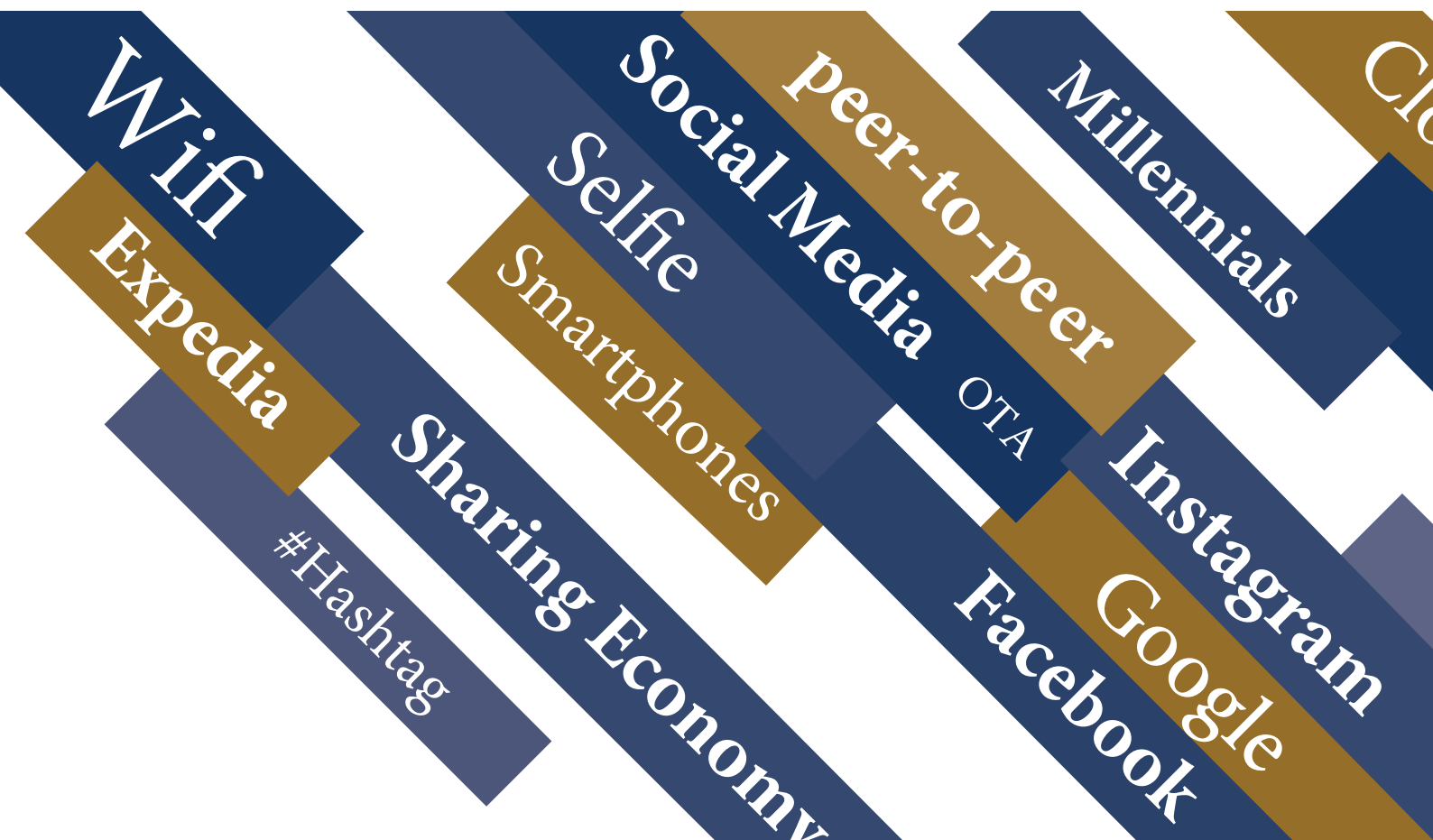


Zara Investment Holding
شركة زارة للاستثمار القابضة

21st Annual Report 2014





Zara Investment Holding
شركة زارة للاستثمار القابضة

Zara Investment (Holding) Company PLC

21st Annual Report 2014



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ZaraHolding.com



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Board of Directors

Sabih Taher Darwish Masri

Chairman

Khaled Sabih Taher Masri

Vice-Chairman

Kamil Abdel-Rahman Ibrahim Sadeddin

Member/Representing Al-Masira Investment
Company

Sami Issa Eid Smeirat

Member/Representing Rama Investment & Saving
Company

Khaled Joma Miloud Ezarzor

Member/Representing Libyan Foreign Investments
Company

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

Member

Yazid Adnan Mustafa Mufti

Member

Mohammad Osama Jawdat Sha'sha'a

Member

Lina Mazhar Hassan Annab

General Manager

Ernst & Young

External Auditors

Isam Halim Jeries Salfiti

Member/Representing Bank Al Etihad

Jamila Tawfiq Mahmoud Mahasneh

Member/Representing Social Security Corporation

Kamal Ghareeb Abdel-Rahim Al-Bakri

Member/Representing Cairo Amman Bank

Yassin Khalil "Mohammed Yassin" Talhouni

Member

Nafez Saleh Odeh Mustafa

Member

Ittqan Law Firm

Legal Advisor / Wael Karaen

A black silhouette of a man in a suit, standing in profile and facing right. The silhouette is centered vertically and horizontally on the page. The text "Message to our Shareholders" is overlaid on the silhouette in a blue, serif font.

Message to our Shareholders



Esteemed Ladies and Gentlemen,

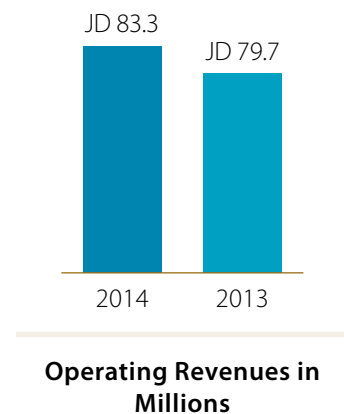
Welcome to Zara Investment Holding's 21st annual meeting for the ordinary general assembly of the shareholders.

In 2014, we worked hard, we were focused, and we were able to weather what could have been a very difficult year. Despite the volatile and complex politico-economic situation in the region surrounding Jordan especially during the second half of the year, our overall results for the full year were good. During 2014 we witnessed a positive change in all key indicators affecting our business. These positive results were suppressed by the substantial increase in operating costs, which had inflationary pass-through effects that directly impacted the Company's overall net income.

The increase in revenue was suppressed by the substantial increase in operating costs, which had inflationary pass-through effects that directly impacted the Company's overall net income.

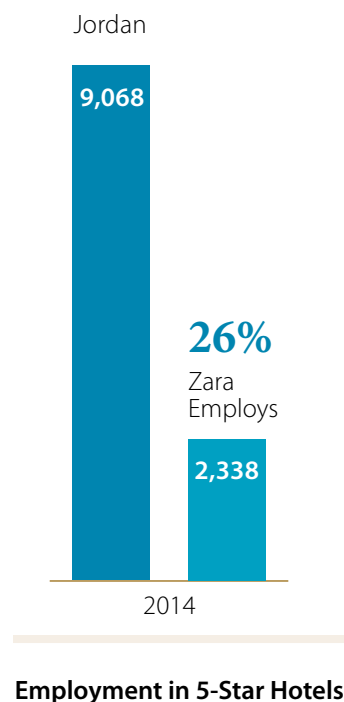
Consolidated Operating Revenues of Zara grew in 2014 by 4.5% to JD 83.3 million compared with JD 79.7 million in 2013. Our Profit from Operations reached JD 22 million, an increase of 10.8% over 2013. Consolidated Net Profit reached JD 1.40 million compared with a loss of JD 1.05 million in 2013. The increase in revenues was triggered by an increase in the overall occupancy which reached a combined rate of 56% for all of Zara hotels compared with 53% for 2013. Combined average room rate (ARR) remained unchanged at JD 114. These are remarkable results given the regional upheaval and instability we continued to witness in 2014.

These are remarkable results given the regional upheaval and instability we continued to witness in 2014.



The tourism sector also witnessed a positive year in 2014. In line with the projections of the World Travel and Tourism Council (WTTTC) of a rebound from the declines witnessed in previous years in tourism, international tourist arrivals in Jordan grew by 1.2% over 2013; tourism revenue in Jordan grew by 7% from JD 2.9 billion in 2013 to JD 3.1 billion in 2014.

International tourist arrivals in Jordan grew by 1.2% over 2013; tourism revenues in Jordan grew by 7% from JD 2.9 billion in 2013 to JD 3.1 billion in 2014.



In 2014 Zara continued to maintain its leading market position and share of 5-star hotels and 5-star room inventory in Jordan. We also maintained our 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 2014 of which Zara employs approximately 26%; while employment in the hospitality sector reached 48,351 in 2014 of which Zara employs approximately 5%. In 2014 we continued our commitment to gender equity at the workplace through ensuring that our hotels work towards obtaining UNWomen Gender Equity Seal. By end of 2015, we plan to have all of our hotels certified with this seal, which promotes nondiscriminatory practices in recruitment, employment, termination of employment as well as the provision of decent workplace for all. In line with the contribution of Zara to human resource development in the hospitality sector, Zara was pivotal in the training of 128 vocational trainees in Saltus Hotel and through its partnership with Vocational Training Corporation in the city of Salt. Moreover, the hotels provided on the job internships/training for 154 trainees. At a time when job creation needs to be a priority to all, we were delighted to see Zara recognized and rewarded under Royal patronage by the Vocational Training Corporation for its contribution in empowering and increasing women's participation in the labor force.

Moreover, during 2014 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. Whereas in addition to outperforming the competition, Hotel InterContinental Jordan witnessed a marked improvement in its performance making 2014 the best year on record for several of its key financial indicators. In addition to a stellar performance, the hotel officially launched, under the patronage of the Minister of Tourism and Antiquities, its new five-star lounge located at Queen Alia International Airport (QAIA). The Lounge is intended to serve the needs of the guests of the Hotel InterContinental Jordan.

In 2014 our hotels continued to be recognized by leading online travel sites and world renowned travel organizations as being some of the best hotels in the region and the world. The prestigious Condé Nast Traveler voted several Mövenpick properties in Jordan among the best resorts in the region. Mövenpick Resort & Spa Tala Bay Aqaba won World Travel Awards as Jordan's Leading Resort. Zara Spa at Mövenpick Resort & Spa Tala Bay Aqaba won "World Luxury Spa Awards" for Jordan's Best Luxury Resort Spa. Mövenpick Resort & Spa Dead Sea continued its strong legacy of being voted the best in several hospitality categories. The hotel was voted as one of the top hotels in the world and was listed on the

Condé Nast Traveler 2014 Gold List. Zara Spa Dead Sea was selected as one of “The Best 7 Luxurious Spas in the Middle East”. It was also voted as one of the “World’s 10 Best Spas” by Premier Traveler Magazine, based in the USA.

Zara Spa Dead Sea was selected as one of “The Best 7 Luxurious Spas in the Middle East”

In 2014 we carried out our ongoing efforts to protect the environment where we operate as well as to mitigate the risks inherent in the ballooning energy costs. Several Zara hotels switched lighting of key public areas in the hotel to energy saving LEDs. We also expanded existing solar systems to substitute more functions by this solar energy source. Since 2009 Zara has actively pursued the implementation of energy saving measures aimed at reducing the cost of utilities while utilizing alternative clean energy sources. These measures include the switch from 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 and use of treated sewage water for irrigation.

Following our strategy of reducing and streamlining our debt and its service, we finalized in 2014 the restructuring of the Company’s entire debt portfolio resulting in substantial reduction in our financing costs. Over the past three years we have managed to reduce our entire debt by 54% from JD 88.6 million ending 2011 to JD 41 million ending 2014, which once substantially reduced would eventually allow us to use realized gains for dividend distribution.

Based on a number of encouraging factors, our outlook for 2015 is somewhat positive. The economy of Jordan appears to be entering a steady recovery from a period marked by volatility and uncertainty. According to the Economic Intelligence Unit (EIU), real Gross Domestic Product (GDP) growth in Jordan is expected to be 4.2% in 2015 compared with estimated 3.2% in 2014. The EIU also projects that “economic growth in 2015-2016 in Jordan will be more robust than in 2013-2014, at an average of 4.5%”. Jordan, an oil importing country, is expected to benefit from the recent plunge in oil prices, which could ease fiscal pressure on the government as well as provide a much needed respite from the sky-rocketing energy prices. The government’s attempts to better target general subsidies coupled with cheaper oil prices are expected to spur economic activity through increased government investment, which in turn would boost economic activity. We are encouraged by the momentum gained in 2014 in terms of the growth in the tourism receipts as well as the number of visitors. The confidence in the tourism product in Jordan is further evidenced as well as boosted by the ongoing mega projects currently being developed in the Dead Sea and Aqaba regions. Furthermore and in a show of complete confidence in Jordan’s safety and security, the World Economic Forum will be holding in 2015, and for the eighth time, its prestigious meetings at the shores of the Dead Sea.

At a time when job creation needs to be a priority to all, we were delighted to see Zara recognized and rewarded for its contribution in empowering and increasing women’s participation in the labor force.

Although our outlook is positive for 2015, 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 focusing on improving our efficiencies and through carefully executed cost cutting measures. Renewable and clean energy production projects will continue with a special emphasis on regulatory changes allowing us to look into electricity production through the investment in solar photovoltaic (PV) 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. Ensuring the success of Saltus hotel will be one of our key objectives to contribute to human resource development in the hospitality field.

For over 20 years

For over 20 years Zara has stood for hospitality excellence, for stability and financial solidity, for quality and reliability, and most important, for good corporate social responsibility. Our target in 2015 will be to fully embrace what we have achieved and to build on it as we move into the future. We will work towards continuing to set the benchmark in the way we welcome and serve our guests and the world around us. Our goal will be to enhance Zara's performance in the short term and to build our core business to ensure profitable growth and returns. To achieve this we are reengineering our structures and responsibilities in order to ensure business excellence through better management of operations.

On behalf of the board of directors, I would like to thank all of our shareholders for their trust and continued support. Our gratitude also goes to all the wonderful women and men who have continuously given their best, and shown their unwavering commitment through their passion and exemplary sense of ownership. I would also like to extend our deep appreciation and thanks to our guests who throughout the years gave us their trust and support.

Sabih Taher Masri
Chairman of the Board of Directors

1994

Zara Investment
(Amman)

1996

InterContinental Jordan
(Amman)

Mövenpick Petra

1999

Grand Hyatt Amman

Mövenpick Dead Sea

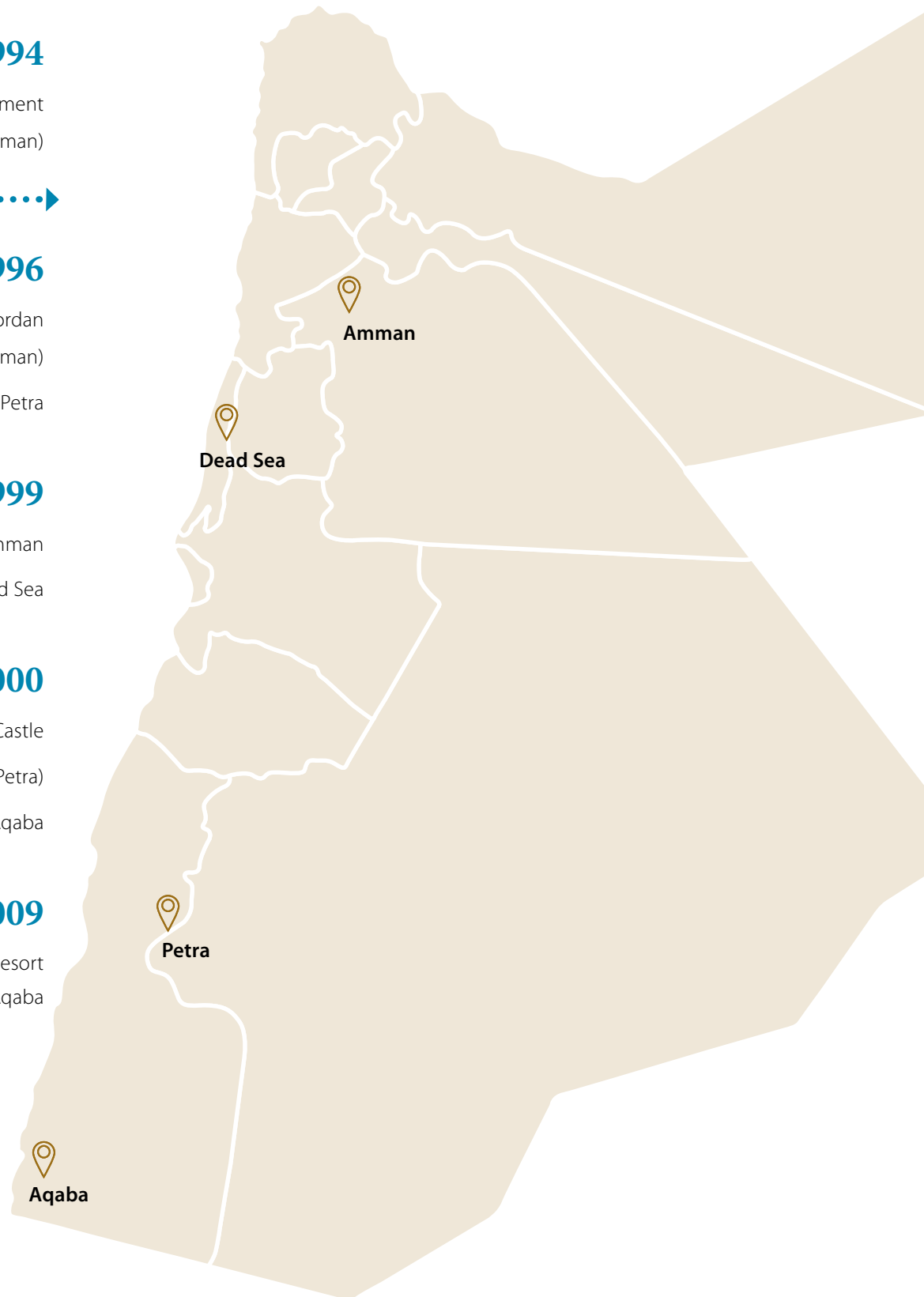
2000

Nabatean Castle
(Petra)

Mövenpick Aqaba

2009

Mövenpick Resort
Tala Bay Aqaba





Overview

Welcome To Zara Investment Holding 21st Annual Meeting For The Ordinary General Assembly Of The Shareholders

The tourism sector witnessed a positive year in 2014. In line with the projections of the World Travel and Tourism Council (WTTC) of a rebound from the declines witnessed in previous years in tourism, international tourist arrivals in Jordan grew by 1.2% over 2013; tourism revenues in Jordan grew by 7% from JD 2.9 billion in 2013 to JD 3.1 billion in 2014.

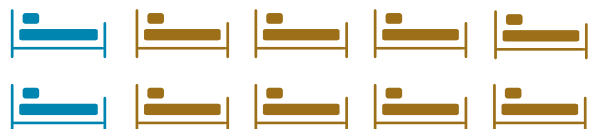
Despite of the geopolitical challenges surrounding Jordan, the economy of Jordan appears to be entering a steady recovery in 2015 from a period marked by volatility and uncertainty. According to the Economic Intelligence Unit (EIU), real Gross Domestic Product (GDP) growth in Jordan is expected to be 4.2% in 2015 compared with estimated 3.2% in 2014. The EIU also projects that “economic growth in 2015-2016 in Jordan will be more robust than in 2013-2014, at an average of 4.5%”.

Jordan, an oil importing country, is expected to benefit from the recent plunge in oil prices, which could ease fiscal pressure on the government as well as provide

a much needed respite from the sky-rocketing energy prices. The government’s attempts to better target general subsidies coupled with cheaper oil prices are expected to spur economic activity through increased government investment, which in turn would boost economic activity.

2,131

Number of hotel rooms owned by Zara



8,047

Number of rooms in five-star hotels in Jordan

We are encouraged by the momentum gained in 2014 in terms of the growth in the tourism receipts as well as the number of visitors. The confidence in the tourism product in Jordan is further evidenced as well as boosted by the ongoing mega projects currently being developed in the Dead Sea and Aqaba regions. Furthermore and in a show of complete confidence in Jordan's safety and security, the World Economic Forum will be holding in 2015, and for the eighth time, its prestigious meetings at the shores of the Dead Sea.

Last but not least, with Jordan's continued commitment to economic and political reforms, its economic prospects look set to continue moving into positive territory.

Hotel industry key indicators for 2014 compared to 2013

	2014	2013	Variance%
Number of overnight visitors	3,992,230	3,945,360	1.2%
Tourism income (Million JD)	3,101	2,923	6.1%
Average length of stay (night)	4.5	4.3	4.7%
Number of classified hotels	235	229	2.6%
Number of hotel rooms	19,193	18,830	1.9%
Number of beds	35,795	34,720	3.1%
Number of employees	48,351	48,151	0.4%

Source: Ministry of Tourism and Antiquities

5-star hotel key indicators for 2014 compared to 2013

	2014	2013	Variance%
Number of 5-star hotels	31	30	3%
Number of 5-star hotel rooms	8,047	7,649	5%
Number of hotel rooms owned by Zara Investment Holding Company	2,131	2,131	-
Rooms owned by Zara - % of total	26%	28%	-7%

Source: Ministry of Tourism and Antiquities

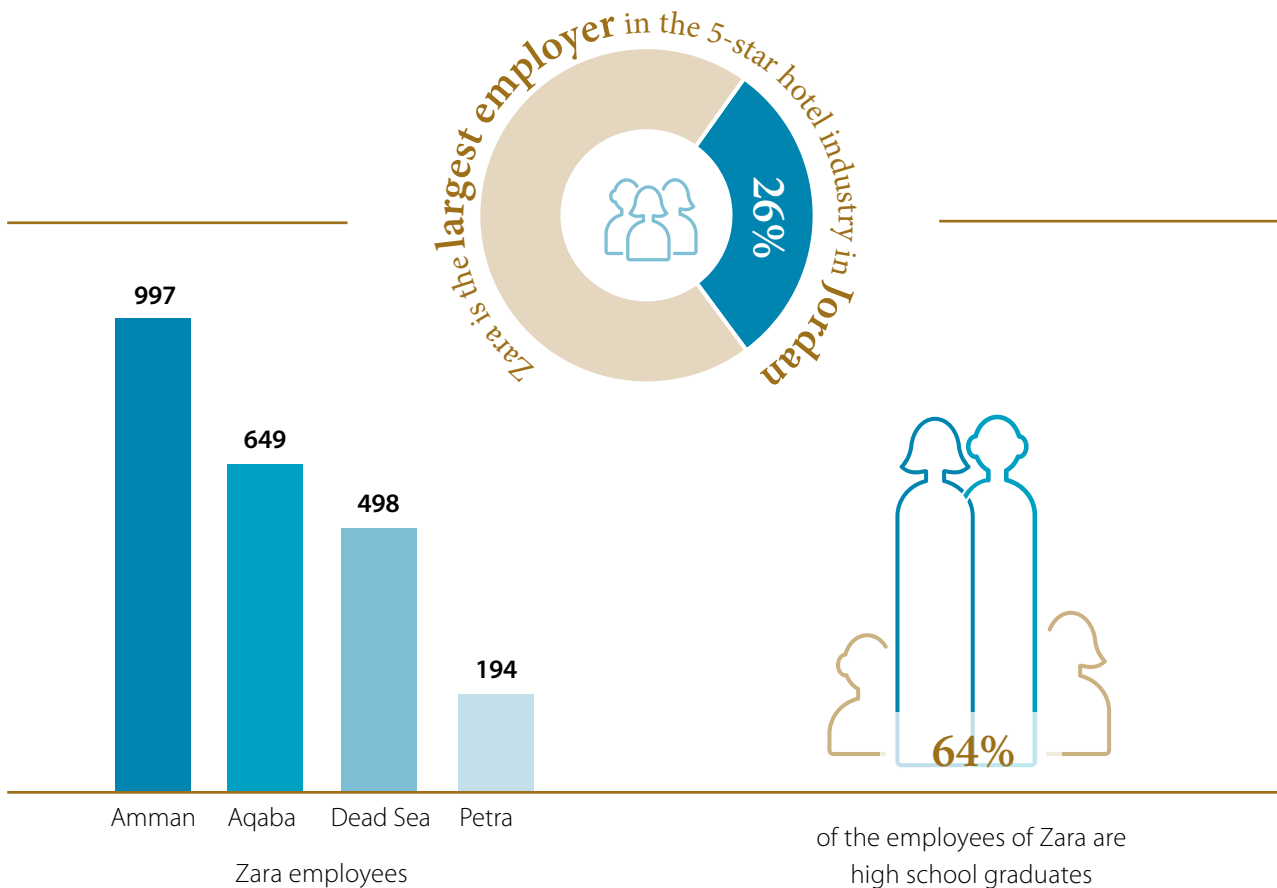


Main Activities

2 (A) Main activities of the Company

Mother Company	Paid-up Capital/JD	Main Activity	Head Quarter	No. of Employees
Zara Investment (Holding) Company PLC	148,256,589	Hotel, tourism and general investments	Amman	30

Consolidated total assets JD 236,296,730



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%	349
Red Sea Hotels Company LLC	17,000,000	Owner of Mövenpick Resort & Residence Aqaba	Aqaba	100%	300
Amman Tourism Investment Company LLC	16,500,000	Owner of Grand Hyatt Amman Hotel, Hyatt Tower and Zara Center	Amman	100%	382
National Hotels and Tourism Company LLC	15,000,000	Owner of Mövenpick Resort & Spa Dead Sea	Amman	100%	498
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%	532
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%	49
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%	145
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%	25
Zara Agricultural Company LLC	100,000	Landscape and nursery services – Jordan Valley	Amman	54.3%	24

Total number of employees

2,338

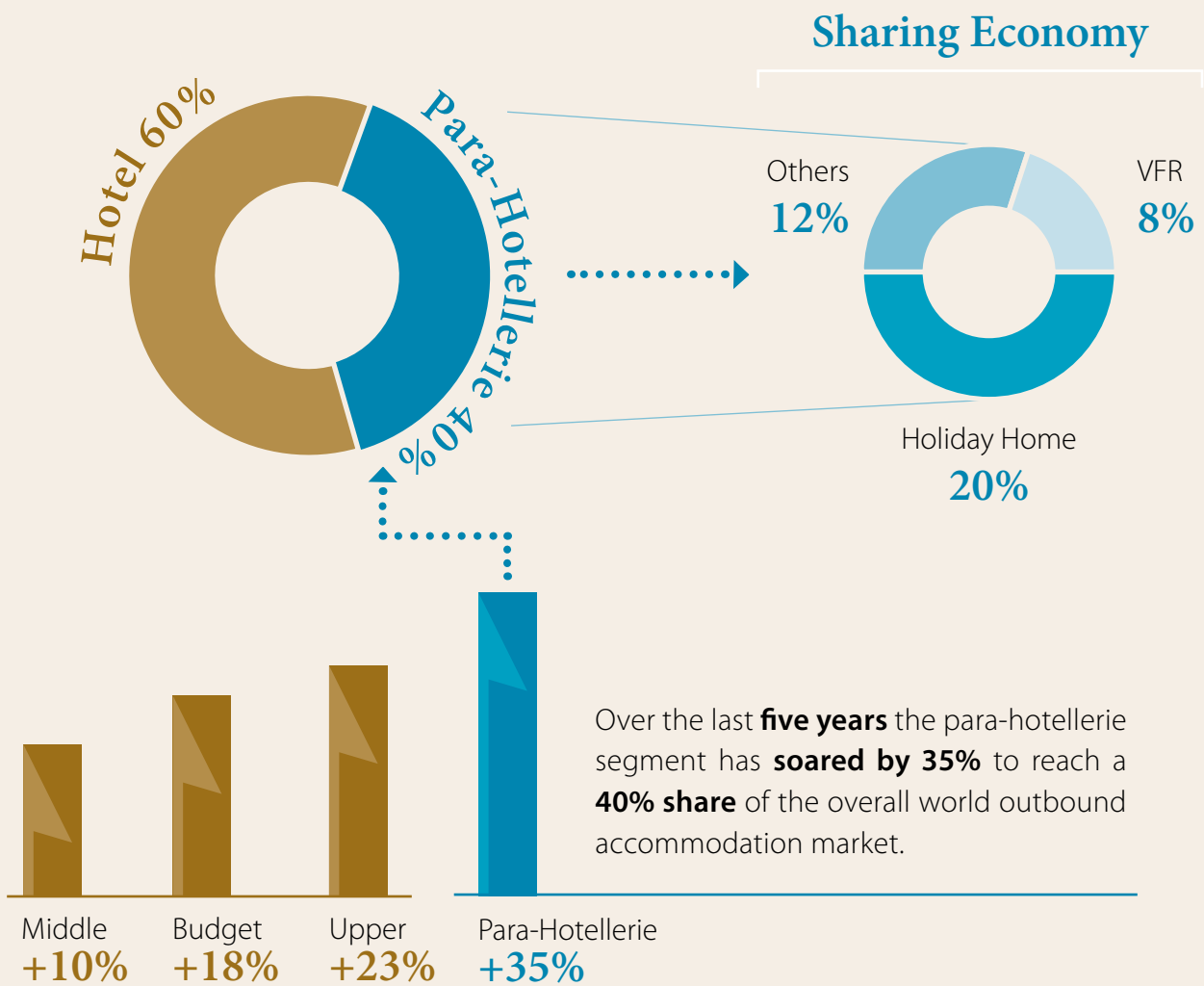
Neither the Holding Company nor any of its subsidiaries have any branches inside or outside of the Kingdom.



The Sharing Economy

Technology-based 'sharing economy' firms are increasingly penetrating the travel industry by offering consumers far more individualised choice than traditional suppliers and are disrupting the established business model by using private resources for lower-cost commercial activities.

Rising Market Share of Para-Hotellerie Segment*



Source: IPK / ITB World Travel Trends Report 2014/2015

* **Para-Hotellerie segment:** Covers different forms of serviced private accommodation ranging from holiday homes, bed & breakfast and hostels to staying with friends & relatives.

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

Name	Representative	Position	Joined	Representative appointed on
Sabih Taher Darwish Masri	-	Chairman	1999	-
Khaled Sabih Taher Masri	-	Vice Chairman	1994	-
Libyan Foreign Investments Company	Khaled Joma Miloud Ezarzor	Member	2000	16/07/2013
Social Security Corporation	Jamila Tawfiq Mahmoud Mahasneh	Member	2000	20/10/2011
Rama Investment & Savings Company	Sami Issa Eid Smeirat	Member	2012	25/04/2012
Bank Al Etihad	Isam Halim Jeries Salfiti	Member	1994	28/7/1994
Al Masira Investment Company	Kamil Abdel Rahman Ibrahim Sadeddin	Member	1994	14/2/2004
Cairo Amman Bank	Kamal Ghareeb Abdel Rahim Al Bakri	Member	1994	15/6/2007
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	-	Member	2000	-
Yassin Khalil " Mohammad Yassin" Talhouni	-	Member	2000	-
Yazid Adnan Mustafa Mufti	-	Member	2000	-
Nafez Saleh Odeh Mustafa	-	Member	2003	-
Mohammad Osama Jawdat Sha'sha'a	-	Member	2008	-

DOB	Degree	Graduation Date	Profession	Memberships
02/12/1937	B.S.c. Chemical Engineering	1963	Businessman	<ul style="list-style-type: none"> Arab Bank / Chairman
19/02/1966	M.B.A. Business Administration	1989	Businessman	<ul style="list-style-type: none"> Jordan Himmeh Mineral Company / Chairman Jordan Hotels and Tourism Company
25/04/1973	B.A. Accounting	2000	Assistant Head of Financial Analysis Department-LAFICO	
01/03/1963	M.A. Economics	1999	Assistant Manager - Social Security Corporation	
13/04/1971	M.B.A. Business Administration	2004	VP, Jordan Telecom Group Chief Executive Officer, Orange Enterprise	
23/05/1944	B.A. Economics	1967	Businessman	<ul style="list-style-type: none"> Bank Al Etihad / Chairman Jordan Hotels and Tourism Company / Chairman
26/07/1951	High Diploma Civil Engineering	1975	Chief Executive Officer - Astra / Saudi Arabia	<ul style="list-style-type: none"> Jordan Vegetable Oil Industries Company / Chairman Jordan Express Tourist Transport Company
07/06/1969	LL.B.	1991	General Manager - Cairo Amman Bank	<ul style="list-style-type: none"> Jordan Express Tourist Transport Company Jordan Insurance Company
12/11/1931	B.A. Business Administration	1955	Businessman	
08/05/1973	B.A. Economics	1994	Businessman	<ul style="list-style-type: none"> Jordan Hotels and Tourism Company / Vice Chairman Jordan Electricity Company Cairo Amman Bank
27/03/1953	B.A. Business Administration	1976	Businessman	<ul style="list-style-type: none"> Cairo Amman Bank / Chairman Middle East Insurance Company Palestine Development and Investment Company
12/12/1934	-	-	Businessman	<ul style="list-style-type: none"> Jordan Hotels and Tourism Company
01/06/1942	High Diploma International Economics	1967	Businessman	<ul style="list-style-type: none"> Jordan Insurance Company

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

Lina Mazhar Hassan Annab	General Manager	
Name	Position	<ul style="list-style-type: none"> • 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
1/5/2002	29/11/1966	
Date of Appointment	DOB	
M.A. International Relations	1990	
Degree	Graduation Date	Professional Experience
Ahmad Ibrahim Mohammad Jamjoum	Chief Financial Officer	
Name	Position	<ul style="list-style-type: none"> • Held several financial and consulting positions with various leading local and regional corporations. • Board member at Jordan Himmeh Mineral Company • Board member at Palestinian Tourism Investment Company • Board member at Jordan Express Tourist Transport Company (JETT) • Technical committee member at Jordan Tourism Board(JTB)
1/11/2008	16/11/1964	
Date of Appointment	DOB	
M.A. Accounting Systems and Auditing / CPA	1991	
Degree	Graduation Date	Professional Experience
Haitham “Mohammad Nazih” Nureddin Hanbali	Financial Controller	
Name	Position	<ul style="list-style-type: none"> • Held financial consulting and auditing positions at local and regional consulting firms.
7/1/2007	31/7/1969	
Date of Appointment	DOB	
M.A. Banking and Finance / CPA	2013	
Degree	Graduation Date	Professional Experience

4 Major shareholders and number of shares held compared with 2013

Name	No. of Shares as of 31/12/2014	Percentage %	No. of Shares as of 31/12/2013	Percentage %
Social Security Corporation	18,506,245	12.5%	18,506,245	12.5%
Al Masira Investment Company	18,354,013	12.4%	18,354,013	12.4%
Libyan Foreign Investments Company	19,539,532	13.2%	19,539,532	13.2%
Arab Supply and Trading Corporation	11,008,354	7.4%	11,008,354	7.4%
Cairo Amman Bank	9,990,084	6.7%	9,990,084	6.7%
Al Masira International – Bahrain	8,601,804	5.8%	8,601,804	5.8%
Mohammed Bin Abdel Rahman Bin Hamad Al Sheik	6,000,000	4.0%	6,000,000	4.0%
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	6,000,000	4.0%	6,000,000	4.0%





Anatomy Of The Modern Traveler

Tech savvy and dependent on mobile devices throughout all stages of travel.

Prefers online and digital communications to human interaction.

Expects speedy service delivery.

Social media is an integral part of her / his experience.



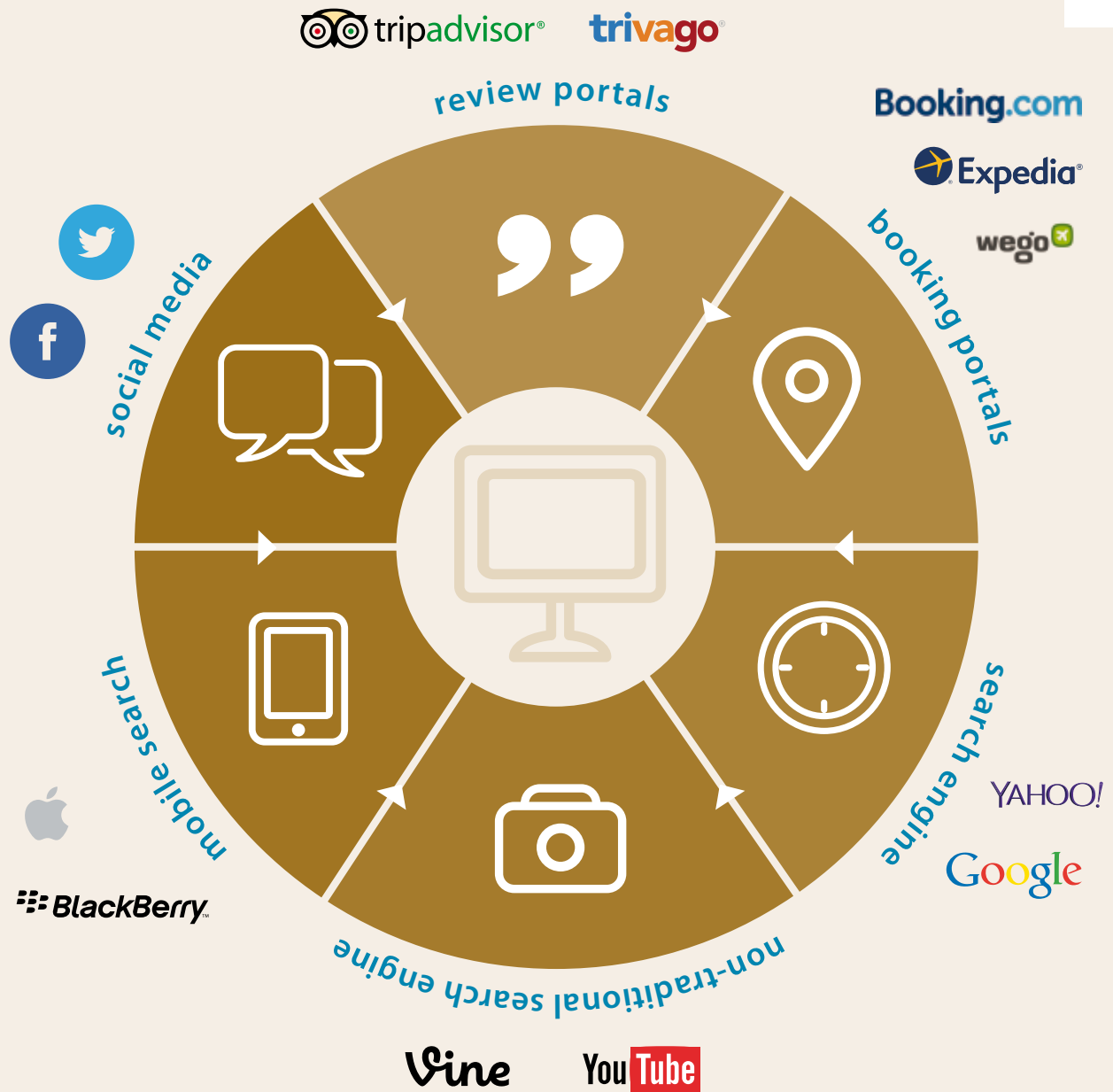
The average traveler



Looks at 22 websites
In about 9 sessions



Before s/he books



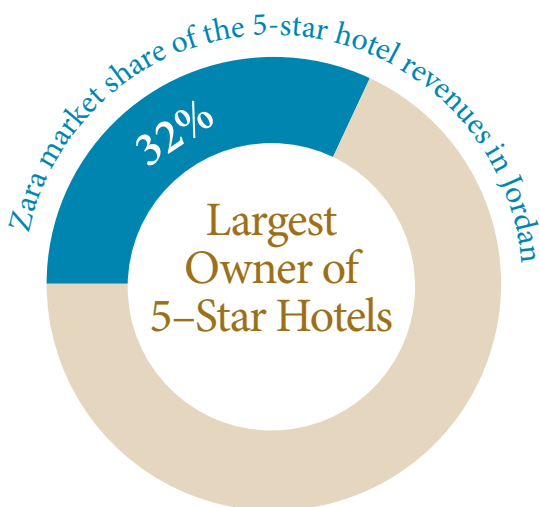
Source: Presentation by Torsten Sabel, CEO & Co-Founder, Customer Alliance



Company's Competitive Position

5 Company's competitive position

Zara Investment (Holding) Company is the largest owner of luxury 5–star hotels in Jordan with strategic locations in Amman, Dead Sea, Petra, and Aqaba. Zara owns seven 5-star hotels with a combined total of 2,131 rooms. 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 revenues 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 188.9 million respectively as of 31/12/2014.



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 2014, all of properties of Zara maintained their leadership position in the market. The Hotel Intercontinental Jordan achieved the highest revenues and operating profit in Amman. Mövenpick Resorts achieved the highest revenue and operating profit in the Dead Sea, Petra and Aqaba.

6 Reliance on specific local or foreign suppliers or major customers

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

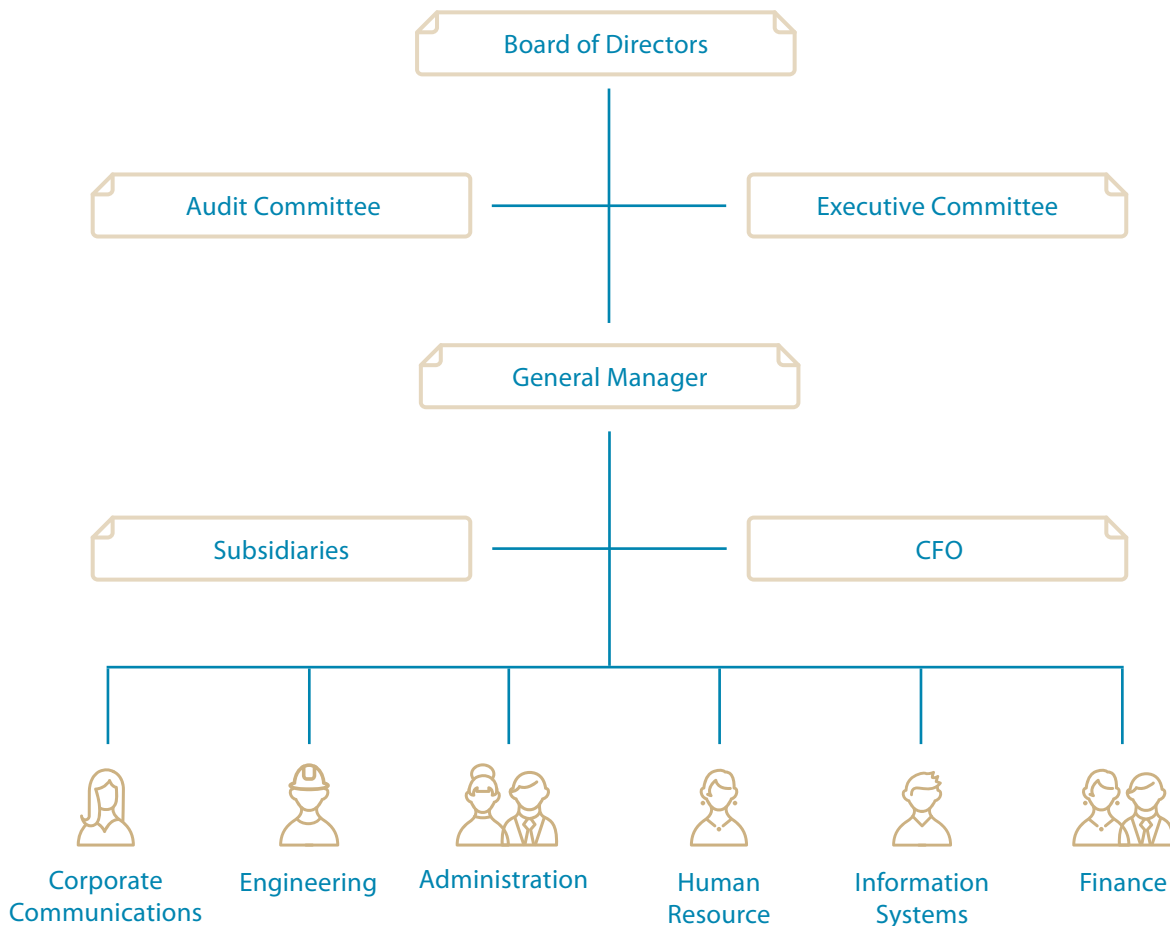
7 Government protection or privileges enjoyed by the Company

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

8 Government or international organizations measures with material impact on the Company's 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 procurements 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

Company	PhD	Masters	Higher Diploma	Bachelors	Diploma	High School	Total Number of Employees
Zara Investment Holding Company PLC	-	3	-	19	2	6	30
Subsidiaries							
Zara South Coast Development Company LLC	-	3	-	78	147	121	349
Red Sea Hotels Company LLC	-	-	-	56	90	154	300
Amman Tourism Investment Company LLC	-	1	1	59	48	273	382
National Hotels and Tourism Company LLC	-	1	-	52	47	398	498
South Coast Real Estate Development Company LLC	-	-	-	-	-	-	-
Jordan Hotels and Tourism Company PLC	-	1	-	100	101	330	532
South Coast Hotels Company LLC	-	-	-	-	-	-	-
Nabatean Hotels Company LLC	-	-	-	3	-	46	49
Oasis Hotels Company LLC	-	-	-	-	-	-	-
Levant Hotels and Tourism Company LL	-	-	-	12	4	129	145
Rum Hotels and Tourism Company LLC	-	-	-	-	-	-	-
Jordan Himmeh Mineral Company PLC	-	-	-	-	-	4	4
Jordan Hotel Supplies Trading Company LLC	-	-	-	7	3	15	25
Zara Agricultural Company LLC	-	-	-	-	-	24	24
Total	-	9	1	386	442	1,500	2,338

9 (C) Qualification and training programs for Company employees

Course Description	Number of Employees		
Natural Enjoyment	886	Emergency procedure & Plans	32
Quality Service Standards	662	Reservations Coaching	30
Guest Experience Quality Standards	624	On Job Training Skills	28
English Language	434	Essential Management Techniques	27
Excellence in Managing Performance	329	Coaching for Success	25
Complains Handling - Restoring the trust employees and leaders	262	Life – saving(lifeguards)	21
Diversity Training - Kitchen, HK, Laundry, Stewarding, F&B	371	Motivation	18
Sustainability	230	Gender Equity	18
Communication Skills	175	Language departments (Arabic)	18
Civil Defense Training (Fire & Safety, 1st Aid)	151	Community Management and Social Media Training	14
Orientation	150	Off Job Training Skills	14
Diversity chemical training	130	Key Essentials of Food & Beverage Management	13
green key , blue flag	130	Accounting Trainings	11
Hygiene & Food Safety	125	Finance for non financials	10
Data Privacy	230	Bakery Professional Standard	6
Environment Training/ workshops	109	Internship for students - Royal Academy	50
ISSO 22000	101	Hospitality	6
Back to Excellence	114	Selecting and Hiring	5
Service Recovery	70	Executive Revenue Management	3
Meetings & Events Coaching	64	Housekeeping Management	2
Lessons in Leadership	60	Compliance Training	1
Security Awareness Course	57	Engineering Trainings	1
Computer Skills (Windows, MS Office, Internet Support, Micros...)	55	Train the trainers	1
Managing Training & Development	51		
Grooming & Hygiene	50		
Cultural Sensitivity	48		
Time Management	47		
		Total	6,069

10 Risks

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

Millennials Rule

The Millennials. Generation Y. Generation Next. These are just a few of the names attributed to the generation born between 1980 and 1999. They are young adults who grew up in a technologically advanced world where travelling and communication go hand-in-hand and are easier than ever before. The Millennial generation is evolving into an increasingly influential market: approximately 320 million international trips are expected to be made in 2020 by youth travelers each year, a staggering 47% increase from 217 million in 2013.

Source: Expedia's "Future of Travel Study"

Bergman, Brooke. "Millennials Are Influencing Digital Travel Trends More Than Ever." *Forbes* 29 Oct. 2014.

Care more about



Interesting
than
Comfort



\$ 430B

in discretionary
spending



31%

of all spend is
in deals



Millennials 18 - 34

40%

share a travel
experience on social
media during their trip

49%

plan & book trips
on their
Smartphone's apps

By 2025 more than



50%

of travelers



Far more emotional in terms of
Brand Loyalty



Twice as likely to
read reviews
while researching

Source: Presentation, Next Generation Hotel Marketing by Hotel School The Hague, Revinate.



Company's Achievements in 2014

- Concluded the restructuring of the company's entire debt portfolio resulting in substantial reduction in financing costs.
- Under Royal Patronage Zara was recognized for its contribution in empowering and increasing women's participation in the labor force.
- Assisted in the training of 128 trainees through its partnership with Vocation Training Corporation in the city of Salt.

Zara Investment Holding Company

- Grand Hyatt Amman hosted "Pink High Pink Tea" to raise Breast Cancer Awareness
- Grand Hyatt Amman's employees celebrated Palm Sunday and Christmas with the kids under the care of Mar Mansour Charitable Society
- Grand Hyatt Amman Chef won Dubai World Hospitality Championship
- Switched lighting of key areas in the hotel to energy saving LEDs.
- Improved various safety and security measures at the hotel.

Amman Tourism Investment Company, *owner of Grand Hyatt Amman Hotel*



- Witnessed the best year on record in terms of performance where results were the best in the 5-star category in Jordan.
- Completed state of the art kitchen renovation to enable the hotel to consistently deliver premium services and unique F&B experience to its guests.
- Launched under official patronage first of its kind 5-star lounge located at Queen Alia International Airport.
- Improved major infrastructure for sewage and rain water network.
- Received Green Engage Certificate Level Four (LEADER).
- Won IHG Green Week Competition - AMEA .
- Implemented 19 new Green Solutions in IHG Green Engage, including 5 water-related Green Solutions.
- Renewed GREEN KEY Certificate.

**Jordan Hotels and
Tourism Company,
*owner of Hotel
InterContinental Jordan***

**Hotel InterContinental
Jordan Witnessed the
best year on record in
terms of performance
where results were
the best in the 5-star
category in Jordan**





Zara Spa Dead Sea was selected as one of the “World’s 10 Best Spas” by Premier Traveler Magazine, based in the USA

- Mövenpick Resort & Spa Dead Sea has won the World Luxury Hotel Award 2014 for “Luxury Hotel - Best Scenic Environment”.
- Zara Spa Dead Sea was selected as one of “The Best 7 Luxurious Spas in the Middle East” by Elan Magazine Middle East.
- Zara Spa Dead Sea was selected as one of the “World’s 10 Best Spas” by Premier Traveler Magazine, based in the USA.
- Mövenpick Resort & Spa Dead Sea was recognized as one of the top hotels in the world and listed on the Condé Nast Traveler 2014 Gold List.
- Mövenpick Resort & Spa Dead Sea received the “ShMILE 2” Certificate for being engaged in the environmental certification process of the EU Eco-Label.
- The Mövenpick Resort & Spa Dead Sea has introduced the destination’s first “Street Food Festival”, featuring a colorful menu of culinary delights in the resort’s Village Square by the resort’s award winning chefs.
- Mövenpick Resort & Spa Dead Sea employees were part of a group, consisting of employees of Dead Sea resorts, who broke the Guinness Book of World Records for “The Largest Floating Human Image in the World”.
- Mövenpick Resort & Spa Dead Sea received the Green Globe re-certification 2014.

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



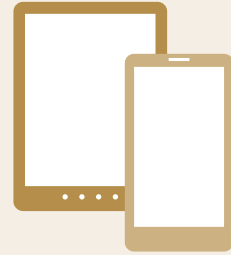
Mobile Driving Mobility

The number of internet-connected mobile devices worldwide will increase by 16% per year, led by strong sales growth in developing countries.

Mobile is an essential part of travel for consumers

44%

Plan their trip with a **smartphone or tablet**



61%

Purchased air travel / a hotel stay **on tablet**



51%

Purchased air travel / a hotel stay **on smartphones**



Source: Expedia Mobile Travel Report, January 2014



USA

90%

use smartphones



UK

67%

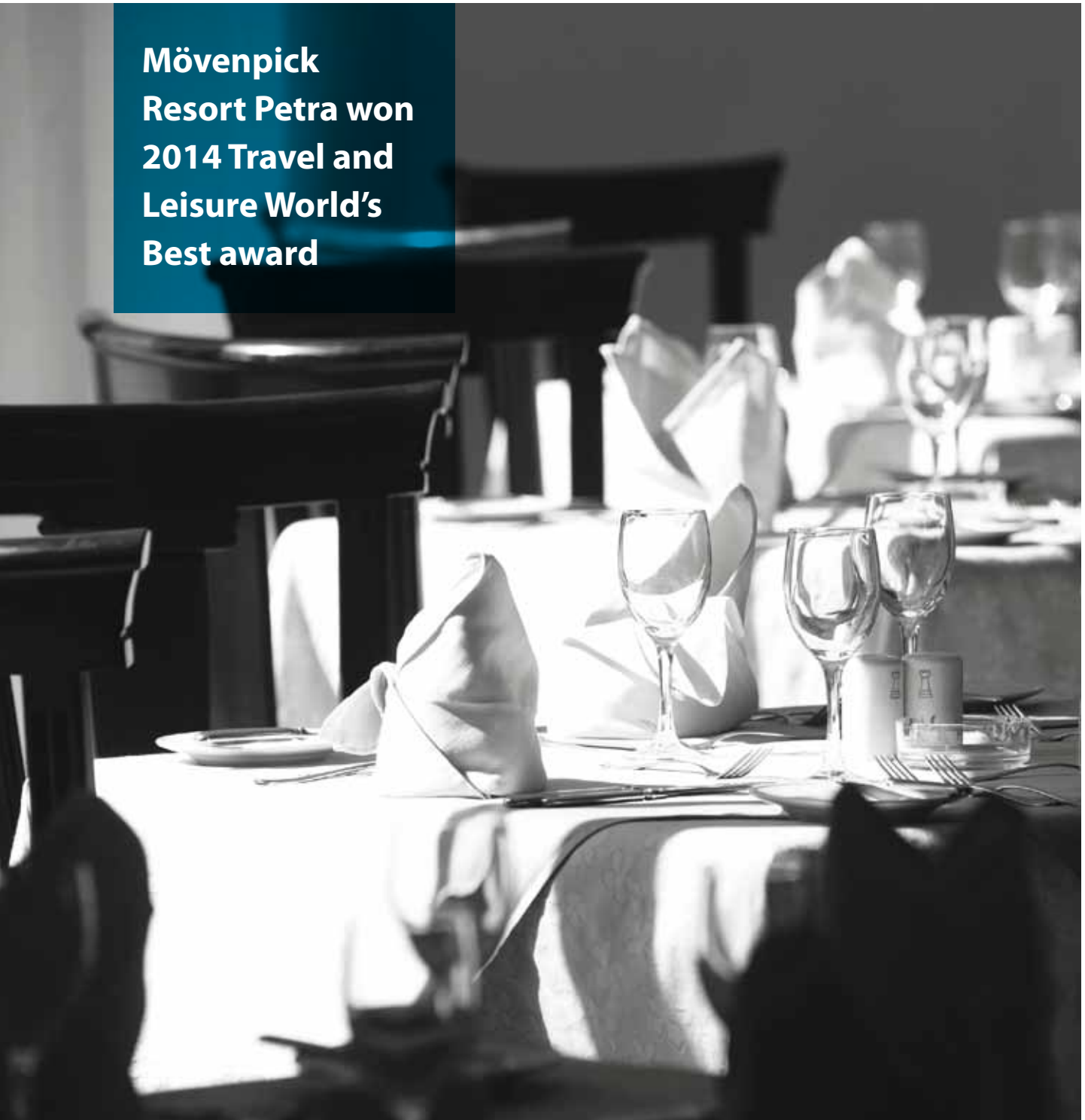
use smartphones

Source: Expedia, The Mobilized travel consumer, February 2015

- Served as the back drop of several high profile movies such as the “The Bachelor”.
- Hosted various activities for the community based development.
- Mövenpick Resort Petra won 2014 Travel and Leisure World’s Best award.
- Participated in the initiative of school adaption which was launched by JHA (Jordan Hotel Association).
- Switched lighting of key areas in the hotel to energy saving LEDs.

**Levant Hotels and
Tourism Company,
owner of Mövenpick
Resort Petra**

**Mövenpick
Resort Petra won
2014 Travel and
Leisure World’s
Best award**





**Mövenpick Resort
& Spa Tala Bay
Aqaba Switched
lighting of key
areas in the hotel
to energy saving
LEDs**

- Mövenpick Resort & Spa Tala Bay Aqaba won World Travel Awards as Jordan's Leading Resort.
- Zara Spa at Mövenpick Resort & Spa Tala Bay Aqaba won (World Luxury Spa Awards) for Jordan's Best Luxury Resort Spa.
- Mövenpick Resort & Spa Tala Bay Aqaba won Condé Nast Johansens for Zara Spa Tala Bay.
- Hosted various activities for the community based development.
- Mövenpick Resort & Spa Tala Bay Aqaba celebrated its 5th Anniversary of the resort's Grand Opening in November 2009, marking it with achieving best results in Aqaba market as well as becoming the preferred 5-star Family Resort in Jordan and neighboring countries.
- Completed the expansion of the solar system to heat hotel domestic water.
- Switched lighting of key areas in the hotel to energy saving LEDs.

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

- Completed soft renovation for premium rooms.
- Organized in-kind donation campaign for local charities.
- Switched lighting of key areas in the hotel to energy saving LEDs.
- Installed New 42" flat screens for the entire hotel main building.
- Awarded the Trip Advisor certificate of excellence 2014.
- Obtained HACCP and ISO certificate for 2014.
- Awarded the Green Globe, Green Key and Blue Flag certificate for 2014.
- Awarded Mövenpick Hotels & Resorts "Energy Champions" for the best utility expenses control among all Mövenpick Middle East / Asia.
- Awarded Mövenpick Hotels & Resorts award for the best organized "IT" department among all Mövenpick Middle East hotels.

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

**Mövenpick
Resort &
Residence Aqaba
awarded the
TripAdvisor
certificate of
excellence 2014**



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 2010 through 2014

	2014	2013	2012	2011	2010
Profit (loss) realized	464,061	(1,257,738)	1,155,761	(867,718)	9,008,144
Dividends	-	-	-	-	-
Equity attributable to shareholders	162,993,165	167,198,311	169,435,715	146,323,274	149,726,285
Share price JD	0.64	0.54	0.79	1.05	1.14

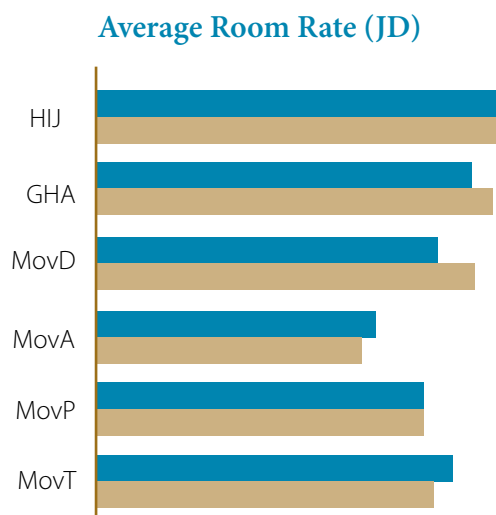
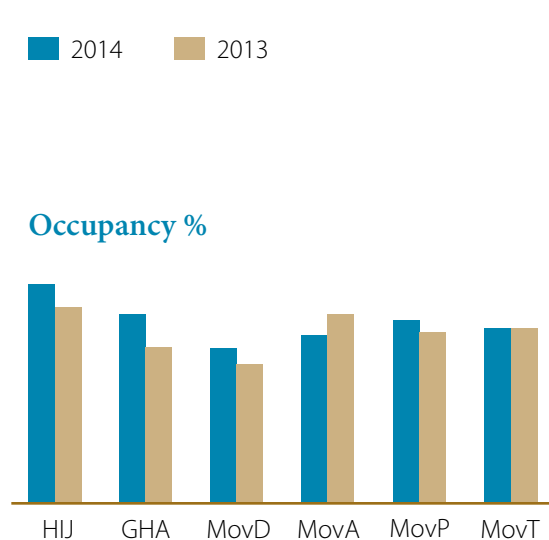
14 Analysis of Company's financial position and results of operations during fiscal years 2014 and 2013

Description	2014 %	2013%
Return on Investments	0.59%	-0.41
Return on Equity	0.76%	-0.56
Return on Paid-in Capital	0.94%	-0.71
Profit Margin	1.67%	-1.32
Earnings Before Tax (EBT) to Operating Revenues	2.60%	-0.68
Ownership Ratio	77.75%	73.51
Equity to Loans	447.49%	338.18
Loans to Assets	17.37%	21.74
Property & Equipment to Equity	102.82%	106.90
Current Liability to Assets	9.92%	10.33
Liabilities to Assets	22.25%	26.49
Liabilities to Equity	28.62%	36.04
Current Liabilities to Equity	12.76%	14.05
Long-Term Loans to Equity	15.78%	21.88
Operating Revenues to Equity	45.32%	42.51
Operating Revenues to Assets	35.24%	31.25
Current Ratio	104.78%	102.72

Consolidated Operating Revenues of Zara grew in 2014 by 4.5% to JD 83.3 million compared with JD 79.7 million in 2013.

Following are the key indicators of the Company's hotels for 2014 compared to 2013:

Hotel	Number of Rooms	Occupancy%		Average Room Rate (JD)		Operating Revenues (JD)	
		2014	2013	2014	2013	2014	2013
Hotel InterContinental Jordan	450	69.9	62.7	129.4	128.8	25,515,319	23,381,631
Grand Hyatt Amman	316	60.1	49.8	120.1	126.7	15,176,245	13,221,818
Hyatt Tower	90	67.5	67.5	157.3	157.3	2,086,696	1,938,713
Mövenpick Resort & Spa Dead Sea	362	49.5	44.4	109.2	121.1	13,234,727	13,429,415
Mövenpick Resort & Residence Aqaba	332	53.4	60.4	89.3	84.9	8,000,133	8,912,445
Mövenpick Resort Petra	183	58.2	54.5	104.9	104.9	6,656,379	6,477,833
Mövenpick Nabatean Castle Petra	92	13.1	5.8	47.8	63.3	343,375	175,190
Mövenpick Resort & Spa Tala Bay Aqaba	306	55.8	55.9	114.1	108.1	11,692,959	11,436,683
Total	2,131	56.4	52.9	114.0	113.8	82,705,833	78,973,728



1. The consolidated statement of financial position indicates that total assets as of 31/12/2014 totaled JD 236,296,730 compared with JD 255,047,792 as of 31/12/2013, representing a decline of 7.4%.
2. The equity attributable to shareholders of the Company as of 31/12/2014 totaled JD 162,993,165 compared with JD 167,198,311 as of 31/12/2013 representing a decline of 2.5%.
3. The consolidated statement of profit or loss indicates that operating revenues for 2014 totaled JD 83,262,182 compared with JD 79,702,313 for 2013 representing an increase of 4.5%.
4. The consolidated expenses including administration, financing costs, and depreciation for 2014 totaled JD 21,196,037 compared with JD 22,044,289 for 2013 representing a decline of 3.7%.
5. The consolidated profit attributable to shareholders of the Company for 2014 totaled JD 464,061 compared with loss of JD 1,257,738 for 2013 representing an improvement of 137%.



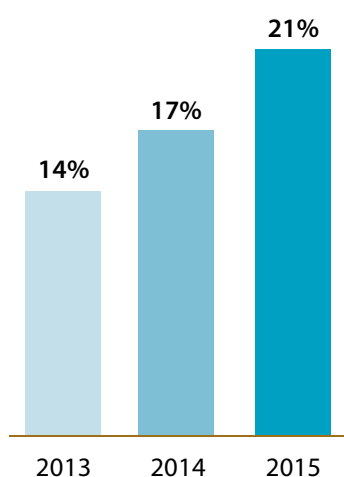
Company's Outlook For 2015



15 Company's outlook and plans for 2015

1. We will embark on the soft-scale room and suite renovation program at the Mövenpick Resort & Spa Dead Sea.
2. We will consistently monitor debt restructuring to minimize financing costs.
3. 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.
4. We will improve our profitability and operating efficiency by continuing the development and application of clean production projects.
5. We will continue to actively pursue cooperation with potential local, regional, and international investors to forge viable partnerships in Jordan.
6. We will closely cooperate with the Vocational Training Cooperation in operating and monitoring Saltus Hotel, the Zara-refurbished first of its kind vocational training hotel in Jordan.
7. We will institutionalize our community based activities and programs aimed at enabling and empowering the residents of the communities in which we operate.
8. We will continue cooperating with various players in the public and the private sectors in initiatives to improve the quality of the service delivery in our industry.

Online booking for Zara hotels



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

Company	Fees JD
Zara Investment (Holding) Company PLC	12,528
Zara South Coast Development Company LLC	12,000
Red Sea Hotels Company LLC	13,300
Amman Tourism Investment Company LLC	18,910
National Hotels and Tourism Company LLC	16,510
South Coast Real Estate Development Company LLC	2,000
Jordan Hotels and Tourism Company PLC	31,859
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	142,297

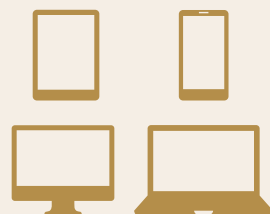


Changing World Behavior

In 2014 online bookings continued to boom with a further 7% rise to a 66% share of all travel bookings worldwide.

Source: ITB / IPK World Travel Trends Report, December 2014

95%



The average consumer uses

19

Websites & Mobile apps

of travellers today use **Digital Resources** in the course of their travel journeys



during the course of one trip and may use digital tools to share their experience throughout the process

Source: Facebook, 'Travel goes mobile', June 2014

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

Name	Position	Nationality
Sabih Taher Darwish Masri	Chairman	Jordanian
Khaled Sabih Taher Masri	Vice chairman	Jordanian
Libyan Foreign Investments Company, represented by Khaled Joma Miloud Ezarzor	Member	Libyan
Social Security Corporation, represented by Jamila Tawfiq Mahmoud Mahasneh	Member	Jordanian
Rama Investment and saving Company, represented by Sami Issa Eid Smeirat	Member	Jordanian
Bank Al Etihad, represented by Isam Halim Jeries Salfiti	Member	Jordanian
Al Masira Investment Company, represented by Kamil Abdel Rahman Ibrahim Sadeddin	Member	Jordanian
Cairo Amman Bank, represented by Kamal Ghareeb Abdel Rahim Al Bakri	Member	Jordanian
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	Member	Saudi
Yassin Khalil Mohammad Yassin Talhouni	Member	Jordanian
Yazid Adnan Mustafa Mufti	Member	Jordanian
Nafez Saleh Odeh Mustafa	Member	Saudi
"Mohammad Osama" Jawdat Sha'sha'a	Member	Jordanian

Number of shares as of	Number of shares as of	Controlled companies	Number of shares held by controlled companies as of	
			31/12/2014	31/12/2013
2,046,000	2,046,000	<ul style="list-style-type: none"> Arab Supply and Trading Corp. 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
2,076,000	2,076,000	None	None	None
19,539,532	19,539,532	None	None	None
18,506,245	18,506,245	None	None	None
10,000	10,000	None	None	None
108,300	108,300	None	None	None
18,354,013	18,354,013	None	None	None
9,990,084	9,990,084	None	None	None
6,000,000	6,000,000	None	None	None
4,141,188	4,141,188	<ul style="list-style-type: none"> National Development and Supply Co. Levant Investments Co. 	200,000 1,462,500	200,000 1,462,500
30,000	30,000	None	None	None
600,000	600,000	None	None	None
13,020	13,020	None	None	None

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

Position	Nationality	Number of shares as of		Controlled companies	Number of shares held by controlled companies as of	
		31/12/2014	31/12/2013		31/12/2014	31/12/2013
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 "Mohammed Nazih" Nureddin Hanbali						
Financial Controller	Jordanian	0	0	None	0	0

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

Relationship	Nationality	Number of shares as of		Controlled companies	Number of shares held by controlled companies as of	
		31/12/2014	31/12/2013		31/12/2014	31/12/2013
Relatives of Sabih Taher Darwish Masri						
Najwa Mohammad 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	7,000		7,000
Khaled Sabih Taher Masri	Vice Chairman	7,000		7,000
Khaled Jumaa Melood Al Zarzour	Member		24,159	24,159
Jamila Tawfiq Mahmoud Mahasneh	Member	7,000		7,000
Sami Issa Eid Smeirat	Member	7,000		7,000
Isam Halim Jeries Salfiti	Member	7,000		7,000
Kamil Abdel Rahman Ibrahim Sadeddin	Member	7,000		7,000
Kamal Ghareeb Abdel-Rahim Al-Bakri	Member	7,000		7,000
Abdel Rahman Bin Ali Bin Abdel Rahman Al Turki	Member	-		-
Yassin Khalil Moh@d Yassin Talhouni	Member	7,000		7,000
Yazid Adnan Mustafa Mufti	Member	7,000		7,000
Nafez Saleh Odeh Mustafa	Member	7,000		7,000
Mohammed Osama Jawdat Sha`sha`a	Member	7,000		7,000
Total		77,000	24,159	101,159

18 (B) Remuneration of senior executive management

Name	Position	Salaries	Transport Allowance	Bonuses	Other Benefits	Total JD
Lina Mazhar Hassan Annab	General Manager	116,688	-	29,172	-	145,860
Ahmad Ibrahim Mohammed Jamjoum	Chief Financial Officer	76,404	3,000	20,001	600	100,005
Haitham «Mohammad Nazih» Nureddin Hanbali	Financial Controller	54,180	1,260	2,203	-	57,643

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

Beneficiary	Amount JD
Vocational Training Center - Salt	9,383
Ramadan Packages	6,150
Medical Aid for Palestinians (MAP)	1,500
Palestinian Orchestra	1,000
Other	9,593
Total	27,626



Zara hotels also collected the amount of JD 65,898 from its guests for the benefit of King Hussein Cancer Foundation.

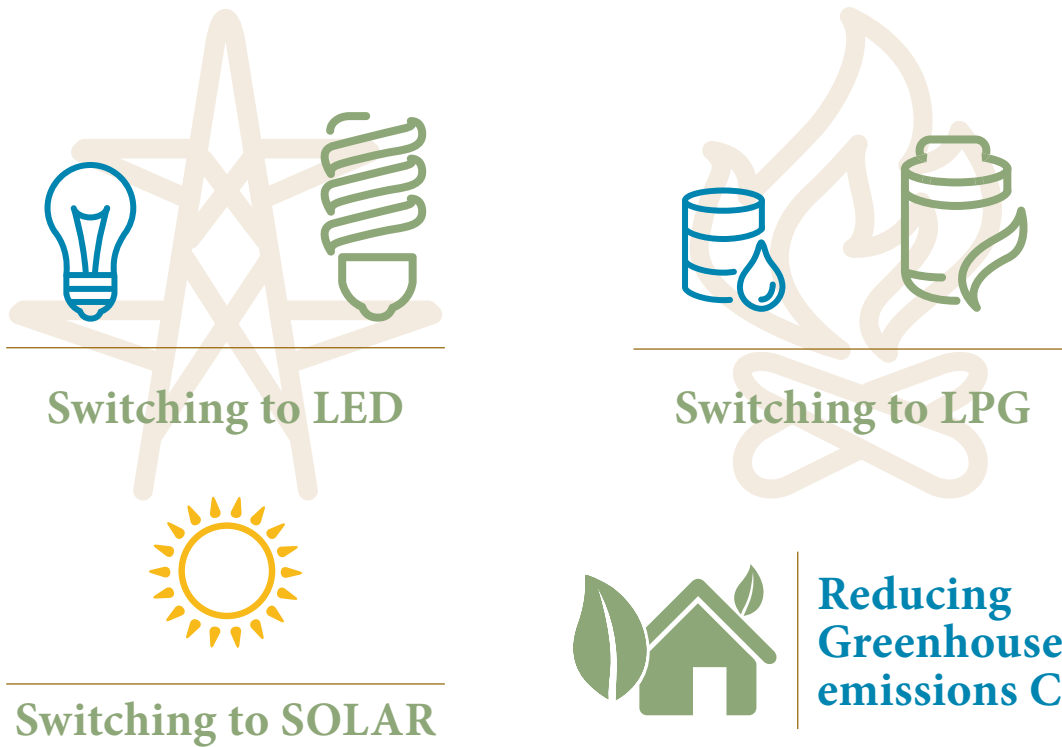
20 Contracts, projects and commitments entered into by the Company with its subsidiaries, sister or allied companies, the Chairman, members of the board, General Manager, or any Company employee or their relatives

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.



Company's contribution towards

Environmental Protection



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 launched in 2009 an aggressive clean production program aimed at gradually replacing major traditional energy sources with renewable energy solutions. These substitute energy solutions are expected to significantly reduce our greenhouse gas emissions (CO₂), while cutting cost at the same time. The projects we embarked 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.

The environmental protection and operations sustainability plans we initiated in 2009 are ongoing and continue to be implemented to this day. Similar to 2013, in 2014 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 organizations.

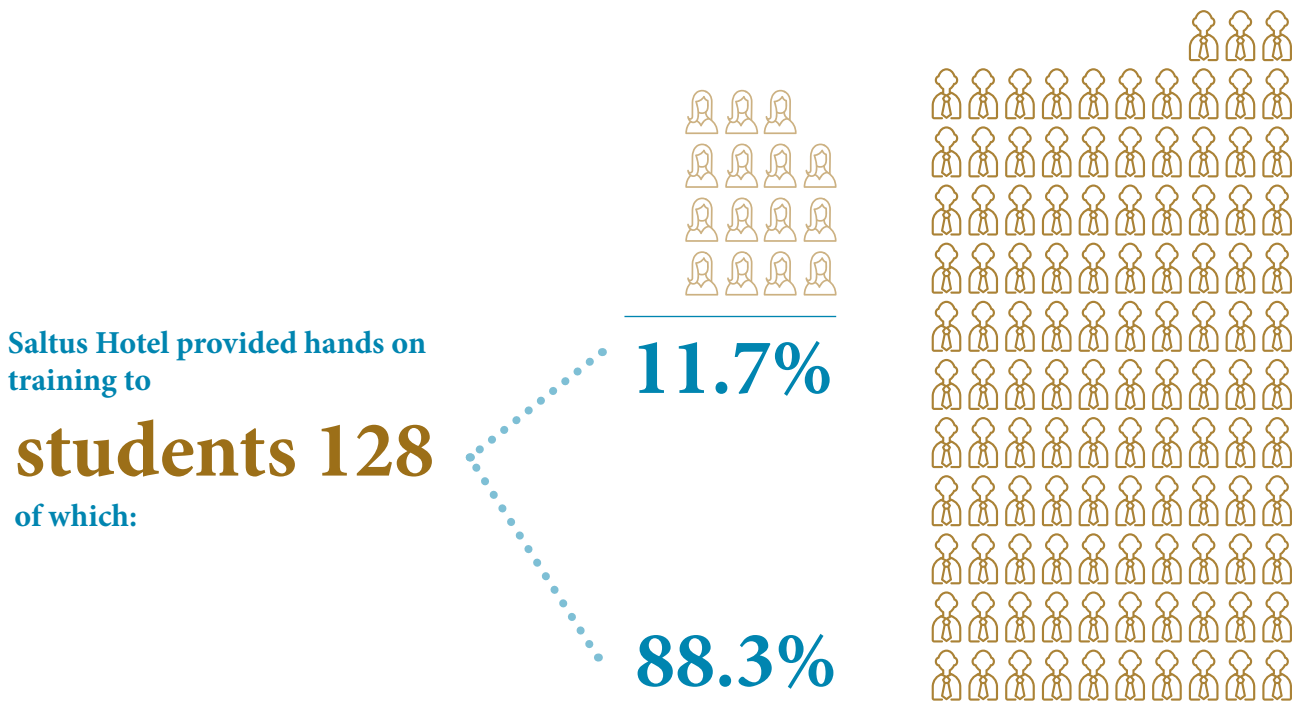
As the market leader in the hospitality field, Zara is fully aware of the importance of its role in setting the standard and in spearheading the call for an environmentally-conscious tourism and hospitality industry, a key sector for the economy of Jordan.

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

Employment in our hotels constitutes one of the most important aspects in serving the local communities where we are present. The teams serving our hotels are all comprised of talented young residents of 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 2014 our hotels provided over 154 training opportunities for hospitality students in the Food and Beverage service, Food and Beverage production, and Housekeeping. Moreover, in 2014 we witnessed the full operation of Saltus Hotel whereby we were able to provide hands on training to 128 students.

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.



22 Corporate Governance

The company complies with the regulations as stipulated by the Corporate Governance Guidance. The company also adheres to the applicable Jordan Securities Commission law and Companies law.

The Future Is NOW

“ I’ll someday be making the decision on where to go next based on the experience of having already been there virtually. ”

Tony Brice, Sabre labs



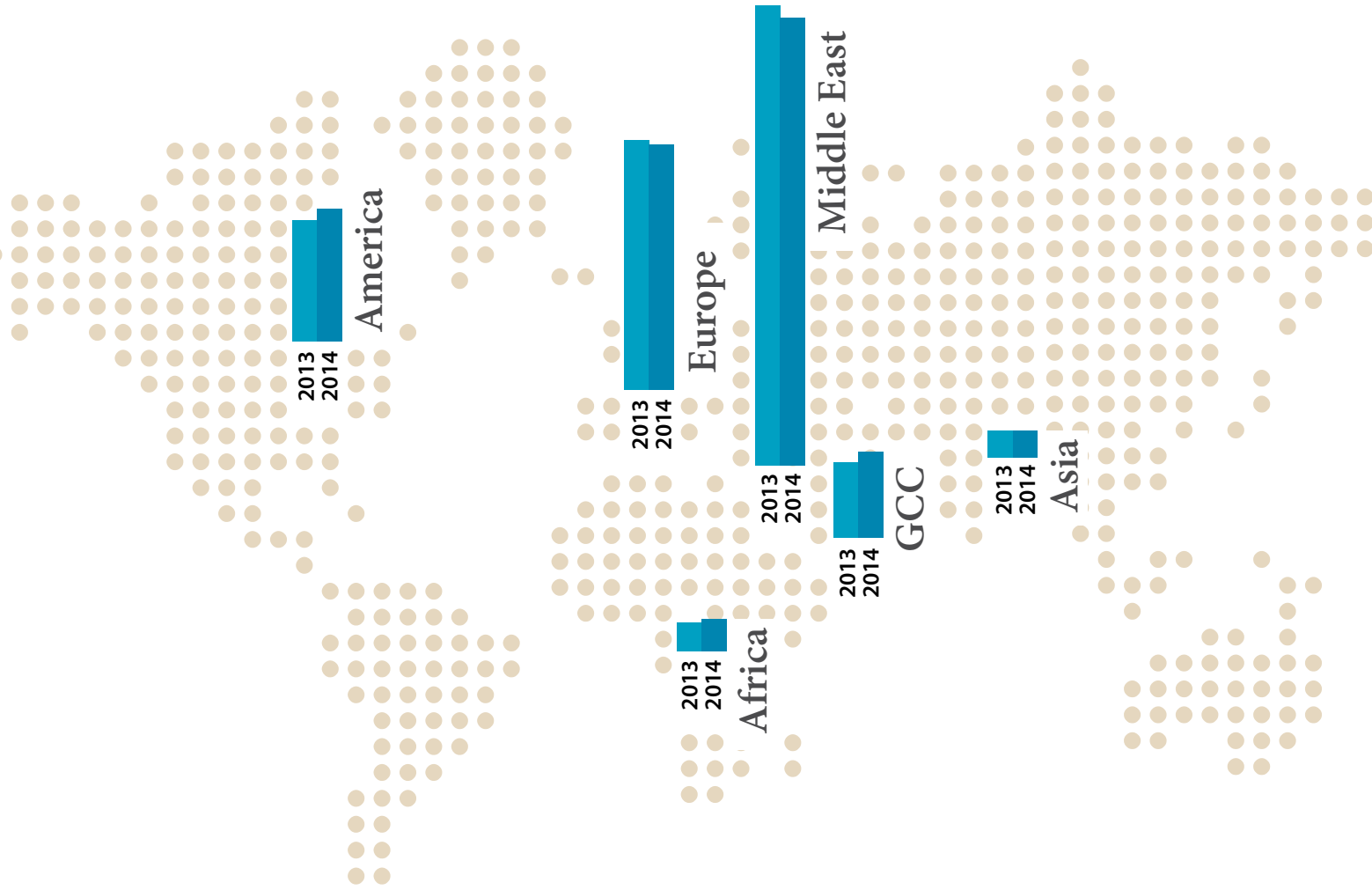
has been downloaded
100 million
times globally



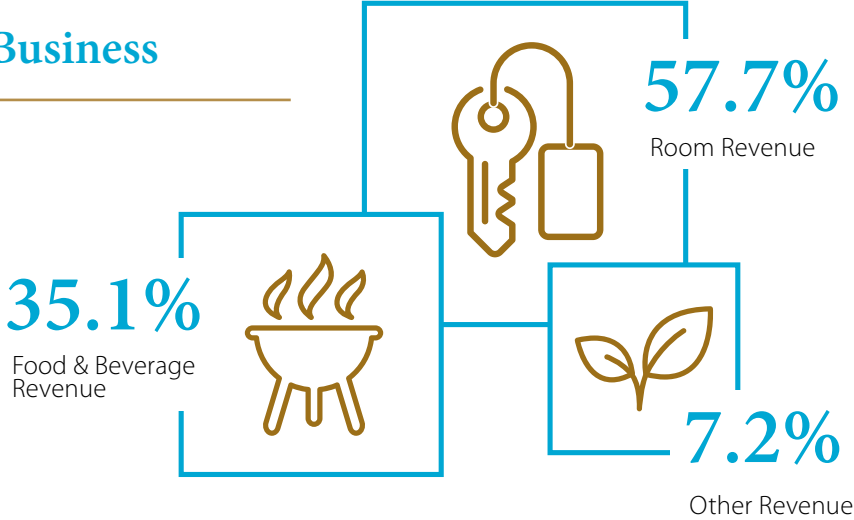
has been downloaded
25 million
times globally

Source: Facebook, Travel goes mobile , June 2014

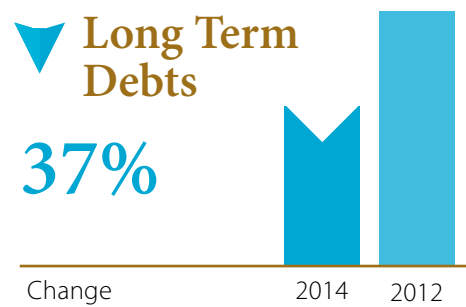
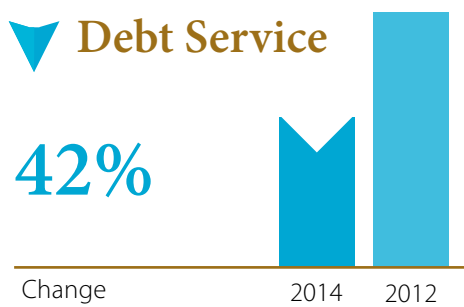
Our Guests by Nationality



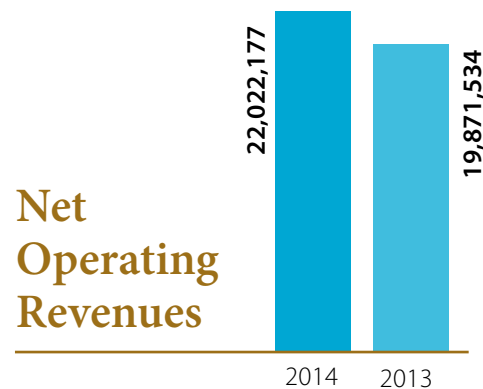
Our Source of Business



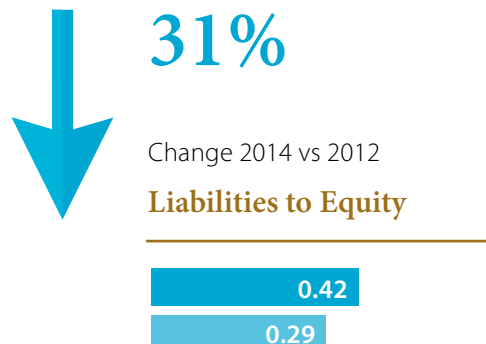
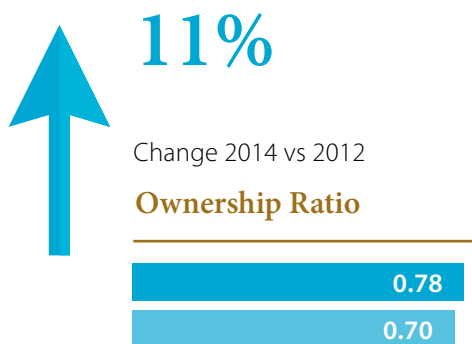
Our Accomplishments



Operational Performance



Shareholder Value





Consolidated Financial Statements

31 December 2014

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 2014, the consolidated statement of profit or loss, consolidated statement of other 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

The 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 about 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 consolidated 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 2014, its financial performance, and its 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
18 March 2015

ZARA INVESTMENT COMPANY (HOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014	2013
		JD	JD
ASSETS			
Non-current assets			
Property and equipment	4	182,599,960	190,646,385
Investment properties	5	6,080,965	6,226,657
Projects in progress	6	212,412	3,548,980
Financial assets at fair value through other comprehensive income	7	15,791,474	20,515,884
Advance payments for land purchases	9	<u>7,048,258</u>	<u>7,048,258</u>
		<u>211,733,069</u>	<u>227,986,164</u>
Current assets			
Inventories	10	2,181,443	1,828,383
Accounts receivable	11	6,569,101	6,403,919
Other current assets	12	3,034,374	2,903,259
Cash on hand and at banks	13	<u>12,778,743</u>	<u>15,926,067</u>
		<u>24,563,661</u>	<u>27,061,628</u>
Total assets		<u><u>236,296,730</u></u>	<u><u>255,047,792</u></u>

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

EQUITY AND LIABILITIES

	Notes	2014	2013
		JD	JD
EQUITY			
Attributable to the equity owners of the parent			
Paid-in capital	14	148,256,589	148,256,589
Statutory reserve	14	3,819,642	3,773,236
Voluntary reserve	14	689,496	689,496
Cumulative change in fair value	8	11,069,330	15,738,537
Accumulated losses		<u>(841,892)</u>	<u>(1,259,547)</u>
		162,993,165	167,198,311
Non-controlling interests	22	<u>20,723,367</u>	<u>20,279,572</u>
Total equity		<u>183,716,532</u>	<u>187,477,883</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	15	28,988,175	41,021,000
Deferred tax liabilities	23	<u>149,245</u>	<u>204,448</u>
		<u>29,137,420</u>	<u>41,225,448</u>
Current liabilities			
Current portion of long-term loans	15	12,032,825	12,032,825
Due to banks	16	33,725	2,382,697
Accounts payable		5,601,000	5,849,283
Other current liabilities	17	4,985,806	5,441,059
Other provisions	18	207,228	275,888
Provision for income tax	23	<u>582,194</u>	<u>362,709</u>
		<u>23,442,778</u>	<u>26,344,461</u>
Total liabilities		<u>52,580,198</u>	<u>67,569,909</u>
Total equity and liabilities		<u>236,296,730</u>	<u>255,047,792</u>

ZARA INVESTMENT COMPANY (HOLDING COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		JD	JD
Operating revenues		83,262,182	79,702,313
Operating expenses		(61,240,005)	(59,830,779)
Net operating revenues	19	22,022,177	19,871,534
Other income	20	1,013,105	1,227,294
Interest income		373,650	510,943
Administrative expenses	21	(3,638,340)	(3,556,004)
Finance costs		(2,643,680)	(3,510,244)
Depreciation	4, 5	(14,914,017)	(14,938,041)
Other provisions	18	(48,706)	(151,419)
Profit (loss) before income tax		2,164,189	(545,937)
Income tax expense	23	(772,777)	(504,326)
Profit (loss) for the year		<u>1,391,412</u>	<u>(1,050,263)</u>
Attributable to:			
Shareholders of the parent		464,061	(1,257,738)
Non-controlling interests	22	<u>927,351</u>	<u>207,475</u>
		<u>1,391,412</u>	<u>(1,050,263)</u>
		JD / Fils	JD / Fils
Basic and diluted earnings (loss) per share attributable to the equity holders of the parent	24	0/003	(0/008)

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

ZARA INVESTMENT COMPANY (HOLDING COMPANY)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		JD	JD
Profit (loss) for the year		1,391,412	(1,050,263)
Other comprehensive income items not to be realised in profit or loss subsequently, net of tax:			
Change in fair value net of deferred tax liabilities	8	(4,669,207)	(978,778)
Total comprehensive income for the year		<u>(3,277,795)</u>	<u>(2,029,041)</u>
Attributable to:			
Shareholders of the parent		(4,205,146)	(2,236,516)
Non-controlling interests		<u>927,351</u>	<u>207,475</u>
		<u>(3,277,795)</u>	<u>(2,029,041)</u>

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

ZARA INVESTMENT COMPANY (HOLDING COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to the equity			
	Paid-in capital	Advance payment on capital increase	Reserves	
			Statutory	Voluntary
	JD	JD	JD	JD
2014				
Balance at 1 January 2014	148,256,589	-	3,773,236	689,496
Total comprehensive income for the year	-	-	-	-
Transferred to reserves	-	-	46,406	-
Dividends of a subsidiary	-	-	-	-
Balance at 31 December 2014	<u>148,256,589</u>	<u>-</u>	<u>3,819,642</u>	<u>689,496</u>
2013				
Balance at 1 January 2013	145,000,000	3,256,589	3,773,236	689,496
Increase in paid in capital	3,256,589	(3,256,689)	-	-
Capital increase expense	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Dividends of a subsidiary	-	-	-	-
Balance at 31 December 2013	<u>148,256,589</u>	<u>-</u>	<u>3,773,236</u>	<u>689,496</u>

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

holders of the parent

Cumulative change in fair value	Accumulated losses	Total	Non-control- ling interests	Total equity
JD	JD	JD	JD	JD
15,738,537	(1,259,547)	167,198,311	20,279,572	187,477,883
(4,669,207)	464,061	(4,205,146)	927,351	(3,227,795)
-	(46,406)	-	-	-
-	-	-	(483,556)	(483,556)
<u>11,069,330</u>	<u>(841,892)</u>	<u>162,993,165</u>	<u>20,723,367</u>	<u>183,716,532</u>
16,717,315	(921)	169,435,715	20,555,653	189,991,368
-	-	-	-	-
-	(888)	(888)	-	(888)
(978,778)	(1,257,738)	(2,236,516)	207,475	(2,029,041)
-	-	-	(483,556)	(483,556)
<u>15,738,537</u>	<u>(1,259,547)</u>	<u>167,198,311</u>	<u>20,279,572</u>	<u>187,477,883</u>

ZARA INVESTMENT COMPANY (HOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

Operating Activities	Notes	2014	2013
		JD	JD
Profit (loss) before income tax		2,164,189	(545,937)
Adjustments for			
Depreciation		14,914,017	14,938,041
Dividends income		(36,418)	(36,418)
Gain on sale and disposal of property and equipment		(55,725)	(180,669)
Finance costs		2,643,680	3,510,244
Interest income		(373,650)	(510,943)
Provision for projects in progress		-	18,439
Provision for doubtful accounts, net		245,550	126,164
Other provisions		48,706	151,419
Reversal of other provisions		(3,907)	(2,125)
Changes in working capital			
Inventories		(353,060)	111,735
Accounts receivable		(410,732)	(309,049)
Other current assets		(131,115)	1,238
Accounts payable		(248,283)	(1,360,380)
Other current liabilities		(244,263)	554,418
Other provisions paid		(113,459)	(122,589)
Income tax paid		<u>(553,292)</u>	<u>(668,155)</u>
Net cash flows from operating activities		<u>17,492,238</u>	<u>15,675,433</u>

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

Investing activities	Notes	2014	2013
		JD	JD
Purchase of property and equipment		(2,643,757)	(2,472,707)
Proceeds from sale and disposal of property and equipment		59,717	299,804
Purchase of investment properties		(5,776)	(3,325)
Projects in progress		(739,791)	(3,950,994)
Contractors' retentions		(116,252)	478,057
Dividends income received		36,418	36,418
Interest income received		<u>373,650</u>	<u>510,943</u>
Net cash flows used in investing activities		<u>(3,035,791)</u>	<u>(5,101,804)</u>

Financing Activities

Capital increase expenses		-	(888)
Repayments of loans		(12,032,825)	(12,457,625)
Dividends of a subsidiary to non-controlling interests		(483,556)	(483,556)
Finance costs paid		<u>(2,738,418)</u>	<u>(3,552,881)</u>
Net cash flows used in financing activities		<u>(15,254,799)</u>	<u>(16,494,950)</u>
Net decrease in cash and cash equivalents		(798,352)	(5,921,321)
Cash and cash equivalents at the beginning of the year		<u>13,543,370</u>	<u>19,464,691</u>
Cash and cash equivalents at the end of the year	13	<u>12,745,018</u>	<u>13,543,370</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

1 General

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

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 in its meeting held on 18 March 2015. These consolidated financial statements are subject to the approval of the General Assembly.

2 Accounting Policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention except for 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 2014.

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. Assets, liability, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

2.3 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2013 except for the following:

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

These amendments are effective for annual periods which started on or after 1 January 2014. The amendments 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. The application of the new amendments did not have any impact on the Company's financial position or performance.

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. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

IFRIC 21 Levies

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation,

occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. Application of the interpretation did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

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 profit or loss.

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

	%
Buildings	2
Electro-mechanicals	10-15
Machinery and equipment	15
Furniture and fixture	15
Computers	20
Vehicles	15
Others	2-20

The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Loss is

recognized in the consolidated statement of profit or loss.

The 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 profit or loss

Investment properties

Investment properties are properties (land or building) held to earn rentals or for capital appreciation rather than land or building used 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 on a straight-line basis over their estimated useful lives, annual depreciation rates used range between 2% - 20%.

Projects in progress

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they 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 statement of profit or loss.

An assessment is made at each reporting date for an asset as to whether there is any indication that previously recognised impairment losses may no longer exist

or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of other 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 profit or loss 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 statement of profit or loss. 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 statement of profit or loss.

Cash and cash equivalents

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

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

Loans and borrowings

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

De-recognition of financial liabilities

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period 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 statement of profit or loss net of any reimbursement.

Income Taxes

Provision for income tax 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 lessee

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

Group as a lessor

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

Foreign currency

Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Assets and liabilities denominated in foreign

currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the consolidated statement of profit or loss.

Contingent assets and liabilities

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

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 IAS. Deferred tax assets and liabilities and income tax provision are calculated accordingly.
- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly.
- A provision 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

	Lands	Buildings	Electro- mechanicals
	JD	JD	JD
2014			
Cost			
At 1 January 2014	35,349,349	159,361,486	65,298,379
Additions	-	503,118	672,473
Transferred from projects in progress	-	918,768	727,492
Retirements	<u>-</u>	<u>(3,800)</u>	<u>(2,611)</u>
At 31 December 2014	<u>35,349,349</u>	<u>160,779,572</u>	<u>66,695,733</u>
Accumulated depreciation			
At 1 January 2014	-	38,868,793	53,301,393
Additions	-	3,519,673	4,132,735
Retirements	<u>-</u>	<u>(1,254)</u>	<u>(2,610)</u>
At 31 December 2014	<u>-</u>	<u>42,387,212</u>	<u>57,431,518</u>
Net book value at 31 December 2014	<u>35,349,349</u>	<u>118,392,360</u>	<u>9,264,215</u>
2013			
Cost			
At 1 January 2013	34,678,440	156,441,348	63,945,919
Additions	85,909	108,575	564,506
Transferred from projects in progress	-	2,866,218	812,215
Transferred from advance payment for land purchase	585,000	-	-
Retirements	<u>-</u>	<u>(54,655)</u>	<u>(24,261)</u>
At 31 December 2013	<u>35,349,349</u>	<u>159,361,486</u>	<u>65,298,379</u>
Accumulated depreciation			
At 1 January 2013	-	35,373,133	49,202,475
Additions	-	3,504,345	4,122,150
Retirements	<u>-</u>	<u>(8,685)</u>	<u>(23,232)</u>
At 31 December 2013	<u>-</u>	<u>38,868,793</u>	<u>53,301,393</u>
Net book value at 31 December 2013	<u>35,349,349</u>	<u>120,492,693</u>	<u>11,996,986</u>

The cost of fully depreciated property and equipment as at 31 December 2014 is JD 95,751,530 (2013: JD 88,555,784).

Machinery and equipment	Furniture and fixtures	Computer equipment	Vehicles	Others	Total
JD	JD	JD	JD	JD	JD
33,945,711	49,146,791	7,107,327	1,490,318	2,555,228	354,254,589
451,358	535,332	383,557	97,919	-	2,643,757
2,251,247	146,795	32,057	-	-	4,076,359
(386,380)	(13,255)	(6,015)	(74,649)	-	(486,710)
<u>36,261,936</u>	<u>49,815,663</u>	<u>7,516,926</u>	<u>1,513,588</u>	<u>2,555,228</u>	<u>360,487,995</u>
26,757,541	35,822,012	5,896,559	1,154,825	1,807,081	163,608,204
2,243,519	4,232,754	503,680	104,455	25,733	14,762,549
(386,211)	(13,208)	(6,015)	(73,420)	-	(482,718)
<u>28,614,849</u>	<u>40,041,558</u>	<u>6,394,224</u>	<u>1,185,860</u>	<u>1,832,814</u>	<u>177,888,035</u>
<u>7,647,087</u>	<u>9,774,105</u>	<u>1,122,702</u>	<u>327,728</u>	<u>722,414</u>	<u>182,599,960</u>
32,657,130	47,974,798	6,877,822	1,434,325	2,551,282	346,561,064
816,834	576,751	252,193	67,939	-	2,472,707
782,323	765,909	16,952	-	3,946	5,247,563
-	-	-	-	-	585,000
(310,576)	(170,667)	(39,640)	(11,946)	-	(611,745)
<u>33,945,711</u>	<u>49,146,791</u>	<u>7,107,327</u>	<u>1,490,318</u>	<u>2,555,228</u>	<u>354,254,589</u>
25,003,636	31,567,893	5,373,642	1,026,298	1,766,912	149,313,989
2,038,734	4,378,398	562,557	140,472	40,169	14,786,825
(284,829)	(124,279)	(39,640)	(11,945)	-	(492,610)
<u>26,757,541</u>	<u>35,822,012</u>	<u>5,896,559</u>	<u>1,154,825</u>	<u>1,807,081</u>	<u>163,608,204</u>
<u>7,188,170</u>	<u>13,324,779</u>	<u>1,210,768</u>	<u>335,493</u>	<u>748,147</u>	<u>190,646,385</u>

5 Investment Properties

	2014	2013
	JD	JD
Cost		
As at 1 January	10,411,324	10,407,999
Additions	<u>5,776</u>	<u>3,325</u>
As at 31 December	<u>10,417,100</u>	<u>10,411,324</u>
Accumulated depreciation		
As at 1 January	4,184,667	4,033,451
Additions	<u>151,468</u>	<u>151,216</u>
As at 31 December	<u>4,336,135</u>	<u>4,184,667</u>
Net book value		
At 31 December	<u>6,080,965</u>	<u>6,226,657</u>

The fair value of the investment properties is estimated by the real estate appraiser at JD 10,264,959 as at 31 December 2014.

6 Projects in Progress

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

	2014	2013
	JD	JD
Jordan Hotels and Tourism Company	-	3,193,680
Jordan Himmeh Mineral Company . *	368,474	368,474
Nabatean Hotels Co.	12,228	4,000
Amman Tourism Investment Co.	10,141	42,682
Oasis Hotels Co.*	525,703	525,703
National Hotels and Tourism Co.	168,590	142,310
South Coast Hotels Co.*	528,245	528,245
Zara South Coast Development Co.	4,054	148,908
Zara Investment Co.*	<u>102,986</u>	<u>102,987</u>
	1,720,421	5,056,989
Less: provision for projects in progress *	<u>(1,508,009)</u>	<u>(1,508,009)</u>
	<u>212,412</u>	<u>3,548,980</u>

No interest expense was capitalized during 2014 and 2013.

Movements on projects in progress are as follow:

	2014	2013
	JD	JD
Beginning balance	5,056,989	6,353,558
Additions	739,791	3,950,999
Transferred to property and equipment	<u>(4,076,359)</u>	<u>(5,247,563)</u>
	1,720,421	5,056,989
Provision for projects in progress	<u>(1,508,009)</u>	<u>(1,508,009)</u>
Ending balance	<u>212,412</u>	<u>3,548,980</u>

Movements on provision for projects in progress are as follow:

	2014	2013
	JD	JD
Beginning balance	1,508,009	1,489,570
Charge for the year	<u>-</u>	<u>18,439</u>
Ending balance	<u>1,508,009</u>	<u>1,508,009</u>

The estimated cost to complete the above projects is approximately JD 3,000,000 as of 31 December 2014 (2013: JD 3,000,000). Management expects to complete these projects during the coming two years.

7 Financial Assets at Fair Value Through Other Comprehensive Income

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

	2014	2013
	JD	JD
Quoted shares – Local		
Jordan Express Tourist Transport Company	640,950	630,024
Jordan Projects Tourism Development Company	<u>13,654,815</u>	<u>18,390,151</u>
	<u>14,295,765</u>	<u>19,020,175</u>
Unquoted shares – Local		
Jordan Hotels and Tourism Education	180,000	180,000
Dead Sea Touristic and Real Estate Investments Company	<u>354,000</u>	<u>354,000</u>
	<u>534,000</u>	<u>534,000</u>
Unquoted shares – Foreign		
Jerusalem Tourism Investment Company	5,800	5,800
Palestine Tourism Investment Company	<u>955,909</u>	<u>955,909</u>
	<u>961,709</u>	<u>961,709</u>
	<u>15,791,474</u>	<u>20,515,884</u>

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

	2014	2013
	JD	JD
Beginning balance	20,515,884	21,508,214
Change in fair value	<u>(4,724,410)</u>	<u>(992,330)</u>
Ending balance	<u>15,791,474</u>	<u>20,515,884</u>

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

Movements on cumulative change in fair value are as follows:

	2014	2013
	JD	JD
Beginning balance	15,738,537	16,717,315
Change in fair value of financial assets at fair value through other comprehensive income	(4,724,410)	(992,330)
Change in deferred tax liabilities (note 23)	<u>55,203</u>	<u>13,552</u>
Ending balance	<u>11,069,330</u>	<u>15,738,537</u>

9 Advance Payments for Land Purchases

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

Subsidiary	2014	2013	Paid to
	JD	JD	
South Coast Real Estate Development Company	5,445,961	5,445,961	Aqaba Special Economic Zone Authority
South Coast Hotels Company	1,220,647	1,220,647	Aqaba Special Economic Zone Authority
Zara South Coast Development Company	<u>381,650</u>	<u>381,650</u>	Jordan Projects Tourism Development Company
	<u>7,048,258</u>	<u>7,048,258</u>	

10 Inventories

	2014	2013
	JD	JD
Food and beverages	553,958	619,947
Supplies and equipment	1,249,757	1,018,014
Others	<u>377,728</u>	<u>190,422</u>
	<u>2,181,443</u>	<u>1,828,383</u>

11 Accounts Receivable

	2014	2013
	JD	JD
Accounts receivable	7,551,812	7,146,830
Provision for doubtful accounts	<u>(982,711)</u>	<u>(742,911)</u>
	<u>6,569,101</u>	<u>6,403,919</u>

Movement's on the provision for doubtful accounts are as follows:

	2014	2013
	JD	JD
Beginning balance	742,911	635,458
Charge for the year*	372,183	177,870
Reversals during the year**	(126,633)	(51,706)
Amounts written off during the year	<u>(5,750)</u>	<u>(18,711)</u>
Ending Balance	<u>982,711</u>	<u>742,911</u>

* The charge for the year was allocated to administrative expenses for JD 148,762 (2013: JD 140,658) and to operating expenses for JD 223,421 (2013: JD 37,212).

** The reversals during the year were deducted from operating expenses for JD 85,752 (2013: JD 51,706) and were added to other income for JD 40,881 (2013: JD nil).

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

	Past due but not impaired					Total
	Neither past due nor impaired	1-30 days	31 – 90 days	91 – 120 days	> 120 days	
	JD	JD	JD	JD	JD	
2014	1,782,621	1,869,333	2,587,088	180,007	150,052	6,569,101
2013	1,541,610	2,479,183	2,000,770	168,083	214,273	6,403,919

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

	2014	2013
	JD	JD
Refundable deposits	711,895	683,931
Advance payments to contractors and suppliers	468,385	538,834
Prepaid expenses	1,352,093	1,258,004
Others	<u>502,001</u>	<u>422,490</u>
	<u>3,034,374</u>	<u>2,903,259</u>

13 Cash on Hand and at Banks

	2014	2013
	JD	JD
Cash on hand	112,527	117,963
Current accounts	4,785,691	10,105,691
Term deposits	<u>7,880,525</u>	<u>5,702,413</u>
	<u>12,778,743</u>	<u>15,926,067</u>

Term deposits are fixed for 1 to 3 months and earn annual interest rates ranging from 1% to 3.25% per annum.

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

	2014	2013
	JD	JD
Cash on hand and at banks	12,778,743	15,926,067
Due to banks (note 16)	<u>(33,725)</u>	<u>(2,382,697)</u>
	<u>12,745,018</u>	<u>13,543,370</u>

14 Equity

Authorized and Paid in Capital

The Company's authorized capital is 150,000,000 shares of JD 1 par value each according to the resolution of the Board of Commissioners of Jordan Securities Commission no. 340/2012 in its meeting held on 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 of JD 1 par value each as at 31 December 2014.

Statutory Reserve

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

Voluntary Reserve

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

15 Long-Term Loans

This item consists of the following:

Currency	Loans instalments					
	2014			2013		
	Short Term	Long Term	Total	Short Term	Long Term	Total
JD	JD	JD	JD	JD	JD	JD
Syndicated loan – Jordan Hotels and Tourism Co.						
USD	1,183,333	1,183,334	2,366,667	1,183,333	2,366,667	3,550,000
Syndicated loan – Jordan Hotels and Tourism Co.						
JOD	500,000	500,000	1,000,000	500,000	1,000,000	1,500,000
Arab Bank – Amman Tourism Investment Co.						
USD	1,520,000	4,560,000	6,080,000	1,520,000	6,080,000	7,600,000
Arab Bank – Zara Investment Holding Co.						
USD	1,480,000	4,440,000	5,920,000	1,480,000	5,920,000	7,400,000
Syndicated loan – Zara Investment Holding Co.						
USD	3,332,300	10,070,800	13,403,100	3,332,300	13,403,100	16,735,400
International Finance Corporation – Zara investment Holding Co.						
USD	4,017,192	8,234,041	12,251,233	4,017,192	12,251,233	16,268,425
	12,032,825	28,988,175	12,032,825	12,032,825	41,021,000	53,053,825

Syndicated Loan - Jordan Hotels and Tourism Company - USD and JD

On 8 June 2009 three banks (Arab Bank, Union Bank and Cairo Amman Bank) participated in a two tranches 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 and other facilities of the Intercontinental Jordan Hotel. The loan 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 4.5% floor per annum.

Arab Bank - Amman Tourism Investment Company - USD

On 14 January 1998 a discounted loan in Jordanian Dinar of JD 12,500,000 was granted to finance the project of Grand Hyatt Amman Hotel with a first degree 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 at interest rate of 9.5%. The loan was rescheduled during 2001 and 2003 such that the first instalment was due on 14 January, 2005 at an annual interest rate of 7.25%.

On 31 December 2011 the loan currency was converted to USD with the same 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 - USD

On 22 October 2006 a loan of JD 14,800,000 was granted to finance the Company's current projects with a second degree mortgage on the land of 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. On 30 April 2014 the loan currency was converted to USD with the same conditions and a six-month LIBOR floating interest rate is due plus 3% margin per annum with 4% floor per annum over the loan term. The loan is repayable over 5 equal annual instalments of USD 2,084,507 each starting on 31 December 2014 and ending on 31 December 2018.

Syndicated Loan - Zara Investment Holding Company - USD

On 4 December 2007 five banks (Arab Bank, Union Bank, Jordan Kuwait Bank, Cairo Amman Bank and 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 plus 3% annual margin with 4% floor per annum over the loan term. The loan is repayable in 7 annual instalments of USD 4,700,000 except for the last instalment of USD 4,804,231 starting on 4 December 2012 and ending on 4 December 2018.

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

On 28 February 2008 the Company signed a loan agreement of USD 40,000,000 to finance the construction of Movenpick Hotel at Tala Bay located on the south coast of Aqaba. The loan is guaranteed by a mortgage on the Company's shares in Jordan Hotels and Tourism Co. and National Hotels and Tourism Co. and the guarantee of Amman Tourism Investment Co. 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 an annual 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 balance of USD 3,000,000 at 4.22%.

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
2015	12,032,825
2016	12,032,825
2017	10,549,150
2018	<u>6,406,200</u>
Total	<u><u>41,021,000</u></u>

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 8.625% including the commission.

17 Other Current Liabilities

	2014	2013
	JD	JD
Accrued interest	164,761	259,499
Due to contractors and retentions payable	33,577	149,829
Accrued expenses	2,735,610	3,090,993
Deposits	584,781	653,471
Others	<u>1,467,077</u>	<u>1,287,267</u>
	<u>4,985,806</u>	<u>5,441,059</u>

18 Other Provisions

2014	Legal claims	Scientific research	Employees' benefits	Others	Total
	JD	JD	JD	JD	JD
Beginning balance	9,851	-	206,907	59,130	275,888
Charge for the year	-	-	3,706	45,000	48,706
Reversal of provisions	-	-	-	(3,907)	(3,907)
Paid during the year	<u>-</u>	<u>-</u>	<u>(68,459)</u>	<u>(45,000)</u>	<u>(113,459)</u>
Ending balance	<u>9,851</u>	<u>-</u>	<u>142,154</u>	<u>55,223</u>	<u>207,228</u>

2013	Legal claims	Scientific research	Employees' benefits	Others	Total
	JD	JD	JD	JD	JD
Beginning balance	9,851	3,164	177,038	59,130	249,183
Charge for the year	-	-	106,419	45,000	151,419
Reversal of provisions	-	-	-	(2,125)	(2,125)
Paid during the year	<u>-</u>	<u>(3,164)</u>	<u>(76,550)</u>	<u>(42,875)</u>	<u>(122,589)</u>
Ending balance	<u>9,851</u>	<u>-</u>	<u>206,907</u>	<u>59,130</u>	<u>275,888</u>

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 Chief Executive Officer and the primary decision maker of the Group.

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

- **Hotels segment:** represents hospitality services of Movenpick Hotels, Grand Hyatt Amman Hotel and Intercontinental Jordan 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.

2014	Hotels Segment	Other Segments	Eliminations	Total
	JD	JD	JD	JD
Operating revenues	82,705,833	1,110,029	(553,680)	83,262,182
Operating expenses	<u>(61,127,417)</u>	<u>(666,268)</u>	<u>553,680</u>	<u>(61,240,005)</u>
Net operating revenues	<u>21,578,416</u>	<u>443,761</u>	<u>-</u>	<u>22,022,177</u>

Other information

Segment assets	223,248,403	47,904,011	(34,855,684)	236,296,730
Segment liabilities	64,886,029	22,549,853	(34,855,684)	52,780,198
Depreciation	14,863,800	50,217	-	14,914,017
Provision for doubtful accounts	223,421	148,762	-	372,183
Interest income	192,003	181,647	-	373,650
Finance costs	2,130,921	512,759	-	2,643,680
Capital expenditures	3,248,614	140,710	-	3,389,324
Non-current operating assets	195,468,729	16,264,340	-	211,733,069

* Hotels' net operating revenues consist of the following:

	Operating revenues	Operating expenses	Net operating revenues
	JD	JD	JD
Hotel Intercontinental Jordan	25,515,319	(17,512,347)	8,002,972
Grand Hyatt Amman	17,262,941	(12,175,374)	5,087,567
Dead Sea Movenpick Hotel	13,234,727	(11,262,670)	1,972,057
Petra Movenpick Hotel	6,656,379	(3,852,067)	2,804,312
Aqaba Movenpick Hotel	8,000,133	(6,937,530)	1,062,603
Nabatean Castle Hotel	343,375	(480,611)	(137,236)
Tala Bay Movenpick Hotel	<u>11,692,959</u>	<u>(8,906,818)</u>	<u>2,786,141</u>
Total	<u>82,705,833</u>	<u>(61,127,417)</u>	<u>21,578,416</u>

2013	Hotels Segment	Other Segments	Eliminations	Total
	JD	JD	JD	JD
Operating revenues	78,973,728	1,357,874	(629,289)	79,702,313
Operating expenses	<u>(59,621,775)</u>	<u>(838,293)</u>	<u>629,289</u>	<u>(59,830,779)</u>
Net operating revenues	<u>19,351,953</u>	<u>519,581</u>	<u>-</u>	<u>19,871,534</u>

Other information

Segment assets	245,613,823	49,108,710	(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
Finance costs	1,790,848	1,719,396	-	3,510,244
Capital expenditures	6,408,770	18,256	-	6,427,026
Non-current operating assets	211,805,313	16,180,851	-	227,986,164

* Hotels' net operating revenues consist 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	15,160,531	(11,107,830)	4,052,701
Dead Sea Movenpick Hotel	13,429,415	(11,300,228)	2,129,187
Petra Movenpick Hotel	6,477,833	(3,989,263)	2,488,570
Aqaba Movenpick Hotel	8,912,445	(6,959,134)	1,953,311
Nabatean Castle Hotel	175,190	(449,354)	(274,164)
Tala Bay Movenpick Hotel	<u>11,436,683</u>	<u>(8,700,258)</u>	<u>2,736,425</u>
Total	<u>78,973,728</u>	<u>(59,621,775)</u>	<u>19,351,953</u>

20 Other Income

	2014	2013
	JD	JD
Rent	756,003	868,108
Reversal of provisions and other liabilities	44,788	88,265
Gain on sale of property and equipment	55,725	17,338
Gain on disposal of insured property and equipment	-	163,331
Dividends income	36,418	36,418
Others	<u>120,171</u>	<u>53,834</u>
	<u>1,013,105</u>	<u>1,227,294</u>

21 Administrative Expenses

	2014	2013
	JD	JD
Salaries and wages	1,193,277	1,196,626
Board of directors' remuneration	155,159	141,178
Bonuses	20,807	22,657
Provision for doubtful accounts	148,762	140,658
Donations	27,626	19,239
Governmental expenses	20,088	25,349
Hospitality	20,607	10,720
Insurance	478,942	524,910
Bank charges	133,492	126,439
Maintenance	44,323	54,699
Professional fees	204,865	101,758
Property tax	220,071	219,447
Postage and telephone	28,526	34,505
Rent	314,794	380,631
Subscriptions	36,522	35,020
Withholding tax	11,437	11,425
Travel and transportation	28,499	22,765
Advertising and marketing	9,451	7,175
Others	<u>541,092</u>	<u>485,803</u>
	<u>3,638,340</u>	<u>3,556,004</u>

22 Non-controlling Interests

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

23 Income Tax

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.

Movements on deferred tax liabilities are as follows:

	2014	2013
	JD	JD
Beginning balance	204,448	218,000
Change for the year	<u>(55,203)</u>	<u>(13,552)</u>
Ending balance	<u>149,245</u>	<u>204,448</u>

Income tax

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

	2014	2013
	JD	JD
Current year income tax	642,603	459,327
Prior years income tax	<u>130,174</u>	<u>44,999</u>
	<u>772,777</u>	<u>504,326</u>

Movements on the provision for income tax are as follows:

	2014	2013
	JD	JD
Beginning balance	362,709	529,367
Income tax for the year	642,603	459,327
Prior years income tax	130,174	44,999
Income tax paid	(553,292)	(668,155)
Reversal	<u>-</u>	<u>(2,829)</u>
Ending balance	<u>582,194</u>	<u>362,709</u>

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

	2014	2013
	JD	JD
Accounting profit (loss) before tax	2,164,189	(545,937)
Losses of the Company and other subsidiaries	3,304,375	4,020,870
Carried forward losses	(1,158,012)	73,937
Non-taxable income	(85,289)	(55,984)
Non-deductible expenses	<u>430,151</u>	<u>458,540</u>
Taxable income	<u>4,655,414</u>	<u>3,951,426</u>
Income tax expense for the year	<u>642,603</u>	<u>459,327</u>
Statutory tax rate	5% - 14%	5% - 14%
Effective tax rate	29.7	-

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 2014 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 subsidiaries' records for 2012 and 2013 up to the date of these consolidated financial statements.

The Income Tax Department has reviewed the accounting records of Jordan Hotels and Tourism Company for 2012.

The Income Tax Department has reviewed the accounting records of Red Sea Hotels Company for the years 2008, 2009, 2010, and 2011.

The Income Tax Department has reviewed the accounting records of Zara South Coast Development for 2010 and 2011.

Zara South Coast Development has obtained final clearance from the Income Tax Department up to 2009.

The Company, Jordan Hotels and Tourism Company, Jordan Himmeh Mineral Company, Nabatean Hotels Company, Rum Hotels and Tourism Company, Oasis Hotels Company, National Hotels and Tourism Company, Zara Agricultural Company, South Coast Real Estate Development Company, South Coast Hotels Company, and Zara South Coast Development Company have obtained final clearances from the Income Tax Department up to 2011.

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

24 Basic and Diluted Earnings (Loss) per Share

	2014	2013
	JD	JD
Profit (loss) attributable to equity owners of the parent (JD)	464,061	(1,257,738)
Weighted average number of shares (Share)	<u>148,256,589</u>	<u>148,256,584</u>
Basic earnings per share (JD/Fils)	<u>0/003</u>	<u>(0/008)</u>

Basic and diluted earnings (loss) per share are equal.

25 Contingent Liabilities

The Group has outstanding bank guarantees of JD 1,115,000 as at 31 December 2014 (2013: JD 1,115,000).

26 Operating Lease Commitments

Group as a lessee

On 1 September 2014, the Company signed a renewable office lease agreement with Astra Company (sister company) for one year for JD 145,368 (2013: JD 145,368). Also, some of the Group's subsidiaries rent offices for a period from one to three years. The future minimum rentals payable under operating leases at 31 December are as follows:

	2014	2013
	JD	JD
Within one year	201,445	145,368
After one year but not more than five years	<u>28,039</u>	<u>-</u>
	<u>229,484</u>	<u>145,368</u>

Group as a lessor

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

	2014	2013
	JD	JD
Within one year	222,395	365,543
After one year but not more than five years	740,800	844,322
More than five years	<u>538,275</u>	<u>637,875</u>
	<u>1,501,470</u>	<u>1,847,740</u>

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 250,063 as of 31 December 2014. 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 and they are 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 Movenpick Hotel - 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.

Balances of related parties included in the consolidated statement of financial position:

	2014	2013
	JD	JD
Bank balances – Arab Bank, Cairo Amman Bank and Etihad Bank	12,666,216	15,808,104
Long-term loans – Arab Bank, Cairo Amman Bank and Etihad Bank	28,769,767	36,785,400
Due to banks – Arab Bank and Union Bank	33,725	2,382,697
Amounts due to Astra Investment Company	50,000	50,000
Amounts due from Cairo Amman Bank	10,505	11,670

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

	2014	2013
	JD	JD
Finance costs - Arab Bank, Cairo Amman Bank and Etihad Bank	1,785,792	2,405,639
Interest income - Cairo Amman Bank and Etihad Bank	373,650	510,943
Rent income - Cairo Amman Bank	208,435	192,065
Rent expense - Astra Investment Company	146,088	146,778
Boards of directors' remuneration and transportation		
Zara Investment Company	101,159	87,178
Jordan Hotels and Tourism Company	99,000	99,000

Key management personnel compensation is as follow:

	2014	2013
	JD	JD
Salaries, compensation and other benefits	303,508	289,435

29 Partially Owned Subsidiaries

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

2014	Jordan Hotels and Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels and Tourism Co. LLC
Group's ownership percentage	51.6%	55.8%	75%
Country of incorporation and operation	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests	14,434,912	475,216	52,352
Non-controlling interests share of profit (loss)	1,270,987	(7,121)	(994)
	JD	JD	JD
Condensed statement of financial position			
Current assets	3,631,370	509,951	3,621
Non-current assets	32,703,605	682,619	470,343
Current liabilities	(3,116,750)	(117,974)	263,692
Non-current liabilities	<u>(3,366,667)</u>	-	<u>865</u>
Equity	<u>29,851,558</u>	<u>1,074,596</u>	<u>209,407</u>
Attributable to:			
Shareholders of the parent	15,416,646	599,379	157,055
Non-controlling interests	14,434,912	475,217	52,352
Condensed statement of profit or loss			
Revenues	25,515,319	-	-
Expenses	(22,372,529)	(39,618)	(3,910)
Other revenues	323,862	23,517	-
Finance cost	<u>(418,735)</u>	-	<u>(67)</u>
Profit (loss) before income tax	3,047,917	(16,101)	(3,977)
Income tax expense	<u>(419,501)</u>	-	-
Profit (loss) for the year	<u>2,628,416</u>	<u>(16,101)</u>	<u>(3,977)</u>
Other comprehensive income	<u>2,628,416</u>	<u>(16,101)</u>	<u>(3,977)</u>
Attributable to non-controlling interests	<u>1,270,987</u>	<u>(7,121)</u>	<u>(994)</u>
Profit distributions to non-controlling interests	<u>483,556</u>	-	-
Condensed statement of cash flows			
Operating activities	7,196,304	(25,140)	(3,904)
Investing activities	(1,051,483)	23,907	-
Financing activities	<u>(3,118,895)</u>	-	<u>509</u>
Net increase (decrease) in cash and cash equivalent	<u>3,025,926</u>	<u>(1,233)</u>	<u>(3,395)</u>

Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Es- tate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
92.2%	54.3%	82%	82%	84.8%
Jordan	Jordan	Jordan	Jordan	Jordan
51,406	57,413	1,746,053	727,488	3,178,527
(1,330)	6,055	(591)	(730)	(338,925)
JD	JD	JD	JD	JD
278,935	108,066	5,449,767	1,969,027	3,499,353
532,788	21,376	4,856,662	2,076,174	29,001,759
(1,876)	(3,922)	(605,268)	(1,440)	(6,558,133)
<u>(151,843)</u>	<u>-</u>	<u>(865)</u>	<u>(2,163)</u>	<u>(5,057,142)</u>
<u>658,004</u>	<u>125,520</u>	<u>9,700,296</u>	<u>4,041,598</u>	<u>20,885,837</u>
606,598	68,107	7,954,243	3,314,110	17,707,310
51,406	57,413	1,746,053	727,488	3,178,527
-	178,810	-	-	11,692,959
(5,334)	(166,181)	(3,244)	(3,929)	(13,298,176)
-	8,238	27	40	41,230
<u>(11,692)</u>	<u>-</u>	<u>(67)</u>	<u>(166)</u>	<u>(663,062)</u>
(17,026)	20,867	(3,284)	(4,055)	(2,227,049)
<u>-</u>	<u>(7,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(17,026)</u>	<u>13,238</u>	<u>(3,284)</u>	<u>(4,055)</u>	<u>(2,227,049)</u>
<u>(17,026)</u>	<u>13,238</u>	<u>(3,284)</u>	<u>(4,055)</u>	<u>(2,227,049)</u>
<u>(1,330)</u>	<u>6,055</u>	<u>(591)</u>	<u>(730)</u>	<u>(338,925)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,355)	6,568	(3,837)	(3,923)	2,403,521
-	(16,050)	-	-	(156,743)
<u>651</u>	<u>(57,129)</u>	<u>747</u>	<u>847</u>	<u>(2,716,997)</u>
<u>(3,704)</u>	<u>(66,611)</u>	<u>(3,090)</u>	<u>3,076</u>	<u>(470,219)</u>

2013	Jordan Hotels and Tourism Co. PSC	Jordan Himmeh Mineral Co. PSC	Rum Hotels and Tourism Co. LLC
Group's ownership percentage	51.6%	55.8%	75%
Country of incorporation and operation	Jordan	Jordan	Jordan
Accumulated balance of non-controlling interests	13,647,480	482,337	53,346
Non-controlling interests share of profit (loss)	601,474	(17,001)	(2,020)
	JD	JD	JD
Condensed statement of financial position			
Current assets	3,349,558	531,478	7,020
Non-current assets	35,637,203	682,619	470,343
Current liabilities	(7,396,951)	(123,400)	(262,832)
Non-current liabilities	<u>(3,366,667)</u>	-	<u>(1,148)</u>
Equity	<u>28,223,143</u>	<u>1,090,697</u>	<u>213,383</u>
Attributable to:			
Shareholders of the parent	14,575,663	608,360	160,037
Non-controlling interests	13,647,480	482,337	53,346
Condensed statement of profit or loss			
Revenues	23,381,631	-	-
Expenses	(21,605,793)	(66,039)	(7,996)
Other revenues	215,702	27,613	-
Finance cost	<u>(527,530)</u>	<u>(17)</u>	<u>(85)</u>
Profit (loss) before income tax	1,464,010	(38,443)	(8,081)
Income tax expense	<u>(220,155)</u>	-	-
Profit (loss) for the year	<u>1,243,855</u>	<u>(38,443)</u>	<u>(8,081)</u>
Other comprehensive income	<u>1,243,855</u>	<u>(38,443)</u>	<u>(8,081)</u>
Attributable to non-controlling interests	<u>601,474</u>	<u>(17,001)</u>	<u>(2,020)</u>
Profit distributions to non-controlling interests	<u>483,556</u>	-	-
Condensed statement of cash flows			
Operating activities	5,716,482	(24,510)	(9,149)
Investing activities	(3,792,735)	27,668	-
Financing activities	<u>(3,224,036)</u>	-	<u>10,049</u>
Net increase (decrease) in cash and cash equivalent	<u>(1,300,289)</u>	<u>3,158</u>	<u>900</u>

Oasis Hotels Co. LLC	Zara Agricultural Co. LLC	South Coast Real Es- tate Development Co. LLC	South Coast Hotels Co. LLC	Zara South Coast Development Co. LLC
92.2%	54.3%	82%	82%	84.8%
Jordan	Jordan	Jordan	Jordan	Jordan
52,736	51,358	1,746,645	728,218	3,517,452
(1,931)	7,837	(4,151)	(4,184)	(372,549)
JD	JD	JD	JD	JD
345,678	117,452	5,452,239	1,973,842	3,833,362
532,788	3	4,856,662	2,076,174	33,095,048
(51,593)	(5,174)	(604,456)	(2,197)	(6,229,810)
<u>(151,843)</u>	<u>-</u>	<u>(864)</u>	<u>(2,164)</u>	<u>(7,585,715)</u>
<u>675,030</u>	<u>112,281</u>	<u>9,703,581</u>	<u>4,045,655</u>	<u>23,112,885</u>
622,294	60,923	7,956,936	3,317,437	19,595,433
52,736	51,358	1,746,645	728,218	3,517,452
-	176,848	-	-	11,436,683
(9,861)	(157,162)	(23,013)	(23,074)	(13,398,364)
-	236	34	45	293,753
<u>(14,859)</u>	<u>-</u>	<u>(85)</u>	<u>(215)</u>	<u>(780,060)</u>
(24,720)	19,922	(23,064)	(23,244)	(2,447,988)
<u>-</u>	<u>(2,789)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(24,720)</u>	<u>17,133</u>	<u>(23,064)</u>	<u>(23,244)</u>	<u>(2,447,988)</u>
<u>(24,720)</u>	<u>17,133</u>	<u>(23,064)</u>	<u>(23,244)</u>	<u>(2,447,988)</u>
<u>(1,931)</u>	<u>7,837</u>	<u>(4,151)</u>	<u>(4,184)</u>	<u>(372,549)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(10,167)	23,402	(23,975)	(23,392)	2,611,400
-	236	-	-	(364,330)
<u>15,050</u>	<u>(53,175)</u>	<u>24,802</u>	<u>29,840</u>	<u>(1,889,059)</u>
<u>4,883</u>	<u>29,537</u>	<u>827</u>	<u>6,448</u>	<u>358,011</u>

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

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

	Increase in interest rate	Effect on profit for the year before tax
2014	Basis Points	JD
JD	75	51,351
USD	75	300,158
	Increase in interest rate	Effect on loss for the year before tax
2013	Basis Points	JD
JD	75	41,852
USD	75	331,154

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

Equity price risk

The following table demonstrates the sensitivity of the consolidated statement of other 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 other comprehensive income and equity
2014	%	JD
Amman Stock Exchange	10	1,429,577
2013	%	JD
Amman Stock Exchange	10	1,902,018

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 2014.

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.

As at 31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD	JD
Accounts payable and other liabilities	-	9,803,687	198,338	-	10,002,025
Due to banks	33,725	-	-	-	33,725
Loans	-	-	13,839,412	31,156,116	44,995,528
Total	<u>33,725</u>	<u>9,803,687</u>	<u>14,037,750</u>	<u>31,156,116</u>	<u>55,031,278</u>

As at 31 December 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD	JD
Accounts payable and other liabilities	-	10,227,543	409,328	-	10,636,871
Due to banks	2,382,697	-	-	-	2,382,697
Loans	-	-	15,574,786	52,506,880	68,081,666
Total	<u>2,382,697</u>	<u>10,227,543</u>	<u>15,984,114</u>	<u>52,506,880</u>	<u>81,101,234</u>

Currency risk

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

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.

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

	31 December 2014			
	Level 1	Level 2	Level 3	Level 4
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	<u>640,950</u>	<u>-</u>	<u>13,654,815</u>	<u>14,295,765</u>

	31 December 2013			
	Level 1	Level 2	Level 3	Level 4
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	<u>630,024</u>	<u>-</u>	<u>18,390,151</u>	<u>19,020,175</u>

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

32 Capital Management

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

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

Capital comprises of paid-on capital, advance payment on capital increase statutory reserve, voluntary reserve, cumulative change in fair value and accumulated losses, and is measured at JD 162,993,165 as at 31 December 2014 (2013: JD 167,198,311).

33 Standards Issued But Not Yet Effective

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements

for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

Amendments Issued But Not Yet Effective

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to :

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Group's financial position or performance. The application of the amendments is not expected to have a significant impact on the Group's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment Entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

34 Comparative Figures

Some of 2013 figures have been reclassified in order to conform with the presentation of 2014 figures. Such classification does not affect previously reported losses or equity.

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 consolidated financial statements and for ensuring that an effective control system is in place.
3. The Chairman, General Manager, and Chief Financial Officer assume responsibility for the entirety, accuracy, and completeness of the information and data presented in the report.



Chairman	General Manager	CFO
Sabih Taher Darwish Masri	Lina Mazhar Hassan Annab	Ahmad Ibrahim Mohammad Jamjoum

Recommendations for the General Assembly

1. Recitation of the auditor's report for the fiscal year ending 31/12/2014.
2. Recitation and discussion of the Board of Directors report for the year ending 31/12/2014 and its approval.
3. Discussion of the Company's consolidated financial statements as of 31/12/2014 and its approval.
4. 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 31/12/2015 and determination of 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

What is Social Media?

