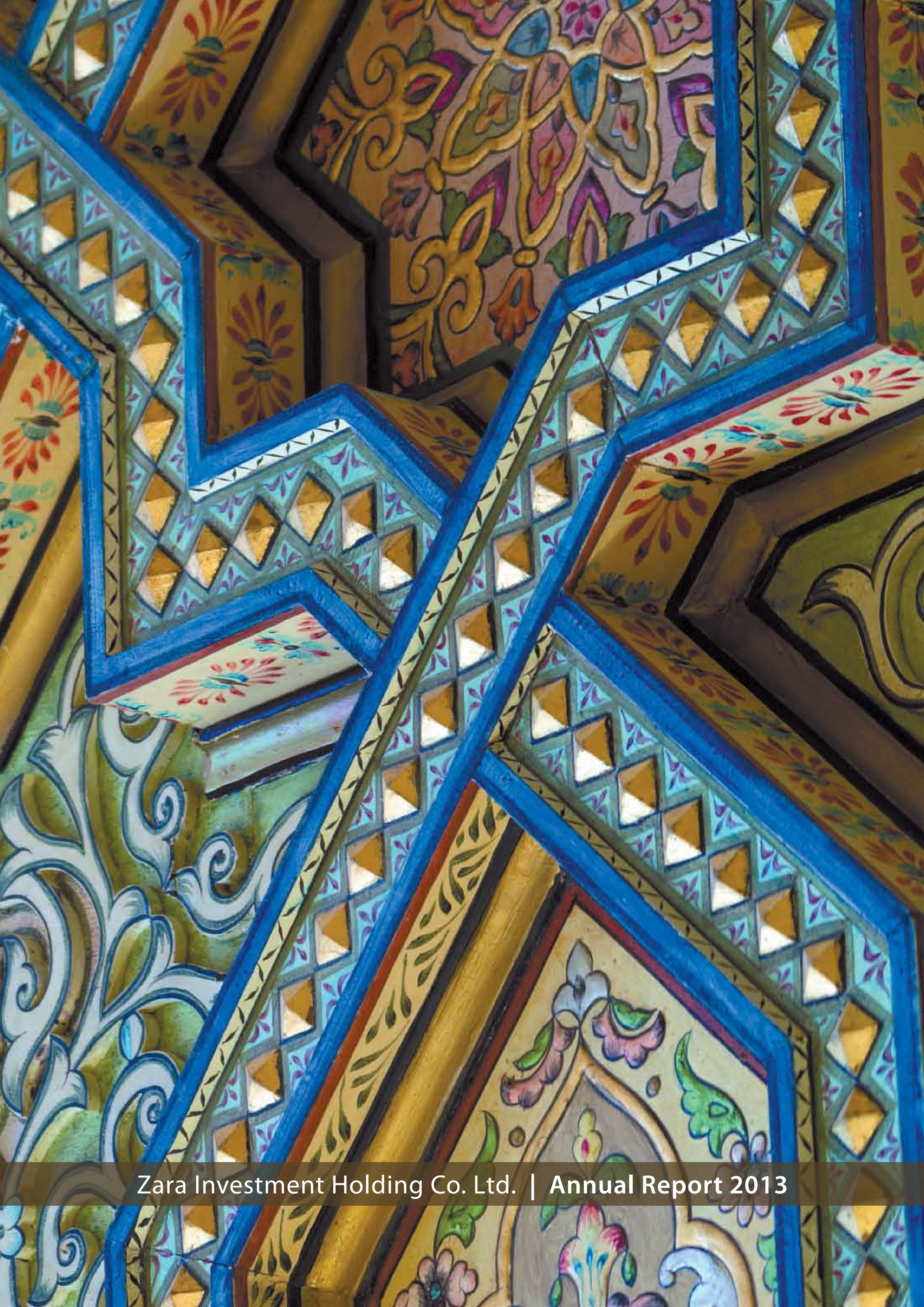


Zara Investment Holding Co. Ltd. | **Annual Report 2013**

"Ahlan wa Sahlan"

Zara Investment Holding

Board of Directors' Twentieth Annual Report on the Company's operations and consolidated accounts for the fiscal year ending 31/12/2013.

Zara Investment Holding Company Limited

Al Sharif Hussein Bin Ali Street, Astra Plaza Building No. 137 | P.O.Box: 5315, Amman 11183, Jordan

Tel: +962 6 4646781 | Fax: +962 6 4646782 | www.zaraholding.com

We are on:

twitter.com/ZaraHolding

facebook.com/ZaraHolding

www.youtube.com/user/ZaraInvestment

Board of Directors

Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Vice-Chairman

Isam Halim Jeries Salfiti
Member/Representing Bank Al Etihad

Ahmad Saeed Al-Sharif, Ph.D.
Member/Representing Libyan Foreign Investments Company until 16/07/2013

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

Khaled Joma Miloud Ezarzor
Member/Representing Libyan Foreign Investments Company as of 16/07/2013

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

Jamila Tawfiq Mahmoud Mahasneh
Member/Representing Social Security Corporation

Sami Issa Eid Smeirat
Member/Representing Rama Investment & Saving Company

Abdel-Rahman Bin Ali Bin Abdel-Rahman Al-Turki
Member

Nafez Saleh Odeh Mustafa
Member

Yassin Khalil "Mohammed Yassin" Talhouni
Member

Mohammad Osama Jawdat Sha'sha'a
Member

Yazid Adnan Mustafa Mufti
Member

Lina Mazhar Hassan Annab
General Manager

Ernst & Young
Auditors

Ittqan Law Firm
Legal Advisor / Wael Karaen

Sabih Taher Darwish Masri | Chairman

Message to our shareholders

Esteemed Ladies and Gentlemen,

Welcome to Zara Investment Holding's 20th annual meeting for the ordinary general assembly of the shareholders.

Over the past year our hotel operations underwent an immense pressure from the decline in business triggered predominantly by the regional unrest. This decline in revenue was exacerbated by a substantial increase in the operating costs, those of energy in particular. The hike in the prices of energy had inflationary pass-through effects, which in turn placed additional stress on other operational costs, and eventually on net income.

In 2013, Consolidated Operating Revenues declined by 4% to JD 79.7 million compared with JD 83 million in 2012. Consolidated Profit from Operations reached JD 17.5 million, a decline of 14% over 2012. Consolidated Profit attributable to shareholders dropped to minus JD 1.26 million compared with JD 1.16 million in 2012. The drop in revenues came as a direct result of the drop in occupancy; while our net income was subject to declining revenues and rising operating costs, the cost of energy and labor specifically.

The negative impact of the increase in the fixed operational expenses coupled with the decrease in occupancy rates were both slightly mitigated by an improvement in the overall average room rate (ARR). We closed 2013 with a decline in the overall occupancy rate from 57% in 2012 to 53% in 2013, a decrease of 7%. In the meanwhile we achieved a gain of 3% in the consolidated ARR from JD 111 in 2012 to JD 114 in 2013.

The 2013 business performance of Zara echoed the overall situation in the travel and tourism industry in Jordan. Contrary to the projections of the World Travel and Tourism Council (WTTC) of modest growth of tourism in the Middle East during 2013, tourism revenues in Jordan dropped by 5% from JD 2.456 billion in 2012 to JD 2.343 billion in 2013. The total number of arrivals witnessed a much sharper drop than that felt in the revenues. The total number of visitors (overnight and same day visitors) dropped from 6.2 million to 5.3 million visitors, a decrease of 14%. Same day visitors witnessed a drastic drop from 2 million to1.34 million visitors, a decrease of 33%. Overnight visitors dropped from 4.16 million to 3.95 million visitors, a drop of 5%. It is worth noting that the largest drop in the overnight visitors, our most coveted and targeted segment came from our two strongest source markets, the Arab and European countries which fell by 12% and 9% respectively.

Zara hotels achieved a gain of 3% in the consolidated ARR from JD 111 in 2012 to JD 114 in 2013.

In 2013 Zara continued to maintain its leading market position and share of 5-star hotels and 5-star room inventory in Jordan. Your Company also maintained its market leadership in the number of persons employed in the hospitality sector. Employment in the 5-star hotels segment in Jordan reached 9,068 persons in 2013 of which approximately 26% are employed by Zara; while employment in the hospitality sector reached 46,667 in 2013 of which approximately 5% are employed by Zara. In the human resources area, we were delighted to see that the Mövenpick Resort & Spa Dead Sea was the first and only hotel in Jordan to receive the UN Women Gender Equity Seal aimed at promoting fair and equitable treatment of men and women in the workplace. Obtaining the seal demonstrates the hotel's commitment to gender equity through its human capital policies and procedures. The seal is also an endorsement of the hotel's nondiscriminatory practices in recruitment, employment, termination of employment as well as the provision of decent workplace for all.

Moreover, during 2013 Hotel InterContinental Jordan, Mövenpick Resort Petra and Mövenpick Resort & Spa Tala Bay Aqaba were all ranked as number one in their respective areas in terms of revenue generation. Mövenpick Resort Petra maintained an impressive leadership position by achieving the best revenue, gross operating profit, average room rate, and occupancy rate.

During 2013 we witnessed a number of significant milestones for our operations. The Grand Hyatt Amman Hotel concluded an extensive multi-million dinar renovation of its rooms and suites, which was launched in a spectacular celebration attended by the hotel's existing as well as potential patrons. In addition, the Hotel InterContinental Jordan celebrated under a royal patronage its fiftieth anniversary, reminding us of the pioneering role it has played in the hospitality sector in Jordan in general and in Amman in particular. The hotel also witnessed the completion of a multi-million dinar overhaul and renovation of all of its kitchens. This renovation streamlined the use of kitchens per function. It also ensured and enhanced the compliance of the hotel with all food safety measures and handling procedures. Another important milestone for the hotel in 2013 was the soft opening of the new five-star lounge located at Queen Alia International Airport (QAIA) at the hall of the arrivals terminal. The Lounge offers concierge services and is intended to cater to the needs of the guests of the Hotel InterContinental Jordan the moment they step off the airplane. The inauguration of the three-star Saltus hotel is another milestone that we feel proud of. The opening of Saltus took place in May 2013 under the royal patronage of Jordan's crown prince HRH Hussein bin Abdullah II. Saltus hotel is the first hotel in Jordan to be part of the vocational learning at Salt Vocational Training Center. It also has the added advantage of being the first classified hotel in the charming city of Salt.

Movenpick Resort & Spa Dead Sea was the first and only hotel in Jordan to receive the UN Women Gender Equity Seal

During 2013 we witnessed a number of significant milestones for our operations.

For the seventh time since 2003, Jordan hosted in 2013 the World Economic Forum (WEF) at the shores of the Dead Sea. To our great delight, the much prized gala dinner of the WEF themed "Jordanian Night" hosted by their majesties King Abdullah II Ibn Al Hussein and Queen Rania Al Abdullah, was held at the Sunset Arena at the Mövenpick Resort & Spa Dead Sea. Furthermore, our hotels continued to be recognized by leading travel sites and travel experts as being ones of the best in the region. Several Mövenpick properties in Jordan were voted among the best resorts in the region by Condé Nast Traveler. Hotel InterContinental Jordan was awarded the Trip Advisor Certificate of Excellence for 2013.

Our commitment to protect the environment where we operate as well as to actively seek remedies to preempt the increase in energy costs looming in the horizon paid off in 2013. The energy saving measures we have been putting in place over the past few years softened the impact of the rapidly increasing and unpredictable energy costs in 2013. Since 2009 Zara has actively pursued the implementation of energy saving measures aimed at reducing the cost of utilities while utilizing alternative clean and friendly energy sources. These measures include the switch from the use of diesel fuel to clean-burning Liquefied Petroleum Gas (LPG), installation of new solar heating systems partially replacing the use of electricity as well as diesel fuel, and the upgrade of water management and water usage reduction measures through eliminating leakages and introducing water reducer aerator controls. The annual expected savings of these energy saving measures are estimated at JD 500K or 3% of our total energy bill. The reduction in cost is a direct result of the reduction in our water, fuel and electricity consumption. The use of more efficient and cleaner energy also resulted in improving our carbon footprint through the reduction in emissions of carbon dioxide (CO_2). For the fourth year in a row, all of our hotels obtained in 2013 their ISO 22000 food safety system certificates.

Following the approval in 2012 of the extraordinary general assembly of Zara to increase its capital by JD 25 million, Zara concluded in 2013 a capital increase of JD 3.26 million, which brought paid up and registered capital to JD148.26 million of the authorized capital of JD 150 million. This increase represents the share of the Libyan Foreign Investments Company (LAFICO) needed to maintain its share of 13%.

Our outlook for 2014 remains cautiously positive given the uncertainties surrounding the region in which we live. As we venture into 2014, the news coming out of the Euro zone of the easing in the debt crisis is a call for optimism. The planned visit of Pope Francis to Jordan and Palestine in May 2014 is another hopeful sign for tourism in Jordan. Nevertheless, we will remain vigilant. We will continue to limit and prioritize, based on need and urgency, the execution of new capital investment projects. We will enhance the implementation of cost cutting measures through tackling both the structural and operational causes of the increase in expenses. Renewable and clean energy production projects will continue with a special emphasis on taking advantage of the recent regulatory changes allowing us to look into alternative and more cost efficient ways of obtaining electricity through the investment in or the introduction of solar photovoltaic plants. In order to ensure our competitive edge in the market, we will embark upon a soft room renovation program at the Mövenpick Resort & Spa Dead Sea. We will work towards obtaining UNWomen Gender Equity Seal for all of our hotels all over Jordan. Our role in and contribution to the local communities in which we operate will remain of paramount importance to us. Ensuring the success of Saltus hotel will be one of our key targets for local community development.

Our business is evolving and so must we. In 2014 we will especially focus on making sure that our operators are agile in adjusting to the complex set of changes taking place in our industry. In an ever changing world, we are fully aware that in order to drive the dynamic demand in the hospitality industry, our supply chain needs to change and adapt accordingly. With the onset of social media, online travel services, smart phones and other technological advances, the habits of our guest travelers are rapidly changing. It is imperative that we ensure that our operators are innovative and creative in adjusting to and in tackling the changes taking place in the demand and supply chains. The challenges that come with the speed of the technological advances bring with them immense opportunities for growth. It is a matter of how well prepared and ready we are in facing these changes. Another area that is key to the success of our operations will be enhancing guest experiences through service delivery and adaptation to their changing habits and behaviors. In order to be able to face all of these challenges, the development, management and retention of all talent, especially the local one will be a priority that we cannot afford to overlook.

In retrospect, the year 2013 might have been one of the most challenging years we have faced in the past decade. The resolve and commitment of all of our wonderful women and men were the driving force that enabled us to sail through this year's testing times. To all these wonderful people, I extend my and the entire board of directors' appreciation for their hard and honest work.

On behalf of the board of directors, I would also 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 2013

Overview

Welcome to Zara Investment Holding's 20th annual meeting for the ordinary general assembly of the shareholders.

Following a challenging year in 2012, the economy of Jordan experienced subdued growth for another year in 2013. In line with the projections of various major institutional forecasters, real gross domestic product (GDP) grew by 3.1% compared with 2.7% growth in 2012. Unemployment, albeit high, remained hovering around 12%. Thanks in large part to foreign grants, there was an ease of pressure on foreign currency reserves which increased by over 35% since the beginning of the year to a level equivalent to over six months of goods imports. It remains true, however, that Jordan's open economy and high degree of regional integration renders it vulnerable to the political, economic, and social volatility of the area.

Regional unrest in neighboring countries continues to pose a serious risk to Jordan. These risks are accentuated by the influx of Syrian refugees fleeing the conflict in Syria, which has its socio-economic ramifications on Jordan. On the fiscal front, the sharp drop in gas supplies from Egypt coupled with the large numbers of Syrian refugees have left Jordan grappling with the challenges of enacting appropriate fiscal policies. The government's strained fiscal position has led in many cases to measures that put negative pressure on the competitiveness of many industries including the travel and tourism industry. Combined with decreasing revenues, the increase in energy costs coupled with the intense pressure posed by rising labor costs have all negatively and severely impacted the profitability of our business. Amidst all these uncertainties, we are comforted by the keenness of the government of Jordan to implement an economic structural reform program aimed at boosting growth and achieving better fiscal position.

The tourism sector witnessed a slight drop in 2013 with revenue dropping by 5% combined with a drop in the number of visitors.

In 2013 tourism revenue reached JD 2.343 billion compared with JD 2.456 billion in 2012; while the number of total visitors dropped by 14% over 2012. Same day visitors witnessed a drastic drop from 2 million visitors to 1.34 million visitors, a decrease of 33%. Overnight visitors dropped from 4.16 million visitors to 3.95 million visitors, a drop of 5%. It is worth noting that the largest drop in the overnight visitors, our most coveted and targeted segment, came from our two strongest source markets, the Arab and European countries which fell by 12% and 9% respectively.

With Jordan's firm commitment to focusing on economic growth through its economic and political reforms, its economic prospects look set to continue moving into positive territory.

Hotel industry key indicators for 2013 compared to 2012

	Year 2013	Year 2012	Variance %
Number of overnight visitors	3,946,809	4,162,367	-5%
Tourism income (Million JD)	2,343	2,456	-5%
Average length of stay (Night)	4.5	4.3	5%
Number of classified hotels	226	213	6%
Number of hotel rooms	18,652	17,358	7%
Number of beds	34,235	32,358	6%
Number of employees	46,667	43,781	7%

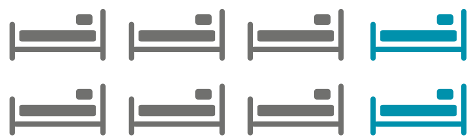
Source: Ministry of Tourism and Antiquities

5-star hotel key indicators for 2013 compared to 2012

	Year 2013	Year 2012	Variance %
Number of five-star hotels	31	30	3.3%
Number of five-star hotel rooms	7,976	7,667	4%
Number of hotel rooms owned by Zara	2,131	2,131	-
Rooms owned by Zara - % of total	27%	28%	-3.9%

Source: Ministry of Tourism and Antiquities

2,131 Number of hotel rooms owned by Zara



7,976
Number of five-star hotel rooms in Jordan

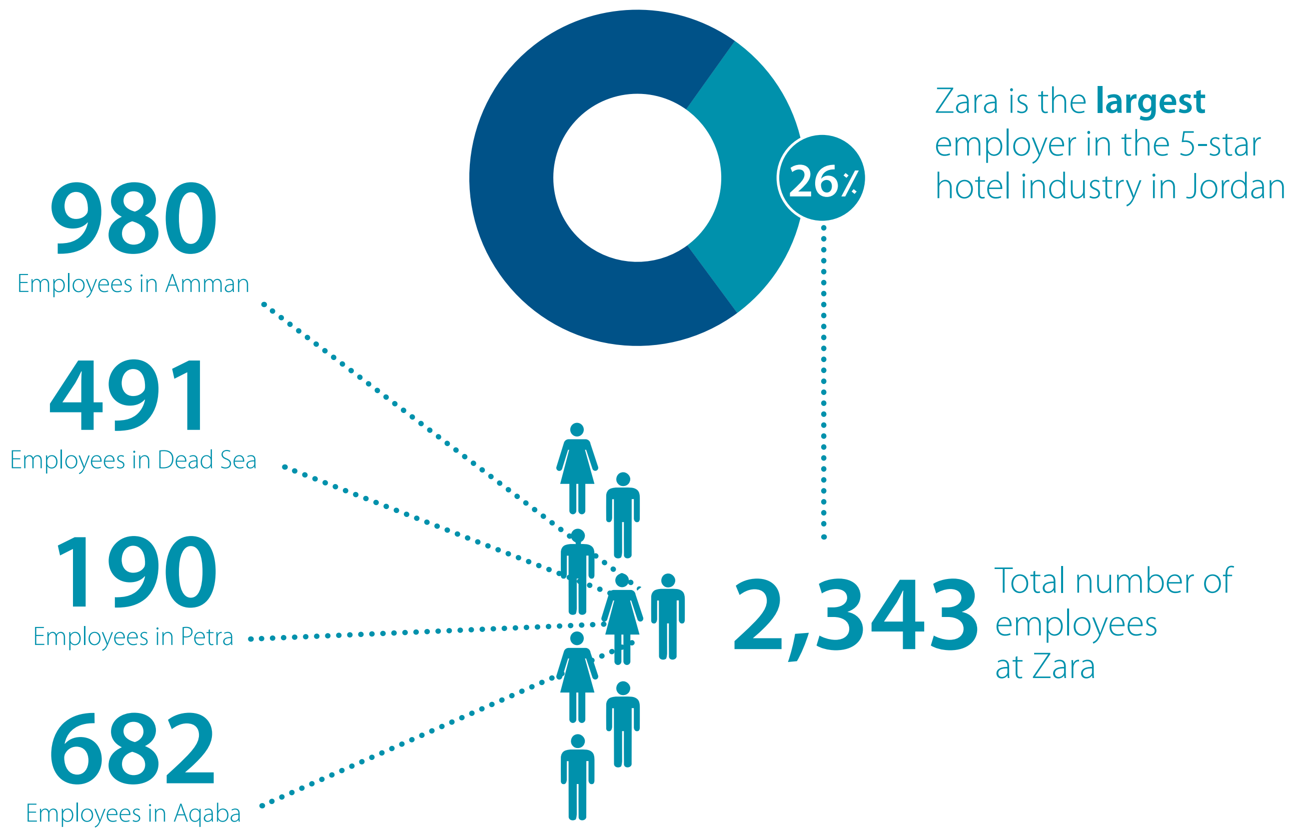
Mövenpick Resort & Spa Dead Sea

Main activities

2. (A) Main activities of the Company

Paid up Capital / JD	Main Activity	Headquarter	Number of Employees
Zara Investment Holding Company PLC			
148,256,589	Hotel, tourism and general investments	Amman	29

Consolidated Assets: JD 255,047,792



2. (B) Subsidiaries

Subsidiary	Paid up Capital/JD	Main Activity	HQ	Shareholding %	Number of Employees
Zara South Coast Development Company LLC	39,425,503	Owner of Mövenpick Resort & Spa Tala Bay Aqaba	Aqaba	84.8%	362
Red Sea Hotels Company LLC	17,000,000	Owner of Mövenpick Resort & Residence Aqaba	Aqaba	100%	320
Amman Tourism Investment Company LLC	16,500,000	Owner of Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	Amman	100%	366
National Hotels and Tourism Company LLC	15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	491
South Coast Real Estate Development Company LLC	10,050,000	Real estate development – Aqaba South Coast *(Ras Al Yammaniya) owner of 528 donum*	Aqaba	82%	0
Jordan Hotels and Tourism Company PLC	10,000,000	Owner of Hotel InterContinental Jordan	Amman	51.6%	529
South Coast Hotels Company LLC	4,800,000	Real estate development – Aqaba South Coast *(Ras Al Yammaniya) owner of 94 donum*	Aqaba	82%	0
Nabatean Hotels Company LLC	2,800,000	Owner of Mövenpick Nabatean Castle Hotel – Petra	Amman	100%	52
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%	138
Rum Hotels and Tourism Company LLC	500,000	Owner of tourism project Tybeh – Petra *owner of 66 donum*	Amman	75%	0
Jordan Himmeh Mineral Company PLC	500,000	Owner of Jordan Himmeh Resort – Mukhaibeh	Amman	55.8%	4
Jordan Hotel Supplies Trading Company LLC	300,000	Owner of Souk Zara gift boutiques	Amman	100%	26
Zara Agricultural Company LLC	100,000	Landscape and nursery services – Jordan Valley	Amman	54.3%	26
		Total number of employees			2,343

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


Mövenpick Resort & Spa Dead Sea

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

Name	Representative	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 / Chairman
Khaled Sabih Taher Masri	-	Vice-Chairman	1994	-	19/2/1966	M.B.A. Business Administration	1989	Businessman	• Jordan Hotels and Tourism Company • Jordan Himmeh Mineral Company / Chairman
Libyan Foreign Investments Company	Ahmed Saeed Al-Sharif (until 16/07/2013)	Member	2000	17/3/2004	7/6/1945	Ph.D. Economics	1979	Professor, *Qar Younos University - Libya*	
Libyan Foreign Investments Company	Khaled Joma Miloud Ezarzor (from 16/07/2013)	Member	2000	16/07/2013	25/4/1973	Postgraduate Diploma in Accounting	2000	Assistant Head of Financial Analysis Dept.- *LAFICO*	
Social Security Corporation	Jamila Tawfiq Mahmoud Mahasneh	Member	2000	20/10/2011	1/3/1963	M.A. Economics	1999	Assistant Manager Social Security Corporation	
Rama Investment & Saving Company	Sami Issa Eid Smeirat	Member	2012	25/4/2012	13/4/1971	M.B.A. Business Administration	2004	VP, *Jordan Telecom Group* CEO, *Orange Enterprise*	
Bank Al Etihad	Isam Halim Jeries Salfiti	Member	1994	28/7/1994	23/5/1944	B.A. Economics	1967	Businessman	• Bank Al Etihad / Chairman • Jordan Hotels and Tourism Company / Chairman
Al-Masira Investment Company	Kamil Abdel-Rahman Ibrahim Sadeddin	Member	1994	14/2/2004	26/7/1951	High Diploma, Civil Engineering	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	L.L.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 / Chairman • 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

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

Position	Date of Appointment	DOB	Degree	Graduation Date

Lina Mazhar Hassan Annab

General Manager	1/5/2002	29/11/1966	M.A. International Relations	1990

Professional Experience

- 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)
- Member of Jordan National Tourism Council

Ahmad Ibrahim Mohammad Jamjoum

Chief Financial Officer	1/11/2008	16/11/1964	M.A. Accounting Systems and Auditing / CPA	1991

Professional Experience

- 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 (JETT)
- Technical Committee Member at Jordan Tourism Board (JTB)

Haitham "Mohammad Nazih" Nureddin Hanbali

Financial Controller	7/1/2007	31/7/1969	M.A. Banking and Finance / CPA	2013

Professional Experience

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

4. Major shareholders and number of shares held compared to 2012

Name	No. of Shares as of 31/12/2013	Percentage %	No. of Shares as of 31/12/2012	Percentage %
Social Security Corporation	18,506,245	%12.5	18,506,245	12.7%
Al-Masira Investment Company	18,354,013	%12.4	18,354,013	12.6%
Libyan Foreign Investments Company	19,539,532	%13.2	16,282,943	11.2%
Arab Supply and Trading Corporation	11,008,354	%7.4	11,008,354	7.6%
Cairo Amman Bank	9,990,084	%6.7	9,990,084	6.9%
Al-Masira International – Bahrain	8,601,804	%5.8	8,601,804	5.9%
Mohammed Bin Abdel-Rahman Bin Hamad Al-Sheik	6,000,000	%4.0	6,000,000	4.1%
Abdel-Rahman Bin Ali Bin Abdel-Rahman Al-Turki	6,000,000	%4.0	6,000,000	4.1%

Board of Directors' Report 2013

Competitive position

Zara is the **First** owner of luxury 5–star hotels in Amman, Dead Sea, and Petra

Grand Hyatt Amman Hotel

Mövenpick Resort Petra

Mövenpick Resort & Residence Aqaba

Mövenpick Resort & Spa Tala Bay Aqaba

Hotel InterContinental Jordan

Mövenpick Resort & Spa Dead Sea

5. Company's competitive position

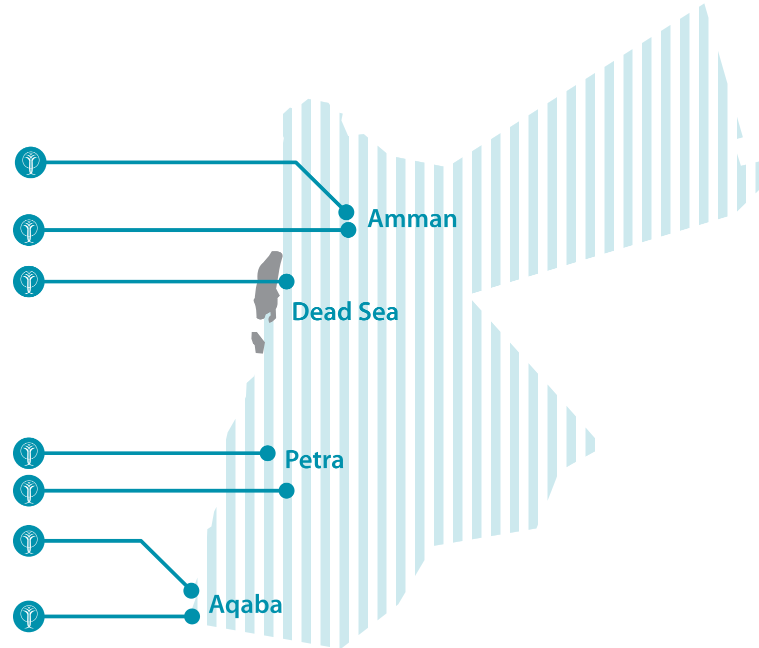
Zara Investment (Holding) Company is the largest owner of luxury 5–star hotels in Jordan with strategic locations in Amman, Dead Sea, Petra, and Aqaba. Zara owns seven 5-star hotels with a combined total of 2,131 rooms. Our company enjoys the leading position of being one of the top investment companies in Jordan in the hospitality sector, capturing 32% market share of the 5-star hotel revenue in Jordan. Our market leadership is also manifested in relation to Zara's paid up and registered capital, and net book value of property and equipment which stand at JD 148.26 million / share and JD 200.4 million respectively as of 31/12/2013.

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

During 2013, all of properties of Zara maintained their leadership position in the market. The Hotel InterContinental Jordan achieved the highest revenue and operating profit in Amman. Mövenpick Resorts achieved the highest revenue and operating profit in the Dead Sea, Petra and Aqaba.

Zara is the Largest tourism investment company in Jordan in terms of paid up and registered capital.

Zara owns seven 5-star hotels spread all over Jordan



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

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

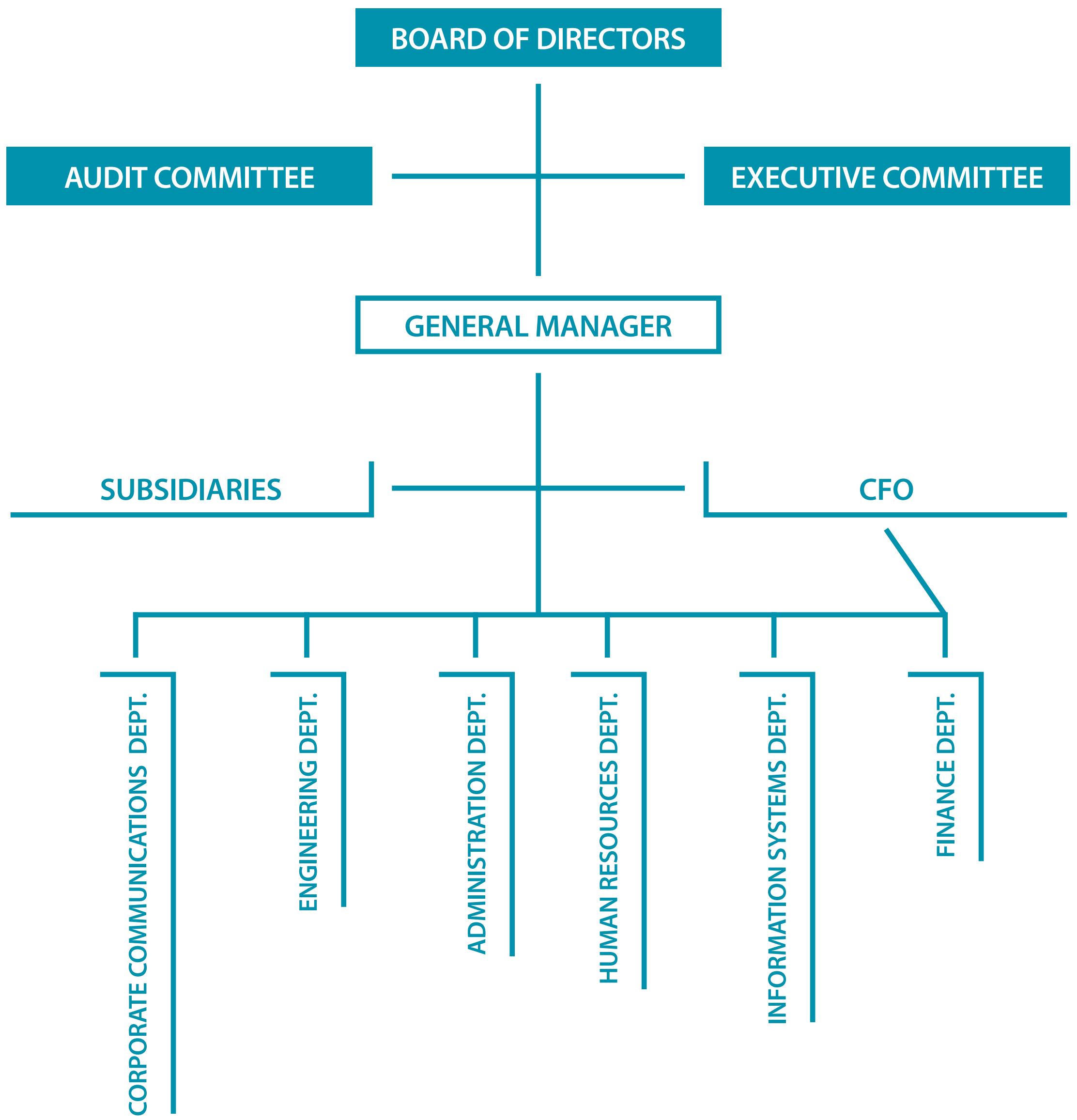
7. Government protection or privileges enjoyed by the Company

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

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

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

9. (A) Organization structure



9. (B) Number of company employees and qualifications

62% of the employees of Zara are young high school graduates

	Ph.D.	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara Investment Holding Company PLC	-	3	-	17	2	7	29
Subsidiaries							
Zara South Coast Development Company LLC	-	-	-	67	142	153	362
Red Sea Hotels Company LLC	-	-	-	58	117	145	320
Amman Tourism Investment Company LLC	-	2	-	62	41	261	366
National Hotels and Tourism Company LLC	-	4	-	63	38	386	491
South Coast Real Estate Development Company LLC	-	-	-	-	-	-	-
Jordan Hotels and Tourism Company PLC	-	1	-	100	130	298	529
South Coast Hotels Company LLC	-	-	-	-	-	-	-
Nabatean Hotels Company LLC	-	-	-	2	2	48	52
Oasis Hotels Company LLC	-	-	-	-	-	-	-
Levant Hotels and Tourism Company LLC	-	-	-	15	8	115	138
Rum Hotels and Tourism Company LLC	-	-	-	-	-	-	-
Jordan Himmeh Mineral Company PLC	-	-	-	-	-	4	4
Jordan Hotel Supplies Trading Company LLC	-	-	-	7	4	15	26
Zara Agricultural Company LLC	-	-	-	-	-	26	26
Total	**-**	**10**	**-**	**391**	**484**	**1,458**	**2,343**

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

Course Description	Number of Employees
Sustainability Training	893
Key Essentials in F&B Management	855
HACCP Training	572
Excellence in Managing Performance	504
Guest Experience Quality Standards	493
Quality Service Standards	300
Back to Excellence	244
Civil Defense Training (Rescue Diver, Fire Fighting, First Aid)	207
Internship for Students - University & VTC	148
Personal Grooming and Hygiene	147
Data Privacy	135
Product Knowledge	96
Energy Conservation & Control	95
Communication Skills	78
Meetings & Events Coaching	76
Security Training & Awareness	75
Service Recovery	70
Computer Skills (Windows, MS Office, Internet Support, Micros...)	62
Social Security Awareness	50
Time Management	47
English Language	37
Reservation Coaching	37
Smoking Awareness	34
Motivation	24
Language Departments (Arabic)	22
On-Job Training Skills	22
Coaching for Success	20
Life – Saving (lifeguards)	14
Managing Training & Development	14
Essential Management Techniques	10
Finance for non-financials	10
Off-Job Training Skills	6
Customer Service Delivery at Front Desk / Complaint Handling	5
Housekeeping Management	2
Social Media Workshop	1
Total	**5,405**

10. Risks

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

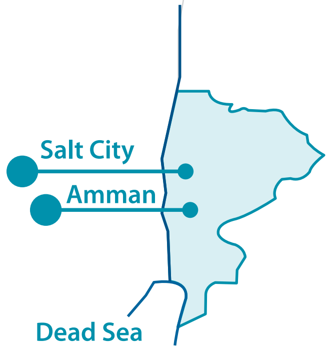
Mövenpick Resort Petra

Company's achievements

11. Company's achievements in 2013

Zara Investment Holding Company

- Increased paid up and registered capital to JD / share 148.26 million from JD / share 145 million.
- Utilized capital increase proceeds and operating cash flows to reduce debts by JD 12.5 million and improve leverage to reach 22%.
- Reduced financing costs by JD 1million through debt restructuring and timely payment of loan installments.
- Inaugurated under a Royal Patronage, the opening of Saltus Hotel, the first vocational training hotel in Jordan. Saltus Hotel is also the first and only classified hotel in Salt city.



The First in supporting and financing the first vocational training hotel in Salt City, in collaboration with the Vocational Training Corporation.

Amman Tourism Investment Company, owner of Grand Hyatt Amman Hotel

- Concluded the renovation project of all guest rooms and suites that included a new modern design with state of the art audio visual and telecommunication technology.
- Switched lighting of selected areas in the hotel to energy saving LEDs.
- Obtained ISO 22000 Food Safety Management Certificate.
- Rebranded its Logo to reflect a dynamic brand that leaves a distinct and lasting impression. The new logo underlines being exciting and bold.

Jordan Hotels and Tourism Company, owner of Hotel InterContinental Jordan

- Celebrated under Royal Patronage its 50th Anniversary, sealing its pioneering position as the first 5-star hotel in Jordan.
- Concluded state of the art kitchen renovation to enable the hotel to consistently deliver premium services and unique F&B experience to its guests.
- Finalized the soft opening of a first of its kind 5-star lounge located at Queen Alia International Airport.
- Obtained ISO 22000 Food Safety Management Certificate.
- Received IHG Green Engage "The Achievers' Award".
- Awarded the Trip Advisor Certificate of Excellence for 2013.

Levant Hotels and Tourism Company, owner of Mövenpick Resort Petra

- Awarded the Green Globe Certificate of 2013.
- Rated as one of Expedia's top producers among hotels in Jordan.
- Obtained ISO 22000 Food Safety Management Certificate.

Zara South Coast Development Company, owner of Mövenpick Resort & Spa Tala Bay Aqaba

- Ranked 5th as one of the top 10 best family resorts in the Middle East by Trip Advisor.
- Ranked 4th as one of the top 25 hotels for service in Jordan by Trip Advisor.
- Ranked 2nd as one of the top 15 luxury hotels in Jordan by Trip Advisor.
- Ranked 3rd as one of the top 20 hotels in Jordan by Trip Advisor
- Awarded the Green Globe Certificate for 2013.
- Awarded the Green Key Certificate for 2013.
- Awarded the Blue Flag Certificate for 2013.
- Obtained ISO 22000 Food Safety Management Certificate for 2013.
- Nominated by Condé Nast Johansens Awards for spa Excellence.
- Nominated for World Travel Awards Middle East as a leading family resort

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

- Awarded the Green Globe Certificate for 2013.
- Awarded the Blue Flag Certificate for 2013.
- Awarded the Green Key Certificate for 2013
- Obtained HACCP and ISO 22000 Food Safety Management Certificate for 2013.
- Chosen by Condé Nast Traveler Readers' Choice Awards 2013 as one of the 10th best resorts in the Middle East.
- Awarded 2014 Travelers' Choice by Trip Advisor Award by Trip Advisor.

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

- Awarded the Gender Equity Seal from UN Women, the first and only hotel in Jordan to have this Seal, which aims at promoting fair and equitable treatment of men and women in the workplace.
- Obtained ISO 22000 Food Safety Management Certificate.
- Awarded the Green Globe Certificate 2013.
- Selected as one of the top resorts in the Middle East by Condé Nast Traveler Reader's Choice Awards for the third year in a row in 2013.
- Selected by Condé Nast Traveler as the best spa in the Middle East in the Spa retreat category
- Selected as Jordan's best luxury resort spa by the World Luxury Spa Awards 2013
- Recognized as one of the top hotels in the world on the Annual Condé Nast Traveler 2014 Gold List.

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 2009 through 2013

	2013	2012	2011	2010	2009
Profits (losses) realized	(1,257,738)	1,155,761	(867,718)	9,008,144	7,024,635
Dividends	-	-	-	-	-
Equity attributable to shareholders	167,198,311	169,435,715	146,323,274	149,726,285	139,966,939
Share price JD	0.54	0.79	1.05	1.14	1.40

14. Analysis of Company's financial position and results of operations during fiscal years 2013 and 2012

No.	Description	2013%	2012%
1	Return on Investments	-0.41	0.57
2	Return on Equity	-0.56	0.81
3	Return on Paid-in Capital	-0.71	1.07
4	Profit Margin	-1.32	1.87
5	Earnings Before Taxes (EBT) to Operating Revenues	-0.68	2.77
6	Ownership Ratio	73.51	70.40
7	Equity to Loans	338.18	285.13
8	Loans to Assets	21.74	24.69
9	Property and Equipment to Equity	106.90	109.73
10	Current Liability to Total assets	10.33	9.86
11	Liabilities to Total Assets	26.49	29.60
12	Liabilities to Equity	36.04	42.04
13	Current Liabilities to Equity	14.05	14.00
14	Long-Term Loans to Equity	21.88	27.92
15	Operating Revenues to Equity	42.51	43.68
16	Operating Revenues to Assets	31.25	30.75
17	Current Ratio	102.72	121.19

Following are the key indicators of the Company's hotels for 2013 compared to 2012:

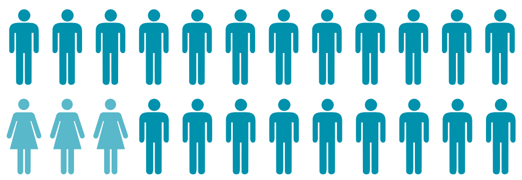
Hotel	Number of Rooms	Occupancy%		Average Room Rate (JD)		Operating Revenues (JD)	
		2013	2012	2013	2012	2013	2012
Hotel InterContinental Jordan	450	63	69	129	120	23,381,631	23,066,433
Grand Hyatt Amman Hotel	316	50	48	127	126	13,221,818	13,138,425
Hyatt Tower	90	68	72	157	145	1,938,713	1,899,388
Mövenpick Resort & Spa Dead Sea	362	44	58	121	118	13,429,415	16,990,221
Mövenpick Resort & Residence Aqaba	332	60	56	85	88	8,912,445	8,215,822
Mövenpick Resort Petra	183	54	60	105	107	6,477,833	7,353,381
Mövenpick Nabatean Castle Petra	92	6	12	63	67	175,190	402,820
Mövenpick Resort & Spa Tala Bay Aqaba	306	56	58	108	100	11,436,683	11,121,975
Total	**2,131**	**53**	**57**	**114**	**111**	**78,973,728**	**82,188,465**

1. The consolidated statement of financial position indicates that total assets as of 31/12/2013 totaled JD 255,047,792 compared with JD 269,862,931 as of 31/12/2012, representing a decline of 5.5%.
2. The equity attributable to shareholders as of 31/12/2013 totaled JD 167,198,311 compared with JD 169,435,715 as of 31/12/2012 representing a decline of 1.3%.
3. The consolidated income statement indicates that operating revenues for 2013 totaled JD 79,702,313 compared with JD 82,980,453 representing a decline of 4%.
4. The consolidated expenses including administration, depreciation, and finance expenses for 2013 totaled JD 22,004,289 compared with JD 21,838,655 representing an increase of 0.7%.
5. The consolidated loss attributable to shareholders of the Company for 2013 totaled JD 1,257,738 compared with profit of JD 1,155,761 for 2012 representing a decline of 209%.

Company's outlook

15. Company's outlook and plans for 2014

1. We will maintain our leadership position in the market.
2. We will embark on the soft-scale room and suite renovation program at the Mövenpick Resort & Spa Dead Sea.
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 practice 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 continue to actively pursue cooperation with potential local, regional, and international investors to forge viable partnerships in Jordan.
7. We will closely cooperate with the Vocational Training Corporation in operating and monitoring Saltus Hotel, the Zara-refurbished first of its kind vocational training hotel in Jordan.
8. We will institutionalize our community-based activities and programs aimed at enabling and empowering the residents of the communities in which we operate.
9. We will continue cooperating with various players in the public and private sectors in initiatives to improve the quality of the service delivery in our industry.
10. We will continue cooperating with UN Women to get the "Gender Equity Seal" for the rest of the Company's hotels; this seal will guarantee a fair and equitable treatment in giving professional opportunities to all of our working staff regardless of gender.



Zara aspires to increase and enhance the quality of Women's participation in the tourism sector through aquiring the "Gender Equity Seal"

The participation rate of women in the tourism sector is 10.5%, one of the lowest ratios in the world.

As per the statistics of the World Travel and Tourism Council (WTTC) and the International Labour Organization (ILO), the rate of women's involvement in the global tourism industry is 46%.

UN WOMEN

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	21,600
National Hotels and Tourism Company LLC	14,200
South Coast Real Estate Development Company LLC	2,000
Jordan Hotels and Tourism Company PLC	18,000
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	12,800
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	**128,818**

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

Name	Position	Nationality	Number of Shares as of 31/12/2013	Number of Shares as of 31/12/2012	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2013	Number of Shares Held by Controlled Companies as of 31/12/2012
Sabih Taher Darwish Masri	Chairman	Jordanian	2,046,000	2,046,000	• Arab Supply and Trading Co. • Astra Investment Co. • Al-Masira Investment Co. • Al-Masira International- Bahrain	11,008,354 12,000 18,354,013 8,601,804	11,008,354 12,000 18,354,013 8,601,804
Khaled Sabih Taher Masri	Vice-Chairman	Jordanian	2,076,000	2,076,000	None	None	None
Libyan Foreign Investments Company, represented by Ahmad Saeed Al-Sharif (until 16/07/2013)	Member	Libyan	19,539,532	16,282,943	None	None	None
Libyan Foreign Investments Company, represented by Khaled Joma Miloud Ezarzor (as of 16/07/2013)	Member	Libyan	19,539,532	16,282,943	None	None	None
Social Security Corporation, represented by Jamila Tawfiq Mahmoud Mahasneh	Member	Jordanian	18,506,245	18,506,245	None	None	None
Rama Investment and Saving Company, represented by Sami Issa Eid Smeirat (as of 25/04/2012)	Member	Jordanian	10,000	10,000	None	None	None
Bank Al Etihad represented by Isam Halim Jeries Salfiti	Member	Jordanian	108,300	108,300	None	None	None
Al Masira Investment Company represented by Kamil Abdel-Rahman Ibrahim Sadeddin	Member	Jordanian	18,354,013	18,354,013	None	None	None
Cairo Amman Bank, represented by Kamal Ghareeb Abdel-Rahim Al-Bakri	Member	Jordanian	9,990,084	9,990,084	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 Investments Co.	200,000 1,462,500	200,000 1,462,500
Yazid Adnan Mustafa Mufti	Member	Jordanian	30,000	30,000	None	None	None
Nafez Saleh Odeh Mustafa	Member	Saudi	600,000	600,000	None	None	None
Mohammad Osama Jawdat Sha'sha'a	Member	Jordanian	13,020	13,020	None	None	None

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

Name / Position	Nationality	Number of Shares as of 31/12/2013	31/12/2012	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2013	31/12/2012
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

Name / Relationship	Nationality	Number of Shares as of 31/12/2013	31/12/2012	Controlled Companies	Number of Shares Held by Controlled Companies as of 31/12/2013	31/12/2012
Relatives of Sabih Taher Darwish Masri						
Najwa Mohamad Abdel-Rahman Madi						
Wife	Jordanian	4,076,000	4,076,000	None	0	0
Relatives of Nafez Saleh Odeh Mustafa						
Mary Bint Issa Bin Ilyas Loussi						
Wife	Saudi	600,000	600,000	None	0	0

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

Name	Position	Transportation Allowance	Travel Allowance	Total JD
Sabih Taher Darwish Masri	Chairman	6,000	-	6,000
Khaled Sabih Taher Masri	Vice-Chairman	6,000	-	6,000
Ahmad Saeed Al-Sharif	Member	-	11,453	11,453
Khaled Jumaa Melood Al Zarzour	Member	-	2,734	2,734
Jamila Tawfiq Mahmoud Mahasneh	Member	6,000	-	6,000
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	-	6,991	6,991
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
Mohammed Osama Jawdat Sha'sha'a	Member	6,000	-	6,000
Total		66,000	21,178	87,178

18. (B) Remuneration of senior executive management

Name / Position	Salaries	Transportation Allowance	Bonuses	Other Benefits	Total JD
Lina Mazhar Hassan Annab					
General Manager	111,132	0	27,783	0	138,915
Ahmad Ibrahim Mohammad Jamjoum					
Chief Financial Officer	72,768	3,000	19,092	600	95,460
Haitham "Mohammad Nazih" Nureddin Hanbali					
Financial Controller	51,600	1,260	2,200	-	55,060

Mövenpick Resort & Residence Aqaba

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

Beneficiary	Amount JD
Ramadan Packages	6,000
Miscellaneous	3,386
Injaz	2,950
Vocational Training Center – Salt City	2,888
Donation (Nimer Al Hardan)	2,000
Medical Aid for Palestinians (MAP)	1,700
Madrasati Initiative (Al-Rmail School)	316
Total	**19,239**

Zara hotels also collected the amount of JD 69,844 from its guests for the benefit of **King Hussein Cancer Foundation.**

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

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

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

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

Zara is the First to implement a 'Clean Production Program' on a large scale in its Hotels

The environmental protection and operations sustainability plans we initiated in 2009 are ongoing and continue to be implemented to this day. Similar to 2012, in 2013 we were able to see tangible results on various fronts including monetary savings. Some of the results that we achieved include:

1. More efficient use of water resources.
2. Reduction in greenhouse gas emissions, with measurable reductions in the emissions of CO2.
3. Successful use of alternative sources of friendly energy through 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 agencies.

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

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

Employment in our hotels constitutes one of the most important aspects in serving the local communities where we are present. The majority of all the teams serving our hotels are all comprised of talented young residents of the communities where we operate. This community-based approach to developing and empowering local capacities is the guiding principle of our corporate social responsibility. Developing local talent is done by focusing on and supporting better education in these communities as well as emphasizing the importance of the on and off the job training. In 2013 our hotels provided over 148 on-the-job training opportunities for hospitality students in the Food and Beverage, Housekeeping and Kitchen departments.

In 2013 and under Royal patronage, Zara inaugurated the opening of Saltus Hotel (23 accommodation rooms) at the Salt Vocational Training Center (VTC). This vocational training hotel sets a remarkable precedent on various fronts from enabling the Center to add a productive component to its training operations, to providing Salt City with its first 3-star classified hotel, as well as to providing the students at this Center with an ideal hands-on real life training environment.

Zara is the First to initiate a partnership with the public sector to operate the first vocational training hotel in Jordan

Finally Zara actively and continuously seeks opportunities where, by virtue of its expertise and through the transfer of knowledge, it can contribute in assisting and funding the capacity building of various carefully selected hospitality education and training programs.

Consolidated Financial Statements

Independent Auditors' Report To The Shareholders Of Zara Investment Company P.S.C. - Holding Company Amman - Jordan

Report on the Consolidated 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 2013 and the consolidated income statement, 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 2013 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 in the Board of Directors' report are in agreement therewith.

Amman – Jordan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2013

ASSETS

	Note	2013	2012
		JD	JD
Non-current assets -			
Property and equipment	4	190,646,385	197,247,075
Investment properties	5	6,226,657	6,374,548
Projects in progress	6	3,548,980	4,863,988
Financial assets at fair value through other comprehensive income	7	20,515,884	21,508,214
Advance payments on purchase of land	9	7,048,258	7,633,258
		227,986,114	237,627,083
Current assets -			
Inventories	10	1,828,383	1,940,118
Accounts receivable	11	6,403,919	6,221,034
Other current assets	12	2,903,259	3,488,582
Cash on hand and at banks	13	15,926,067	20,586,114
		27,061,628	32,235,848
Total assets		255,047,792	269,862,931

EQUITY AND LIABILITIES

	Note	2013	2012
		JD	JD
EQUITY			
Equity attributable to owners of the parent -			
Paid-in capital	14	148,256,589	145,000,000
Advance payments on capital increase	14	-	3,256,589
Statutory reserve	14	3,773,236	3,773,236
Voluntary reserve	14	689,496	689,496
Cumulative change in fair value	8	15,738,537	16,717,315
Accumulated losses		(1,259,547)	(921)
		167,198,311	169,435,715
Non-controlling interests	22	20,279,572	20,555,653
Total equity		187,477,883	189,991,368
LIABILITIES			
Non-current liabilities -			
Long-term loans	15	41,021,000	53,053,825
Deferred tax liabilities	23	204,448	218,000
		41,225,448	53,271,825
Current liabilities -			
Current portion of long-term loans			
Short-term loan	15	12,032,825	12,457,625
Due to banks	16	2,382,697	1,121,423
Accounts payable		5,849,283	7,209,663
Other current liabilities	17	5,441,059	5,032,477
Provisions	18	275,888	249,183
Provision for income tax	23	362,709	529,367
		26,344,461	26,599,738
Total liabilities		67,569,909	79,871,563
Total equity and liabilities		255,047,792	269,862,931

The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

Zara Investment Company (Holding Company)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013	2012
		JD	JD
Operating revenues		79,702,313	82,980,453
Operating expenses		(59,830,779)	(60,288,829)
Net operating revenues	19	19,871,534	22,691,624
Other income	20	1,227,294	1,406,645
Interest income		510,943	186,307
Administrative expenses	21	3,556,004)	(3,687,161)
Financing costs		(3,510,244)	(4,520,812)
Depreciation	4 , 5	(14,938,041)	(13,630,682)
Other provisions	20	(151,419)	(148,383)
(Loss) profit before income tax		(545,937)	2,297,538
Income tax expense	23	(504,326)	(749,648)
(Loss) profit for the year		(1,050,263)	(1,547,890)
Attributable to:			
Shareholders of the parent		(1,257,738)	1,155,761
Non-controlling interests	22	207,475	392,129
		(1,050,263)	1,547,890
		JD/Fils	JD/Fils
Basic and diluted earnings per share attributable to ordinary equity holders of the parent	24	(0/008)	0/009

The accompanying notes from 1 to 33 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, 2013

	Note	2013	2012
		JD	JD
(Loss) profit for the year		(1,050,263)	1,547,890
Other comprehensive income items after tax not to be realized to profit or loss subsequently			
Change in fair value after deducting deferred tax liabilities	8	(978,778)	(578,818)
Total comprehensive income for the year		(2,029,041)	969,072
Attributable to:			
Shareholders of the parent		(2,236,516)	576,943
Non-controlling interests		207,475	392,129
		(2,029,041)	969,072

The accompanying notes from 1 to 33 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, 2013

	Attributable to the equity holders of the parent								
			Reserves						
	Paid-in capital	Advance payments on capital increase	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	JD
2013-									
Balance at 1 January 2013	145,000,000	3,256,589	3,773,236	689,496	16,717,315	(921)	169,435,715	20,555,653	189,991,368
Increase in paid in capital	3,256,589	(3,256,689)	-	-	-	-	-	-	-
Capital increase expenses	-	-	-	-	-	(888)	(888)	-	(888)
Total comprehensive income for the year	-	-	-	-	(978,778)	(1,257,738)	(2,236,516)	207,475	(2,029,041)
Dividends of a subsidiary	-	-	-	-	-	-	-	(483,556)	(483,556)
Balance at 31 December 2013	148,256,589	-	3,773,236	689,496	15,738,537	(1,259,547)	167,198,311	20,279,572	187,477,883
2012-									
Balance at 1 January 2012	125,000,000	-	3,657,660	689,496	17,296,133	(320,015)	146,323,274	20,143,337	166,466,611
Increase in paid in capital	20,000,000	-	-	-	-	-	20,000,000	-	20,000,000
Advance payment on capital increase	-	3,256,589	-	-	-	-	3,256,589	-	3,256,589
Capital increase expenses	-	-	-	-	-	(217,348)	(217,348)	-	(217,348)
Total comprehensive income for the year	-	-	-	-	(578,818)	1,155,761	576,943	392,129	969,072
Transferred to reserves		-	115,576	-	-	(115,576)	-	-	-
Dividends of a subsidiary	-	-	-	-	-	-	-	(483,556)	(483,556)
Change in non-controlling Interests due to increase in the share capital of a subsidiary (Note 22)	-	-	-	-	-	(503,743)	(503,743)	503,743	-
Balance at 31 December 2012	145,000,000	3,256,589	3,773,236	689,496	16,717,315	(921)	169,435,715	20,555,653	189,991,368

The accompanying notes from 1 to 33 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, 2013

	Note	2013	2012
		JD	JD
Operating Activities			
(Loss) profit before income tax		(545,937)	2,297,538
Adjustments for:			
Depreciation		14,938,041	13,630,682
Dividends income		(36,418)	(36,418)
Gain on sale of property and equipment	20	(180,669)	(49,116)
Interest expense		3,510,244	4,520,812
Interest income		(510,943)	(186,307)
Provision for projects in progress		18,439	-
Reversal of provisions		(2,125)	(39,846)
Provision for doubtful account, net		126,164	121,192
Other provisions		151,419	148,383
Writing off investee accumulated losses in its share capital		-	116,628
Changes in working capital:			
Inventories		111,735	4,766
Accounts receivable		(309,049)	(277,198)
Other current assets		1,238	(52,308)
Accounts payable		(1,360,380)	(74,921)
Other current liabilities		554,418	487,514
Provisions paid		(122,589)	(139,586)
Income tax paid		(668,155)	(619,071)
Net cash flows from operating activities		15,675,433	19,852,744

	Note	2013	2012
		JD	JD
Investing Activities			
Purchase of property and equipment		(2,472,707)	(1,979,818)
Proceeds from sale of property and equipment		299,804	57,077
Purchase of investment properties		(3,325)	(80,531)
Projects in progress		(3,950,994)	(3,029,875)
Advance payments and retentions to contractors		478,057	(672,410)
Dividends received		36,418	-
Interest income received		510,943	186,307
Net cash flows used in investing activities		(5,101,804)	(5,519,250)
Financing Activities			
Capital increase		-	20,000,000
Advance payments on capital increase		-	3,256,589
Capital increase expenses		(888)	(217,348)
Repayment of loans		(12,457,625)	(23,077,625)
Dividends of a subsidiary		(483,556)	(483,556)
Interest expense paid		(3,552,881)	(4,726,391)
Net cash flows used in financing activities		(16,494,950)	(5,248,331)
Net (decrease) increase in cash and cash equivalents		(5,921,321)	9,085,163
Cash and cash equivalents, beginning of the year		19,464,691	10,379,528
Cash and cash equivalents, end of the year	13	13,543,370	19,464,691

The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

1. General

Zara Investment Company Public Shareholding Company- Holding Company (the "Company") was established on 10 May 1994. The Company's authorized and paid in capital is JD 148,256,589 consisting of 148,256,589 shares, each having a par value of JD 1.

The principal activities of the 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 2014. These consolidated financial statements are subject to the approval of the General Assembly of shareholders.

2. Accounting Policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income, which have been measured at fair value.

The consolidated financial statements have been presented in Jordanian Dinars "JD", which is the functional currency of the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2013.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

The contractual arrangement with the other vote holders of the investee
Rights arising from other contractual arrangements
The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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:

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

The Company's subsidiaries and its ownership percentages are disclosed in note (28).

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous year except that the Group has adopted the following new IFRS's amendments to IFRS's as of 1 January 2013:

New Standards:

IFRS 10 Consolidated Financial Statements, IAS 27 Separate 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 addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

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.

IFRS 12 Disclosure of Interests in 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.

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 application of the new standards do not have a significant impact on the consolidated financial statements of the Group.

Amended Standards

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment became effective starting from 1 January 2013.

IAS 16 Property Plant and Equipment (Revised)

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The improvement became effective for annual periods starting from 1 January 2013 and has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)

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 the amendments to have any impact on its financial position or performance. The amendment became effective starting from 1 January 2013.

IAS 27 Separate Financial Statements

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 Company does not present separate financial statements. The amendment became effective starting from 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures

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 became effective for annual periods starting from 1 January 2013 and has no impact on the financial position or performance of the Group .

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Group's financial position or performance and became effective starting from 1 January 2013.

2.4 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 to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. The loss is recognized in the consolidated income statement.

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, 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 are recognised in the consolidated income statement.

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 income statement.

Financial assets at fair value through other comprehensive income

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

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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 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 stated at original invoice amount less any provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full or part of the amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

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 income statement. 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 provision account. If a future write-off is later recovered, the recovery is credited to other income in the consolidated income statement.

Cash and cash equivalents

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

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

Loans and borrowings

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

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 income statement.

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.

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 income statement net of any reimbursement.

Income Taxes

The income tax provisions is calculated in accordance with the Temporary Income Tax Law No. 28 of 2009.

Tax expense comprises current tax and deferred taxes. 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 lessor
Operating lease revenue from investment properties are recognised as other income in the consolidated income statement on a straight-line basis over the lease term.

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

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

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

- A provision is established for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision.
- Income tax expense is calculated and charged for the year 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 and equipment in order to calculate the annual deprecation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly.
- 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 which will determine the risk that may occur. These studies are reviewed periodically and the provision is adjusted accordingly.

4. Property and Equipment

	Land	Buildings	Electro-mechanicals	Machinery and equipment	Furniture and fixtures	Computer equipment	Vehicles	Others	Total
2013	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
At 1 January 2013	34,678,440	156,441,348	63,945,919	32,657,130	47,974,798	6,877,822	1,434,325	2,551,282	346,561,064
Additions	85,909	108,575	564,506	816,834	576,751	252,193	67,939	-	2,472,707
Transferred from projects in progress	-	2,866,218	812,215	782,323	765,909	16,952	-	3,946	5,247,563
Transferred from advance payment for land purchase	585,000	-	-	-	-	-	-	-	585,000
Retirements	-	(54,655)	(24,261)	(310,576)	(170,667)	(39,640)	(11,946)	-	(611,745)
At 31 December 2013	35,349,349	159,361,486	65,298,379	33,945,711	49,146,791	7,107,327	1,490,318	2,555,228	354,254,589
Accumulated depreciation									
At 1 January 2013	-	35,373,133	49,202,475	25,003,636	31,567,893	5,373,642	1,026,298	1,766,912	149,313,989
Additions	-	3,504,345	4,122,150	2,038,734	4,378,398	562,557	140,472	40,169	14,786,825
Retirements	-	(8,685)	(23,232)	(284,829)	(124,279)	(39,640)	(11,945)	-	(492,610)
At 31 December 2013	-	38,868,793	53,301,393	26,757,541	35,822,012	5,896,559	1,154,825	1,807,081	163,608,204
Net book value at 31 December 2013	35,349,349	120,492,693	11,996,986	7,188,170	13,324,779	1,210,768	335,493	748,147	190,646,385
2012									
Cost									
At 1 January 2012	34,678,440	154,809,375	62,359,229	29,571,220	43,701,135	6,246,475	1,398,406	2,551,282	335,315,562
Additions	-	183,211	212,524	896,546	366,050	268,740	52,747	-	1,979,818
Transferred from projects in progress	-	1,450,662	1,465,236	2,213,698	3,930,148	368,393	-	-	9,428,137
Retirements	-	(1,900)	(91,070)	(24,334)	(22,535)	(5,786)	(16,828)	-	(162,453)
At 31 December 2012	34,678,440	156,441,348	63,945,919	32,657,130	47,974,798	6,877,822	1,434,325	2,551,282	346,561,064
Accumulated depreciation									
At 1 January 2012	-	31,946,034	45,439,563	23,330,669	27,882,171	4,813,763	894,721	1,716,102	136,023,023
Additions	-	3,428,889	3,853,422	1,696,476	3,705,822	565,343	144,696	50,810	13,445,458
Retirements	-	(1,790)	(90,510)	(23,509)	(20,100)	(5,464)	(13,119)	-	(154,492)
At 31 December 2012	-	35,373,133	49,202,475	25,003,636	31,567,893	5,373,642	1,026,298	1,766,912	149,313,989
Net book value at 31 December 2012	34,678,440	121,068,215	14,743,444	7,653,494	16,406,905	1,504,180	408,027	784,370	197,247,075

The cost of fully depreciated property and equipment as at 31 December 2013 is JD 88,555,784 (2012: JD 84,567,391).

5. Investment Properties

	2013	2012
	JD	JD
Cost		
At 1 January	10,407,999	10,327,468
Additions	3,325	80,531
At 31 December	10,411,324	10,407,999
Accumulated depreciation		
At 1 January	4,033,451	3,848,227
Additions	151,216	185,224
At 31 December	4,184,667	4,033,451
Net book value		
At 31 December	6,226,657	6,374,548

Fair value of the investment properties is estimated by the real estate appraiser at 10,264,959.

6. Projects in Progress

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

	2013	2012
Company name	JD	JD
Jordan Hotels and Tourism Co.	3,193,680	123,315
Jordan Himmeh Mineral Co.	368,474	368,474
Nabatean Hotels Co.	4,000	149,357
Levant Hotels and Tourism Co.	-	130,513
Amman Tourism Investment Co.	42,682	499,060
Oasis Hotels Co.*	525,703	525,703
National Hotels and Tourism Co.	142,310	1,486,763
Red Sea Hotels Co.	-	133,270
South Coast Hotels Co.*	528,245	528,245
Zara South Coast Development Co.	148,908	2,305,871
Zara Investment Co.*	102,987	102,987
	5,056,989	6,353,558
Less: provision projects in progress *	(1,508,009)	(1,489,570)
	3,548,980	4,863,988

No interest expense was capitalized during 2013 and 2012.

Movement on the projects in progress is as follow:

	2013	2012
	JD	JD
Beginning balance	6,353,558	12,751,820
Additions	3,950,994	3,029,875
Transferred to property and equipment	(5,247,563)	(9,428,137)
	5,056,989	6,353,558
Less: provision for projects in progress	(1,508,009)	(1,489,570)
Ending balance	3,548,980	4,863,988

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

	2013	2012
	JD	JD
Beginning balance	1,489,570	1,489,570
Charge for the year	18,439	-
Ending balance	1,508,009	1,489,570

The estimated cost to complete the above projects is approximately JD 1,000,000 as of 31 December 2013 (2012: JD 5,000,000). Management expects to complete the projects during the coming year.

7. Financial Assets at Fair Value Through Other Comprehensive Income

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

	2013	2012
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Co.	630,024	681,009
Jordan Projects Tourism Development Co.	18,390,151	19,331,496
	19,020,175	20,012,505
Unquoted shares – Local		
Jordan Hotels and Tourism Education	180,000	180,000
Dead Sea Conferences and Exhibitions Co.	354,000	354,000
	534,000	534,000
Unquoted shares – Foreign		
Jerusalem Tourism Investment Co.	5,800	5,800
Palestine Tourism Investment Co.	955,909	955,909
	961,709	961,709
	20,515,884	21,508,214

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

	2013	2012
Beginning balance	21,508,214	21,140,359
Transfer from advance payments on financial investments	-	955,909
Change in fair value	(992,330)	(588,054)
Ending balance	20,515,884	21,508,214

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

8. Cumulative Change in Fair Value

Movement on cumulative change in fair value is as follows:

	2013	2012
	JD	JD
Beginning balance	16,717,315	17,296,133
Change in fair value of financial assets at fair value through other comprehensive income	(992,330)	(588,054)
Change in deferred tax liability (Note 23)	13,552	9,236
Ending balance	15,738,537	16,717,315

9. Advance Payments on Purchase of Land

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	2013	2012	Paid to
	JD	JD	
Amman Tourism Investment Co.	-	585,000	Greater Amman Municipality
South Coast Real Estate Development Co.	5,445,961	5,445,961	Aqaba Special Economic Zone Authority
South Coast Hotels Co.	1,220,647	1,220,647	Aqaba Special Economic Zone Authority
Zara South Coast Development Co.	381,650	381,650	Jordan Projects Tourism Development Co.
	7,048,258	7,633,258	

10. Inventories

	2013	2012
	JD	JD
Food and beverages	619,947	630,230
Supplies and equipment	1,018,014	1,118,527
Others	190,422	191,361
	1,828,383	1,940,118

11. Accounts Receivable

	2013	2012
	JD	JD
Accounts receivable	7,146,830	6,856,492
Provision for doubtful accounts	(742,911)	(635,458)
	6,403,919	6,221,034

Movement on the provision for doubtful accounts is as follows:

	2013	2012
	JD	JD
Beginning balance	635,458	520,305
Charge for the year *	177,870	147,901
Reversals during the year **	(51,706)	(26,709)
Amounts written off during the year	(18,711)	(6,039)
Ending Balance	742,911	635,458

* The charge for the year was allocated to administrative expenses for JD 140,658 (2012: JD nil) and to operating expenses for JD 37,212 (2012: JD 147,901).

** The reversals during the year were deducted from operating expenses for JD 51,706 (2012: JD 26,709).

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
2013	1,541,610	2,479,183	2,000,770	168,083	214,273	6,403,919
2012	1,631,207	2,160,977	2,037,015	320,567	71,268	6,221,034

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

12. Other Current Assets

	2013	2012
	JD	JD
Refundable deposits	683,931	678,839
Advance payments to contractors and supplies	538,834	1,122,919
Prepaid expenses	1,258,004	1,268,826
Others	422,490	417,998
	2,903,259	3,488,582

13. Cash on Hand and at Banks

	2013	2012
	JD	JD
Cash on hand	117,963	122,331
Current accounts	10,105,691	9,018,646
Term deposits	5,702,413	11,445,137
	15,926,067	20,586,114

Term deposits are fixed for 1 to 3 months and earn annual interest rates ranging from 1% to 5.25%.

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

	2013	2012
	JD	JD
Cash on hand and at banks	15,926,067	20,586,114
Bank overdraft (Note 16)	(2,382,697)	(1,121,423)
	13,543,370	19,464,691

14. Equity

Authorized Capital

The Company's authorized capital is 150,000,000 shares with JD 1 par value per share according to the resolution of the Board of Commissioners of Jordan Securities Commission no. 340/2012 taken in its session dated 14 August 2012 to register 25,000,000 shares increase in capital at an issuance price of JD 1 per share via private placement to the Company's shareholders. The Company's subscribed and paid-in capital is 148,256,589 shares at JD 1 par value per share as at 31 December 2013.

Advance Payments on Capital Increase

This account represents the Libyan Foreign Investments Company's share of the capital increase. The Company concluded the registration of these shares on 11 March 2013.

Statutory Reserve

As required by the Jordanian Companies Law, 10% of the annual profit before taxation 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.

15. Long-Term Loans

This item consists of the following:

	Loan instalments					
	2013			2012		
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	2,366,667	3,550,000	1,183,333	3,550,000	4,733,333
Syndicated loan – Jordan Hotels and Tourism Co.						
JOD	500,000	1,000,000	1,500,000	500,000	1,500,000	2,000,000
Arab Bank – Amman Tourism Investment Co.						
USD	1,520,000	6,080,000	7,600,000	1,520,000	7,600,000	9,120,000
Arab Bank – Zara Investment Holding Co.						
JOD	1,480,000	5,920,000	7,400,000	1,480,000	7,400,000	8,880,000
Syndicated loan – Zara Investment Holding Co.						
USD	3,332,300	13,403,100	16,735,400	3,332,300	16,735,400	20,067,700
International Finance Corporation – Zara Investment Holding Co. (1)						
USD	4,017,192	12,251,233	16,268,425	4,017,192	16,268,425	20,285,617
International Finance Corporation – Zara Investment Holding Co. (2)						
USD	-	-	-	424,800	-	424,800
	12,032,825	**41,021,000**	**53,053,825**	**12,457,625**	**53,053,825**	**65,511,450**

Syndicated Loan - Jordan Hotels and Tourism Company

US Dollar and JD

On 8 June 2009 three banks (Arab Bank, Union Bank and Cairo Amman Bank) participated in a two tranche syndicated loan managed by Arab Bank of JD 3,000,000 and USD 10,000,000 to finance 69% of the renovation of blocks A & B of the InterContinental Jordan Hotel. The loan was utilized according to the percentage of completion and is repayable in 12 semi-annual equal instalments of JD 841,666 each with the first one due 24 months from the date of signing the agreement. The floating interest rate is due every six months according to Arab Bank prime lending rate plus 0.75% annual margin for the JD tranche and LIBOR plus 2.25% annual margin for the USD tranche with 5% floor per annum.

Arab Bank - Amman Tourism Investment Company

US Dollar

On 14 January 1998 a decreasing loan in Jordanian Dinar of JD 12,500,000 was granted to finance the project of Grand Hyatt Amman Hotel with a first degree mortgage on the land and building of the Hotel. The loan term was 8 years including a 5–year grace period and was repayable over 3.5 years in equal semi-annual instalments of JD 1,785,714 each commencing on 14 January 2004. 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%.

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

Arab Bank - Zara Investment Holding Company

JD

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

Syndicated Loan - Zara Investment Holding Company

US Dollar

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

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

International Finance Corporation ("IFC") - Zara Investment Holding Company (1)

US Dollar

On 28 February 2008 by the Company signed a loan agreement of USD 40,000,000 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 USD 2,837,000 each except the last instalment of USD 3,119,000 at an interest rate of 1.6% plus LIBOR determined at the date of each disbursement and fixed for the tenure of the loan. The first instalment was due on June 15, 2011 and the last is due on 15 December 2017. During the second half of 2008, the Company utilized USD 30,000,000 and USD 7,000,000 at an interest rate 6.17% and 3.79% respectively. During the first half of 2009 the Company utilized the remaining USD 3,000,000 at 4.22%.

International Finance Corporation ("IFC") - Zara Investment Holding Company (2)

US Dollar

On 30 September 2009 a loan agreement of USD 1,800,000 was signed for 4 years with a grace period of 1 year to finance the Company's project to improve and enhance the efficient use of resources such as energy, water and raw material, 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 equal semi-annual instalments of USD 300,000 at an interest rate of 3% plus LIBOR determined of the date of disbursement and fixed for the tenure of the loan. The first instalment was due on 15 June 2011 and the last is due on 15 December 2013. On 11 December 2009 the loan was utilized full at 4.776%.

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

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

Year	JD
2014	12,032,825
2015	12,032,825
2016	12,032,825
2017	10,549,150
2018	6,406,200
Total	53,053,825

16. 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 ceilings of JD 1,000,000 and JD 2,000,000 respectively. The annual interest rate on these facilities is 9% including the commission.

17. Other Current Liabilities

	2013	2012
	JD	JD
Accrued interest	259,499	302,136
Contractors' retentions	149,829	255,857
Accrued expenses	3,090,993	3,200,157
Deposits	653,471	442,401
Others	1,287,267	831,926
	5,441,059	5,032,477

18. Other Provisions

	Legal claims	Scientific research	Employees' benefits	Others	Total
	JD	JD	JD	JD	JD
2013-					
Beginning balance	9,851	3,164	177,038	59,130	249,183
Charge for the year	-	-	106,419	45,000	151,419
Unneeded provisions	-	-	-	(2,125)	(2,125)
Payments during the year	-	(3,164)	(76,550)	(42,875)	(122,589)
Ending balance	9,851	-	206,907	59,130	275,888
2012-					
Beginning balance	80,715	4,964	135,423	59,130	280,232
Charge for the year	9,851	-	93,532	45,000	148,383
Unneeded provisions	(39,846)	-	-	-	(39,846)
Payments during the year	(40,869)	(1,800)	(51,917)	(45,000)	(139,586)
Ending balance	9,851	3,164	177,038	59,130	249,183

19. 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, Intercontinental Jordan Hotel and Grand Hyatt Amman Hotel.
- Other segments: represent the Holding Company and other segments transactions.

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

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

	Hotels Segment *	Other Segments	Elimination	Total
	JD	JD	JD	JD
2013				
Operating revenues	78,973,728	1,357,874	(629,289)	79,702,313
Operating expenses	(59,621,775)	(838,293)	629,289	(59,830,779)
Net operating revenues	19,351,953	519,581	-	19,871,534
Other information				
Segment assets	245,613,823	45,108,710	(39,674,741)	255,047,792
Segment liabilities	72,948,439	34,296,211	(39,674,741)	67,569,909
Depreciation	14,881,502	56,539	-	14,938,041
Provision for doubtful accounts	105,519	72,351	-	177,870
Interest income	95,548	415,395	-	510,943
Interest expense	1,790,848	1,719,396	-	3,510,244

* Hotels' net operating revenues consisted of the following:

	Operating revenues	Operating expenses	Net Operating revenues
	JD	JD	JD
Hotel InterContinental Jordan	23,381,631	(17,115,708)	6,265,923
Grand Hyatt Amman Hotel	15,160,531	(11,107,830)	4,052,701
Mövenpick Resort & Spa Dead Sea	13,429,415	(11,300,228)	2,129,187
Mövenpick Resort Petra	6,477,833	(3,989,263)	2,488,570
Mövenpick Resort & Residance Aqaba	8,912,445	(6,959,134)	1,953,311
Mövenpick Nabatean Castle Petra	175,190	(449,354)	(274,164)
Mövenpick Resort & Spa Tala Bay Aqaba	11,436,683	(8,700,258)	2,736,425
	78,973,728	(59,621,775)	19,351,953

	Hotels Segment *	Other Segments	Elimination	Total
	JD	JD	JD	JD
2012				
Operating revenues	82,188,465	1,420,207	(628,219)	82,980,453
Operating expenses	(60,113,458)	(803,590)	628,219	(60,288,829)
Net operating revenues	22,075,007	616,617	-	22,691,624
Other information				
Segment assets	252,486,481	52,820,036	(35,443,586)	269,862,931
Segment liabilities	77,687,981	37,627,168	(35,443,586)	79,871,563
Depreciation	13,559,422	71,260	-	13,630,682
Provision for doubtful accounts	147,901	-	-	147,901
Interest income	64,389	121,918	-	186,307
Interest expense	3,197,269	1,323,543	-	4,520,812

* Hotels' net operating revenues consisted of the following:

	Operating revenues	Operating expenses	Net Operating revenues
	JD	JD	JD
Hotel InterContinental Jordan	23,066,433	(16,069,907)	6,996,526
Grand Hyatt Amman Hotel	15,037,813	(10,707,950)	4,329,863
Mövenpick Resort & Spa Dead Sea	16,990,221	(12,678,687)	4,311,534
Mövenpick Resort Petra	7,353,381	(4,375,241)	2,978,140
Mövenpick Resort & Residance Aqaba	8,215,822	(6,809,967)	1,405,855
Mövenpick Nabatean Castle Petra	402,820	(567,474)	(164,654)
Mövenpick Resort & Spa Tala Bay Aqaba	11,121,975	(8,904,232)	2,217,743
	82,188,465	(60,113,458)	22,075,007

20. Other Income

	2013	2012
	JD	JD
Rent	868,108	891,414
Reversal of other provisions and other current liabilities	88,265	219,586
Gain on sale of property and equipment	17,338	49,116
Gain on disposal of insured property and equipment	163,331	159,000
Dividends income	36,418	36,418
Others	53,834	51,111
	1,227,294	1,406,645

21. Administrative Expenses

	2013	2012
	JD	JD
Salaries and wages	1,191,626	1,088,023
Board of directors' remuneration	141,178	143,063
Bonuses	22,657	34,955
Provision for doubtful accounts	140,658	-
Donations	19,239	155,085
Governmental expenses	25,349	73,594
Hospitality	10,720	16,457
Insurance	524,910	543,482
Bank charges	126,439	163,701
Maintenance	54,699	82,818
Professional fees	101,758	116,025
Property tax	219,447	208,169
Postage and telephone	34,505	37,499
Rent	380,631	330,052
Subscriptions	35,020	37,204
Withholding tax	11,425	16,864
Travel and transportation	22,765	22,674
Advertising and marketing	7,175	13,448
Others	485,803	604,048
	3,556,004	3,687,161

22. Non-controlling Interests

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

During 2012, the Company increased its ownership in Zara South Coast Development Company, limited liability Company, by 4.78%, up from 80% to reach 84.78%.

23. 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 which appear in the cumulative change in fair value in equity.

Movement on deferred tax liabilities is as follows:

	2013	2012
	JD	JD
Beginning balance	218,000	227,236
Change in fair value for the year	(13,552)	(9,236)
Ending balance	204,448	218,000

Income tax -

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

	2013	2012
	JD	JD
Current year income tax	459,327	723,500
Prior years income tax	44,999	26,148
	504,326	749,648

Movement on provision for income tax is as follows:

	2013	2012
	JD	JD
Beginning balance	529,367	398,790
Income tax for the year	459,327	723,500
Income tax for prior years	44,999	26,148
Income tax paid	(668,155)	(619,071)
Reversal	(2,829)	-
Ending balance	362,709	529,367

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

	2013	2012
	JD	JD
Accounting (loss) profit before tax	(545,937)	2,297,538
Losses of the Company and other subsidiaries	4,020,870	5,303,932
Carried forward losses	73,937	(1,135,935)
Non-taxable income	(55,984)	(62,150)
Non-deductible expenses	458,540	402,083
Taxable income	3,951,426	6,805,468
Income tax expense for the year	459,327	723,500
Statutory tax rate	5% - 14%	5% - 14%
Effective tax rate	-	31.5%

The income tax provision represents income tax due on the results of operations of some of the Company's subsidiaries. No income tax provision was calculated for the Company and a number of its subsidiaries for 2013 due to the excess of deductible expenses over taxable revenues, or due to accumulated losses 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 Levant Hotels and Tourism Company and Amman Tourism Investment Company for 2012, up to the date of these consolidated financial statements.

The Income Tax Department has reviewed the accounting records of Amman Tourism Investment Company for 2012.

The Company, Red Sea Hotels Company, and Zara South Coast Development Company have obtained final clearances from the Income Tax Department for all years up to 31 December 2009.

Jordan Himmeh Mineral Company, Nabatean Hotels Company, Rum Hotels and Tourism Company, Oasis Hotels Company, Zara Agricultural Company, and South Coast Real Estate Development Company have obtained final clearances from the Income Tax Department up to 2010.

Jordan Hotels and Tourism Company, Amman Tourism Investment Company, National Hotels and Tourism Company, and South Coast Hotels Company have obtained final clearances from the Income Tax Department up to 2011.

Levant Hotels and Tourism Company has obtained a final clearance from the Income Tax Department up to 2012.

24. Earnings Per Share

	2013	2012
	JD	JD
(Loss) profit attributable to owners of the parent (JD)	(1,257,738)	1,155,761
Weighted average number of shares (Share)	148,256,589	128,377,178
Basic earning per share (JD / Fils)	(0/008)	0/009

The basic and diluted earnings per share are equal.

25. Contingent Liabilities

The Group have outstanding bank guarantees of JD 1,115,000 as at 31 December 2013 (2012: JD 1,115,000).

26. Operating Lease Commitments

Group as a lessee -
On 1 September 2013, the Company signed a renewable office lease agreement with Astra Co. (sister company) for one year amounting to JD 145,368 (2012: JD 145,368).

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

	2013	2012
	JD	JD
Within one year	50,000	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:

	2013	2012
	JD	JD
Within one year	365,543	463,244
After one year but not more than five years	844,322	866,795
More than five years	637,875	240,000
	1,847,740	1,570,039

27. Litigations Against The Group

In the normal course of business, the Group appears as a defendant in a number of lawsuits amounting to JD 422,393 as of 31 December 2013. Management and the legal advisor believe that the Group's position holds strong against these lawsuits and no need for any provision except for what has been recorded.

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. Management and the legal advisor believe that no obligation will arise from these lawsuits.

28. Related Party Transactions

Following are the consolidated subsidiaries (all incorporated in Jordan):

	Paid In Capital	Principal activities	Ownership
	JD		%
Jordan Hotels and Tourism Co. PSC	10,000,000	Hotel Inter-Continental Jordan	51.6
Jordan Himmeh Mineral Co. PSC	500,000	Himmeh Resort	55.8
Nabatean Hotels Co. LLC	2,800,000	Nabatean Castle Hotel	100
Levant Hotels and Tourism Co. LLC	500,000	Petra Movenpick Hotel	100
Amman Tourism Investment Co. LLC	16,500,000	Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	100
Rum Hotels and Tourism Co. LLC	500,000	Tourism Project - Wadi Mousa	75
Oasis Hotels Co. LLC	1,600,000	Tourism Project - Dead Sea	92.2
National Hotels and Tourism Co. LLC	15,000,000	Dead Sea Movenpick Hotel	100
Jordan Hotel Supplies Trading Co. LLC	300,000	Gift Shops	100
Red Sea Hotels Co. LLC	17,000,000	Aqaba Movenpick Hotel	100
Zara Agricultural Co. LLC	100,000	Plants	54.3
South Coast Real Estate Development Co. LLC	10,050,000	Real Estate Development - Aqaba	82
South Coast Hotels Co. LLC	4,800,000	Tourism Project - Aqaba	82
Zara South Coast Development Co. LLC	39,425,503	Tala Bay - Aqaba	84.8

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

Pricing policies and terms of transactions with related parties are approved by the Group's management.

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

	2013	2012
	JD	JD
Bank balances – Arab Bank, Cairo Amman Bank and Union Bank	15,808,104	20,463,783
Loans – Arab Bank, Cairo Amman Bank and Union Bank	36,785,400	44,801,033
Due to Banks – Arab Bank and Union Bank	2,382,697	1,121,423
Amounts due to Ayla Consulting Co.	-	18,246
Amounts due to Astra Co.	50,000	100,173
Amounts due from Cairo Amman Bank	11,670	17,661

Related parties transactions included in the consolidated income statement:

	2013	2012
	JD	JD
Financing Costs – Arab Bank, Cairo Amman Bank and Union Bank	2,405,639	3,166,113
Interest income – Cairo Amman Bank and Union Bank	510,943	186,307
Rent income – Cairo Amman Bank	192,065	194,075
Rent expense – Astra Co.	146,778	146,148

Key management personnel compensation is as follow:

	2013	2012
	JD	JD
Salaries and bonuses of senior executive management of the Company	289,435	276,225

29. Partially Owned Subsideries

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

2013	Jordan Hotels and Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels and Tourism Co. LLC	Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
Group's ownership percentage	51.6%	55,8%	75%	92.2%	54.3%	82%	82%	84,8%
Country of incorporation and operation	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan
Non-controlling interests accumulated losses	13,647,480	482,337	53,346	52,736	51,358	1,746,645	728,218	3,517,452
No-controlling interests share of profit (loss)	601,474	(17,001)	(2,020)	(1,931)	7,837	(4,151)	(4,184)	(372,549)
	JD	JD	JD	JD	JD	JD	JD	JD
Condensed statement of financial position								
Current assets	3,349,558	531,478	7,021	345,678	117,452	5,452,239	1,973,842	3,833,362
Non-current assets	35,637,203	682,619	470,343	532,788	3	4,856,662	2,076,174	33,095,048
Current liabilities	(7,396,951)	(123,400)	(263,117)	(51,593)	(5,174)	(604,156)	(2,197)	(6,229,810)
Non-current liabilities	(3,366,667)	-	(864)	(151,843)	-	(864)	(2,164)	(7,585,715)
Equity	28,223,143	1,090,697	213,383	675,030	112,281	9,703,581	4,045,655	23,112,885
Attributable to:								
Shareholders of the parent	14,575,663	608,360	160,037	622,294	60,923	7,956,936	3,317,437	19,595,433
Non-controlling interests	13,647,480	482,337	53,346	52,736	51,358	1,746,645	728,218	3,517,452
Condensed statement of comprehensive income								
Revenues	23,381,631	-	-	-	176,848	-	-	11,436,683
Expenses	(21,605,793)	(66,039)	(7,996)	(9,861)	(157,162)	(23,013)	(23,074)	(13,398,364)
Other revenues	215,702	27,613	-	-	236	34	45	293,753
Finance cost	(527,530)	(17)	(85)	(14,859)	-	(85)	(215)	(780,060)
Profit (loss) before income tax	1,464,010	(38,443)	(8,081)	(24,720)	19,922	(23,064)	(23,244)	(2,447,988)
Income tax expense	(220,155)	-	-	-	(2,789)	-	-	-
Profit (loss) for the year	1,243,856	(38,443)	(8,081)	(24,720)	17,133	(23,064)	(23,244)	(2,447,988)
Other comprehensive income	1,243,856	(38,443)	(8,081)	(24,720)	17,133	(23,064)	(23,244)	(2,447,988)
Attributable to non-controlling interest	601,474	(17,001)	(2,020)	(1,931)	7,837	(4,151)	(4,184)	(372,549)
Profit distributions to non-controlling interest	483,556	-	-	-	-	-	-	-
Condensed statement of cash flows								
Operating activities	5,716,482	(24,510)	(9,149)	(10,167)	23,402	(23,975)	(23,392)	2,611,400
Investing activities	(3,792,735)	27,668	-	-	236	-	-	(364,330)
Financing activities	(3 ,224,036)	-	10,049	15,050	(53,175)	24,802	29,840	(1,889,059)
Net increase (decrease) in cash and cash equivalent	(1,300,289)	3,158	900	4,883	29,537	827	6,448	358,011

2012	Jordan Hotels and Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels and Tourism Co. LLC	Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Estate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
Group's ownership percentage	51.6%	55.8%	75%	92.2%	54.3%	82%	82%	84.8%
Country of incorporation and operation	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan	Jordan
Non-controlling interests accumulated losses	13,529,563	499,337	55,366	54,668	43,521	1,750,796	732,402	3,890,001
No-controlling interests share of profit (loss)	908,981	(15,000)	(2,029)	(2,182)	17,867	(4,187)	(4,663)	(506,657)
	JD	JD	JD	JD	JD	JD	JD	JD
Condensed statement of financial position								
Current assets	2,590,260	531,075	6,129	421,580	158,419	5,585	777,669	2,853,786
Non-current assets	36,181,807	701,708	470,342	532,788	3	10,302,622	3,296,820	37,487,511
Current liabilities	(5,742,784)	(103,643)	(253,858)	(52,987)	(63,272)	(580,415)	(2,718)	(4,666,141)
Non-current liabilities	(5,050,000)	-	(1,148)	(201,632)	-	(1,148)	(2,873)	(10,114,286)
Equity	27,979,283	1,129,140	221,465	699,749	95,150	9,726,644	4,068,898	25,560,870
Attributable to:								
Shareholders of the parent	14,449,724	629,803	166,099	645,082	51,629	7,975,848	3,336,496	21,670,869
Non-controlling interests	13,529,563	499,337	55,366	54,668	43,521	1,750,796	732,402	3,890,001
Condensed statement of comprehensive income								
Revenues	23,066,433	-	-	-	261,400	-	-	11,121,975
Expenses	(20,427,095)	(54,707)	(8,014)	(9,939)	(261,518)	(23,161)	(24,714)	(13,329,970)
Other revenues	169,006	20,884	-	-	540	-	324	18,030
Finance cost	(607,488)	(97)	(102)	(17,989)	-	(102)	(256)	(1,092,111)
Profit (loss) before income tax	2,200,856	(33,920)	(8,116)	(27,928)	45,422	(23,263)	(24,646)	(3,282,076)
Income tax expense	(321,073)	-	-	-	(6,359)	-	(1,259)	-
Profit (loss) for the year	1,879,783	(33,920)	(8,116)	(27,928)	39,063	(23,263)	(25,905)	(3,282,076)
Other comprehensive income	1,879,783	(33,920)	(8,116)	(27,928)	39,063	(23,263)	(25,905)	(3,282,076)
Attributable to non-controlling interest	908,981	(15,000)	(2,029)	(2,182)	17,867	(4,187)	(4,663)	(506,657)
Profit distributions to non-controlling interest	483,556	-	-	-	-	-	-	-
Condensed statement of cash flows								
Operating activities	6,411,580	(22,681)	(7,734)	(8,574)	242,523	(23,279)	(26,047)	2,206,892
Investing activities	(1,654,562)	2,027	-	-	540	-	-	(624,740)
Financing activities	(3,261,344)	-	5,119	10,115	(144,931)	19,879	16,346	(1,116,595)
Net increase (decrease) in cash and cash equivalent	1,495,674	(20,654)	(2,615)	1,541	98,132	(3,400)	(9,701)	465,557

30. 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 income statement 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 income statement to reasonably possible changes in interest rates with all other variables held constant.

	Increase in Interest Rate	Effect on loss for the year before tax
2013 -	Basis Points	JD
JD	75	41,852
USD	75	331,154

	Increase in Interest Rate	Effect on profit for the year before tax
2012 -	Basis Points	JD
JD	75	4,239
USD	75	(409,436)

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
2013 -	Basis Points	JD
Amman Stock Exchange	10	1,902,018

	Increase in Market Index	Effect on the consolidated statement of comprehensive income and equity
2012 -	Basis Points	JD
Amman Stock Exchange	10	2,001,250

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 2012.

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	Total
At 31 December 2013		JD	JD	JD	JD
Accounts payable and other liabilities	-	8,940,276	409,328	-	9,349,604
Due to banks	2,549,486	-	-	-	2,549,486
Long and short-term loans	-	-	15,574,786	52,506,880	68,081,666
Total	2,549,486	8,940,276	15,984,114	52,506,880	79,980,756

At 31 December 2012					
Accounts payable and other liabilities	-	10,409,820	557,993	-	10,967,813
Due to banks	1,145,603	-	-	-	1,145,603
Long and short-term loans	-	-	18,026,098	65,499,912	83,526,010
Total	1,145,603	10,409,820	18,584,091	65,499,912	95,639,426

Currency risk

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

31. Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

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

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

32. Capital Management

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

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

Capital comprises of paid-on capital, advance payment on capital increases, statutory reserve, voluntary reserve, cumulative change in fair value and retained earnings (accumulated losses), and is measured at JD 167,198,311 as at 31 December 2013 (2012: JD 169,435,715).

33. Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group's, since none of the entities in the Group's would qualify to be an investment entity under IFRS 10.

Board Declarations

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

Chairman
Sabih Taher Darwish Masri

General Manager
Lina Mazhar Hassan Annab

CFO
Ahmad Ibrahim Mohammad Jamjoum

Recommendations for the General Assembly

1. Recitation of the auditor's report for the fiscal year ending 31/12/2013.
2. Recitation and discussion of the Board of Directors report for the year ending 31/12/2013 and its approval.
3. Discussion of the Company's consolidated financial statements as of 31/12/2013 and its approval.
4. The release of the Board of Directors of any liability in accordance with the law.
5. Election of the Company's auditors for the year ending 31/12/2014 and determining their fees.
6. Any other matters the General Assembly may propose for discussion.

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

Board of Directors