



Zara Investment Holding
شركة زارة للاستثمار القابضة

Zara Investment (Holding) Company PSC

23rd Annual Report 2016



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Zara Investment Holding
شركة زارة للاستثمار القابضة



Special Thanks

A special thanks to the Royal Society for the Conservation of Nature (RCSN) for the tremendous efforts in providing us with valuable information about the nature reserves in Jordan



@RSCN_JORDAN



RSCN.ORG



@RSCNJORDAN

Zara Investment Holding Company PSC

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BOARD OF DIRECTORS



Sabih Taher Darwish Masri
Chairman

Khaled Sabih Taher Masri
Vice-Chairman



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

Khaled Joma Miloud Ezarzor
Member/Representing Libyan Foreign
Investments Company



Jamila Tawfiq Mahmoud Mahasneh
Member/Representing Social Security
Corporation

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



Nawaf Abdel-Rahman Bin Ali Al-Turki
Member from 14/12/2016

**Abdel-Rahman Bin Ali Bin Abdel-Rahman
Al-Turki**
Member till 6/9/2016



**Yassin Khalil "Mohammad Yassin"
Talhouni**
Member

Nafez Saleh Odeh Mustafa
Member



Isam Halim Jeries Salfiti
Member/Representing Bank Al Etihad

Yazid Adnan Mustafa Mufti
Member



"Mohammad Osama" Jawdat sha'sha'a
Member

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



**Yassin Khalil "Mohammad Yassin"
Talhouni**
General Manager from 1/6/2016
Lina Mazhar Hassan Annab
General Manager till 31/5/2016

Ernest & Young
External Auditors

Ittqan Law Firm
Legal Advisor / Wael Karaen



Sabih Taher Darwish Masri
Chairman of the Board of Directors



MESSAGE TO OUR SHAREHOLDERS

Welcome to the 23rd Annual Meeting for the ordinary general assembly of the shareholders of Zara Investment (Holding) Company.

Despite the continuing regional political turmoil and the global economic volatility, the tourism sector in Jordan was able to weather these obstacles, which positively impacted our company's year-end results.

Consolidated operating revenues declined only by 2% in 2016 to reach JD 69.8 million compared with JD 71.2 million in 2015. Consolidated net operating revenues increased to reach JD 19.3 million, up by 10% over 2015. Consolidated net profit increased by 264% to reach JD 2.7 million compared with a net loss of JD 1.6 million for 2015. The 2% decrease in revenues was triggered by a 2% decrease in the combined average room rate (ARR) from JD 111 in 2015 to JD 109, which was compensated by an increase of 6% in the overall occupancy, which reached a combined rate of 52% for all of Zara hotels compared with 49% in 2015.

OPERATING REVENUES IN MILLIONS

2016
JD 69.8

2015
JD 71.2

Jordan's economic growth has been subdued as spillovers from regional instability take a toll with unemployment reaching a recent high. In 2016, GDP growth rate remained flat at 2.3% per The World Bank (October 2016). Macroeconomic performance is expected to be satisfactory. Growth is forecasted at 2.7% in 2017, increasing to 3.1% in 2018.

The tourism sector, whose contribution accounts for around 13% of GDP and 7% of gross value added, maintained its position. In line with UNWTO 2016 growth projection of 2%-5% in international tourist arrivals in the Middle East, arrivals in Jordan increased in 2016 by 3%.

In 2016, Zara continued to maintain its leading market position and share of the 5-star room inventory in

Jordan. Zara also maintained its market leadership in the number of persons employed in the hospitality sector. Employment in the 5-star hotels segment in Jordan reached 9,100 persons in 2016 of which Zara employs approximately 24%; while employment in the hospitality sector reached 50,496 in 2016 of which Zara employs approximately 4%.

In 2016, we maintained our commitment to upholding the highest standards in our operations underpinned by the right culture, values, practices and behaviors.

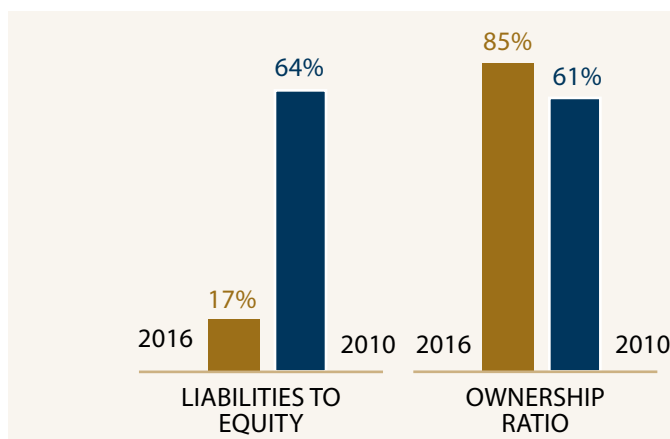
TOURISM REVENUES IN BILLIONS

2016
JD 2.87

2015
JD 2.89

Our hotels continued to be distinguished in 2016. Hotel InterContinental Jordan, Mövenpick Resort Petra and Mövenpick Resort & Spa Tala Bay Aqaba were all ranked as number one in their respective geographical areas in terms of revenue generation and gross operating profits. Mövenpick Resort Petra maintained an impressive leadership position by achieving the best revenue, gross operating profit, and average room rate in Petra. In addition, our hotels continued to be recognized by leading online travel sites and world renowned travel organizations as some of the best hotels in the region and the world. Hotel Intercontinental Jordan won "Trip Advisor Travelers' Choice Award". For the third year in a row, Mövenpick Resort & Spa Dead Sea won "Seal of Excellence" by the "Seven Stars Luxury Hospitality and Lifestyle Awards". Mövenpick Resort & Spa Tala Bay Aqaba won "World Travel Awards" as Jordan's Leading Resort.

SHAREHOLDER VALUE



Himmeh Mineral Company witnessed an extremely important development in 2016. We were delighted to see almost all impediments related to the development of the site resolved by the Government. We are now in the process of unifying the company's plots so that we embark on a 3-star resort which promises to be a wonderful addition to our portfolio of hotels.

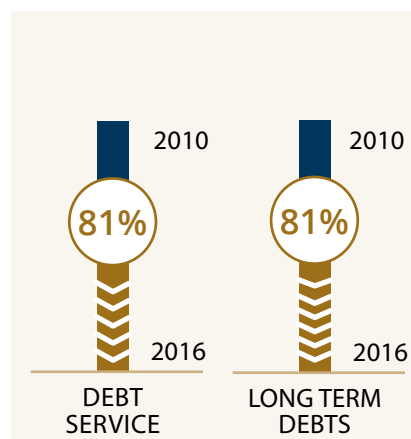
In 2016, we continued the comprehensive revamp of the way we manage our assets, a project we undertook as of late 2015. In doing so we were quick to identify and assess the disruptive and competitive changes that are impacting our business and the potential opportunities inherent in them. In adapting to these changes, we keep on revisiting our business model to render it more efficient and relevant.

In attempting to replace traditional energy sources with more cost-efficient clean renewable ones, Zara finalized an agreement for a Photovoltaic (PV) System based on the recently enacted Wheeling Law. Once fully developed in 2017, this PV system is expected to meet 50%-60% of current electricity consumption needs. The replacement of old high-energy consuming chillers will also save around 5% of the hotels' total electricity bill and 30% of the chillers electricity consumption. Other energy-saving measures such as switching to LEDs have been ongoing for the past several years.

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

Over the past six years, Zara has managed to reduce its entire debt by 81% from JD 90.4 million ending 2010 to JD 17.2 million ending 2016. Thanks to the positive operating cash flows amounting to JD 104.3 million and the restructure of the Company's capital,

OUR ACCOMPLISHMENTS



which resulted in substantial reduction in financing costs, Zara is approaching the full repayment of its indebtedness to local and international lending institutions by end of 2018. This will eventually allow the utilization of realized profits for expansion and dividend distribution. Moreover, and in planning for possible negative regional geopolitical events in 2017, Zara secured a contingency plan in 2015 with local financial lending institutions whereby repayment of outstanding principals could be rescheduled without any penalty or additional charges.

Our outlook remains positive for 2017, however, we will continue to limit and prioritize the execution of new capital investment projects based on urgency and need. We will enhance the implementation of cost-cutting measures to improve efficiencies. Renewable and clean energy production projects will continue with a special emphasis on regulatory changes allowing us to consider electricity production through the investment in solar photovoltaic (PV) plants.

Our role in and contribution to the local communities in which we operate will remain of paramount importance to us. Contribution to human resource training and tourism product development in Jordan will be one of our key objectives.

Our target in 2017 will be to fully embrace what we have achieved and to build on it as we move into the future to ensure profitable growth and returns. We will work towards continuing to set the benchmark in the way we welcome and serve our guests. To achieve this, we will continue to reengineer and improve our business models to ensure excellence through better management of operations.

On behalf of the board of directors, I would like to thank all our shareholders and partners for their trust and continued support. Our gratitude also goes to all the wonderful women and men who have continuously proved us right about how amazing they are. I would also like to extend our deep appreciation and thanks to our guests who, throughout the years, have given us their trust and the pleasure to serve them.

Sabih Taher Masri

Chairman of the Board of Directors





OVERVIEW

Welcome to the 23rd Annual Meeting for the ordinary general assembly of the shareholders of Zara Investment (Holding) Company.

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Jordan's economic growth has been subdued as spillovers from regional instability take a toll with unemployment reaching a recent high. In 2016, GDP growth rate remained flat at 2.3% per The World Bank (October 2016). Macroeconomic performance is expected to be satisfactory. Growth is forecasted at 2.7% in 2017, increasing to 3.1% in 2018.

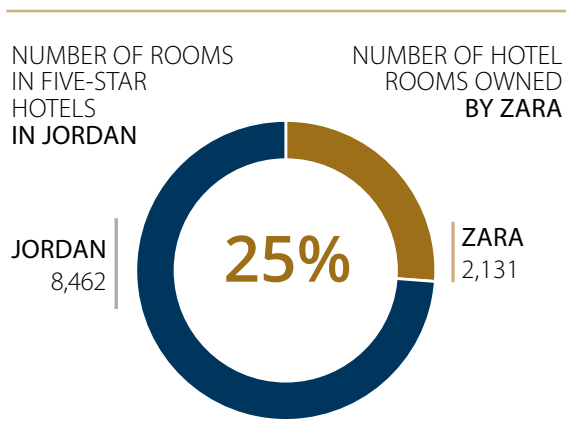
The tourism sector, whose contribution accounts for around 13% of GDP and 7% of gross value added, maintained its position. In line with UNWTO 2016

growth projection of 2%-5% in international tourist arrivals in the Middle East, arrivals in Jordan increased in 2016 by 3%.

Our outlook remains positive for 2017. We will work towards continuing to set the benchmark in the way we welcome and serve our guests and the world around us. To achieve this, we will continue to reengineer and improve our business models and structures to ensure excellence through better management of operations.



**Consolidated net profit
increased by
264% to reach
JD 2.7 million**



HOTEL INDUSTRY KEY INDICATORS FOR 2016 COMPARED TO 2015

| | 2016 | 2015 | Variance% |
|--------------------------------|-----------|-----------|-----------|
| Number of overnight visitors | 3,858,439 | 3,763,150 | 3% |
| Tourism income (million JD) | 2,871 | 2,886 | -1% |
| Average length of stay (night) | 4.5 | 4.5 | - |
| Number of classified hotels | 250 | 245 | 2% |
| Number of hotel rooms | 19,544 | 19,456 | - |
| Number of beds | 36,504 | 36,111 | 1% |
| Number of employees | 50,476 | 49,096 | 3% |

Source: Ministry of Tourism and Antiquities

5-STAR HOTEL KEY INDICATORS FOR 2016 COMPARED TO 2015

| | 2016 | 2015 | Variance% |
|--|-------|-------|-----------|
| Number of 5- star hotels | 32 | 31 | 3% |
| Number of 5- star hotel rooms | 8,462 | 8,047 | 5% |
| Number of hotel rooms owned by Zara Investment Holding Company | 2,131 | 2,131 | - |
| Rooms owned by Zara - % of total | 25% | 26% | 4% |

Source: Ministry of Tourism and Antiquities

محمية غابات عجلون

Ajloun Forest Reserve



The Main Important Species
The Roe Deer



District
Ajloun



Established In
1987



Area
12 km²



المساحة
الكم²



تاريخ تأسيس/ الإعلان
١٩٨٧



المحافظة:
عجلون



أهم الأصناف الحيوانية
موتل الأيل الاسمر



وصف الموقع:

تقع محمية عجلون في المرتفعات الشمالية من الأردن وتتكون محمية غابات عجلون من مجموعة من التلال ذات الارتفاعات المتباينة والتي يصل أقصاها إلى ١١٠٠ م تقريبا، يتخللها عدد من الأودية الصغيرة والمتوسطة، نزولا إلى أقل انخفاض والذي يبلغ ٦٠٠ م تقريبا.

التنوع الحيوي الموجود:

تتمثل أهمية المحمية بتمثيلها لنمط غابات البلوط دائمة الخضرة كجزء من نظام حوض البحر الأبيض المتوسط الجغرافي، حيث تتكون المنطقة من مساحات مغطاة بالغابات كجزء من غابات الأردن، تحتضن المحمية أشجار الخروب وشجر البطم الفلسطيني والقيقب، بالإضافة للعديد من النباتات والحيوانات مثل الأيل الأسمر الدلق الضخري وابن أوى والثعلب الأحمر والضبع المخطط والقنقد والذئب، كما تتواجد العديد من الزهور البرية مثل السوسنة السوداء وأزهار الأوركيدا.

النمط النباتي:

نمط نبات البلوط دائم الخضرة

أسماء الممرات:

- ممر الأيل الأسمر • ممر اللبيد الزهري • ممر بيت الصابون
- ممر قرية عرجان • ممر مار الياس • ممر قلعة عجلون

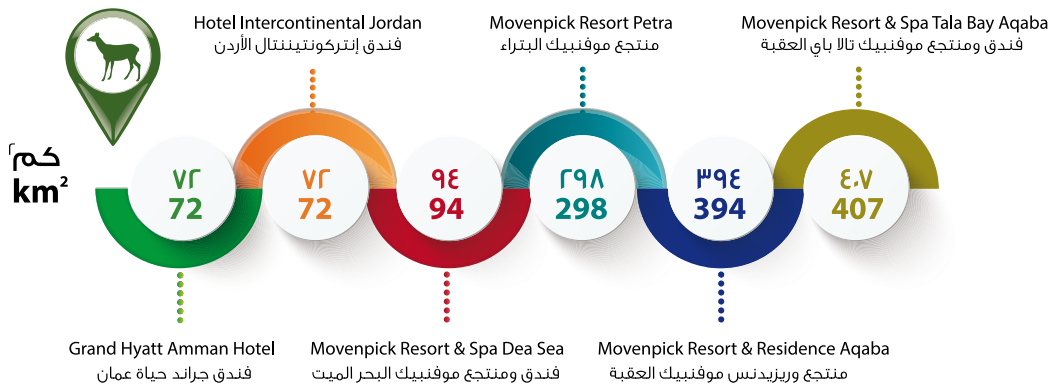
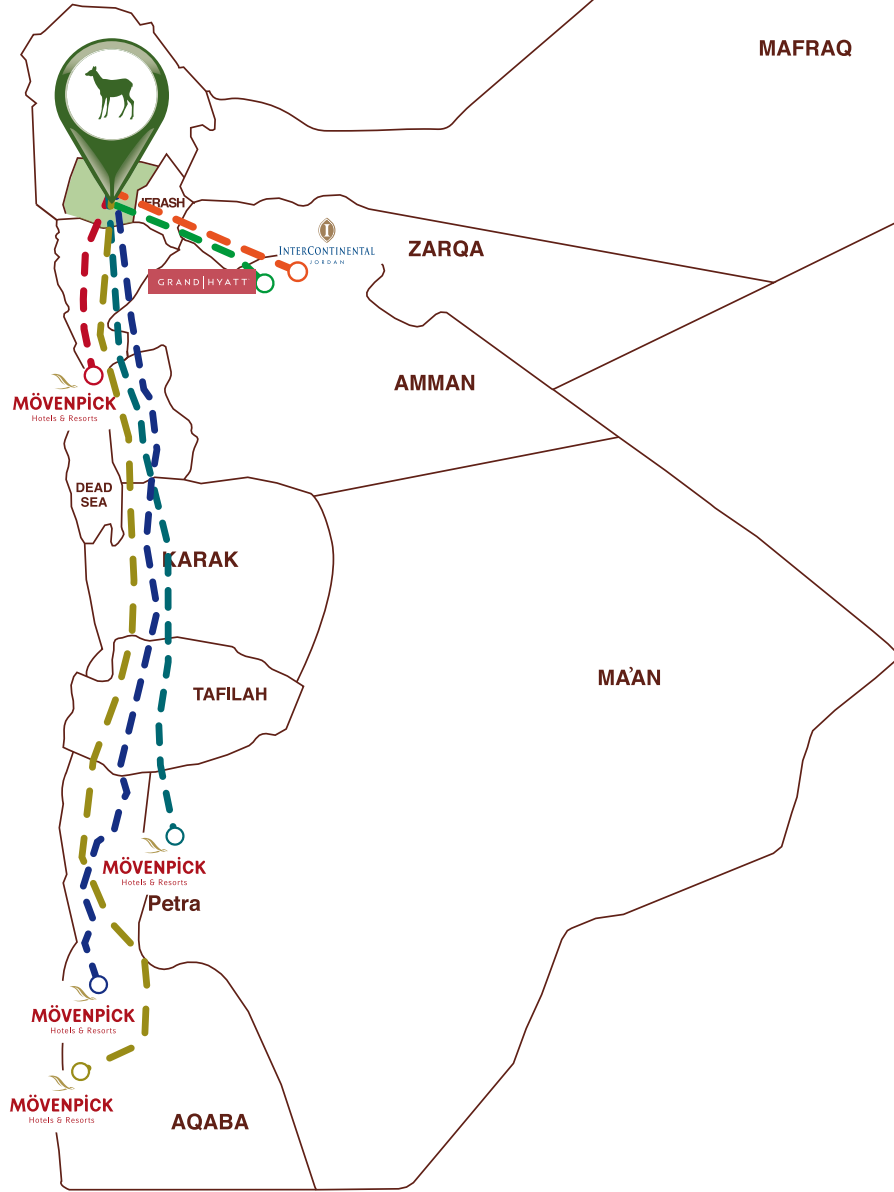
Information about the Reserve:

Ajloun Forest Reserve consists of Mediterranean-like hill country, ranging from (600-1100) m above sea level, with a series of small and medium winding valleys.

Ajloun forest was first proposed as a protected area in the 1978 survey. Its ecological importance is represented by the Evergreen Oak vegetation type, which is typical of the northern highlands of Jordan. As part of the Mediterranean bio-geographical region of the country, it is dominated by open woodlands that account for a significant part of Jordan's forested area, which does not exceed %1 of the country's entire land area.



المسافة من فنادق زارة إلى محمية غابات عجلون
Distance From Zara Hotels to Ajloun Forest Reserve



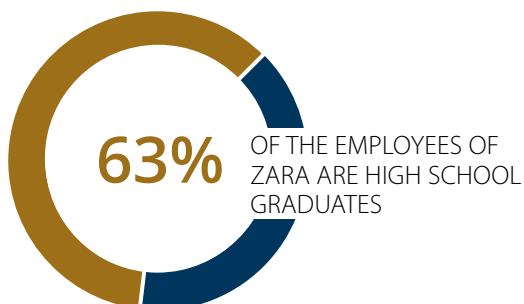
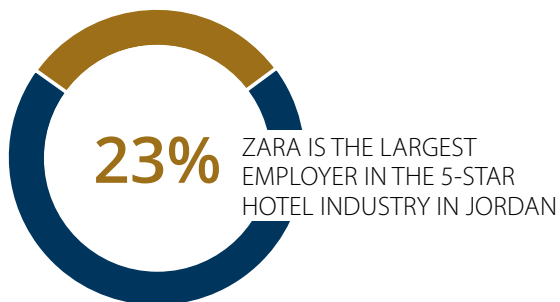


MAIN ACTIVITIES

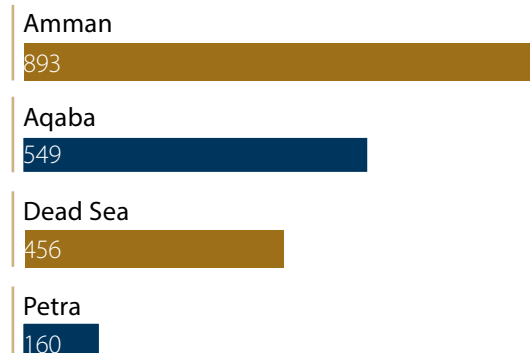
2.A MAIN ACTIVITIES OF THE COMPANY

| MOTHER COMPANY | PAID-UP CAPITAL/JD | MAIN ACTIVITY | HEAD QUARTER | NO. OF EMPLOYEES |
|---------------------------------------|--------------------|--|--------------|------------------|
| Zara Investment (Holding) Company PSC | 150,000,000 | Hotel, tourism and general investments | Amman | 27 |

Consolidated total assets: JD 213,647,466



ZARA EMPLOYEES



2.B SUBSIDIARIES

| SUBSIDIARY | PAID UP CAPITAL /JD | MAIN ACTIVITY | HQ | SHAREHOLDING % | NUMBER OF EMPLOYEES |
|---|---------------------|---|-------|----------------|---------------------|
| Jordan Hotels and Tourism Company PSC | 10,000,000 | Owner of Hotel InterContinental Jordan | Amman | 51.6% | 488 |
| Jordan Himmeh Mineral Company PSC | 500,000 | Owner of Jordan Himmeh Resort – Mukhaibeh | Amman | 55.8% | 3 |
| Nabatean Hotels Company LLC* | 3,300,000 | Owner of Mövenpick Nabatean Castle Hotel and Mövenpick Resort Petra | Amman | 100% | 160 |
| Amman Tourism Investment Company LLC | 16,500,000 | Owner of Grand Hyatt Amman Hotel, Hyatt Tower, and Zara Center | Amman | 100% | 330 |
| Rum Hotels and Tourism Company LLC | 500,000 | Owner of tourism project Tybeh – Petra, owner of 66 donum | Amman | 75% | - |
| Oasis Hotels Company LLC | 1,600,000 | Owner of tourism project - Dead Sea, owner of 34 donum | Amman | 92.2% | - |
| National Hotels and Tourism Company LLC | 15,000,000 | Owner of Mövenpick Resort & Spa Dead Sea | Amman | 100% | 456 |
| Jordan Hotel Supplies Trading Company LLC | 110,000 | Owner of Souk Zara gift boutiques | Amman | 100% | 25 |
| Red Sea Hotels Company LLC | 17,000,000 | Owner of Mövenpick Resort & Residence Aqaba | Aqaba | 100% | 265 |
| Zara Agricultural Company LLC | 100,000 | Owner of tourism project Tybeh – Petra, owner of 66 donum | Amman | 54.3% | 20 |
| South Coast Real Estate Development Company LLC | 10,050,000 | Real estate development – Aqaba South Coast (Ras Al Yammaniya) owner of 528 donum | Aqaba | 82% | - |
| South Coast Hotels Company LLC | 4,800,000 | Real estate development – Aqaba South Coast (Ras Al Yammaniya) owner of 94 donum | Aqaba | 82% | - |
| Zara South Coast Development Company LLC | 39,425,503 | Owner of Mövenpick Resort & Spa Tala Bay Aqaba | Aqaba | 84.8% | 284 |

Total number of employees

2,058

* Levant Hotels and Tourism Company (owner of Movenpick Resort Petra) was merged into Nabatean Hotels Company (owner of Movenpick Nabatean Castle Hotel) effective 1/1/2016.

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

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 | - |
| Al Masira Investment Company | Kamil Abdel Rahman Ibrahim Sadeddin | Member | 1994 | 14/2/2004 |
| 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 |
| Cairo Amman Bank | Kamal Ghareeb Abdel Rahim Al Bakri | Member | 1994 | 15/6/2007 |
| Nawaf Abdel- Rahman Bin Ali Al-Turki | - | Member from 14/12/2016 | 2016 | - |
| Abdel- Rahman Bin Ali Bin Abdel- Rahman Al-Turki | - | Member till 6/9/2016 | 2000 | - |
| Yassin Khalil "Mohammad Yassin" Talhouni | - | Member | 2000 | - |
| Nafez Saleh Odeh Mustafa | - | Member | 2003 | - |
| Bank Al Etihad | Isam Halim Jeries Salfiti | Member | 1994 | 28/7/1994 |
| Yazid Adnan Mustafa Mufti | - | Member | 2000 | - |
| Mohammad Osama Jawdat Sha'sha'a | - | Member | 2008 | - |
| Rama Investment & Saving Company | Haidar Izzat Rashid Touran | Member | 2015 | 1/9/2015 |

| DOB | DEGREE | GRAD. 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 |
| 26/07/1951 | High Diploma Civil Engineering | 1975 | Vice President/Arab Supply & Trading Corp. (Astra Group) | <ul style="list-style-type: none"> Astra Industrial Group (Saudi Arabia) Palestine Development and Investment Co. Jordan Hotels and Tourism Company |
| 25/04/1973 | B.A. Accounting | 2000 | Head of Financial Analysis Department -LAFICO | - |
| 01/03/1963 | M.A. Economics | 1999 | Amman Main Branch Manager - Social Security Corporation | - |
| 07/06/1969 | LL.B. | 1991 | General Manager - Cairo Amman Bank | <ul style="list-style-type: none"> Jordan Express Tourist Transport Company / Chairman Jordan Insurance Company |
| 17/6/1986 | B.A. Science, Banking and Finance | 2010 | Managing Director A. A. TURKI GROUP (ATCO) | <ul style="list-style-type: none"> Redland Industrial Services (Arabia) LTD. RAMKY-ATCO Environmental Services LTD. Keller Turki Co. LTD. Honeywell Turki Arabia LTD. |
| 12/11/1931 | B.A. Business Administration | 1955 | Businessman | - |
| 8/5/1973 | B.A. Economics | 1994 | Businessman | <ul style="list-style-type: none"> Jordan Hotels and Tourism Company / Vice Chairman Jordan Himmeh Mineral Company Jordan Electricity Company Cairo Amman Bank |
| 12/12/1934 | - | - | Businessman | <ul style="list-style-type: none"> Jordan Hotels and Tourism Company |
| 23/5/1944 | B.A. Economics | 1967 | Businessman | <ul style="list-style-type: none"> Bank Al Etihad / Chairman Jordan Hotels and Tourism Company / Chairman |
| 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 |
| 01/06/1942 | High Diploma International Economics | 1967 | Businessman | <ul style="list-style-type: none"> Jordan Insurance Company |
| 3/3/1946 | PHD in Political Economy | 1994 | <ul style="list-style-type: none"> -Various positions in banking business at Jordan Ahli Bank -Secretary at International Relations | <ul style="list-style-type: none"> Employment-Technical and Vocational Education and Training Council Project Financing Committee in the Council Financing Committee in the Council Steering Committee for the Employment National Strategy Executive Committee of Jordan Federation Trade Union |

3.B NAMES AND POSITION OF SENIOR EXECUTIVE MANAGEMENT WITH BRIEF INTRODUCTION

| NAME | POSITION | Professional Experience |
|---|----------------------------------|--|
| Yassin Khalil "Mohammad Yassin" Talhouni | General Manager from 1/6/2016 | <ul style="list-style-type: none"> • Jordan Hotels and Tourism Company / Vice Chairman • Jordan Himmeh Mineral Company • Jordan Electricity Company • Cairo Amman Bank |
| Date of Appointment | DOB | |
| 1/6/2016 | 8/5/1973 | |
| Degree | GRADUATION DATE | |
| B.A. Economics | 1994 | |

| NAME | POSITION | Professional Experience |
|--|-----------------------------------|---|
| Lina Mazhar Hassan Annab | General Manager till 31/5/2016 | <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) till May/2015 • Member of National Tourism Council till May/2015 • Member of Employment-Technical and Vocational Education and Training (E-TVET) Council representing the private sector • Founding and managing member of Jordan Trail Association (JordanTrail.org) • Founding and managing member of Sakeena for Orphans • Member of the Board of Directors at the Royal Academy of Culinary Arts • Member of the Board of Directors at Jordanian Hospitality & Tourism Education Company |
| Date of Appointment | DOB | |
| 1/5/2002 | 29/11/1966 | |
| Degree | GRADUATION DATE | |
| M.A. International Affairs – Georgetown University - USA | 1994 | |

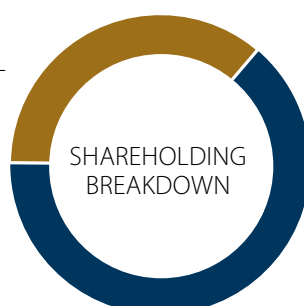
| NAME | POSITION | Professional Experience |
|--|-------------------------|--|
| Ahmad Ibrahim Mohammad Jamjoum | Chief Financial Officer | <ul style="list-style-type: none"> • Held several financial and consulting positions with various leading local and regional corporations • Board member at Jordan Himmeh Mineral Company • Board member at Jordan Express Tourist Transport Company (JETT) |
| Date of Appointment | DOB | |
| 1/11/2008 | 16/11/1964 | |
| Degree | GRADUATION DATE | |
| -M.A. Accounting Systems and Auditing - University of Georgia, Athens - USA -CPA - American Institute of Certified Public Accountants | 1991 | |

| NAME | POSITION | Professional Experience |
|---|----------------------|--|
| Haitham "Mohammad Nazih" Nureddin Hanbali | Financial Controller | <ul style="list-style-type: none"> Held several financial consulting and auditing positions at local and regional consulting firms. |
| Date of Appointment | DOB | |
| 7/1/2007 | 31/7/1969 | |
| Degree | GRADUATION DATE | |
| -M.A. Banking and Finance -Institute of Banking Studies -CPA - American Institute of Certified Public Accountants | 2013 | |

4. MAJOR SHAREHOLDERS AND NUMBER OF SHARES HELD COMPARED WITH 2015

| NAME | NO. OF SHARES AS OF 31/12/2016 | PERCENTAGE % | NO. OF SHARES AS OF 31/12/2015 | PERCENTAGE % |
|--|--------------------------------|--------------|--------------------------------|--------------|
| Al Masira Investment Company | 20,097,424 | 13.40% | 20,097,424 | 13.40% |
| Libyan Foreign Investments Company | 19,539,532 | 13.03% | 19,539,532 | 13.03% |
| Social Security Corporation | 18,506,245 | 12.34% | 18,506,245 | 12.34% |
| Arab Supply and Trading Corporation | 11,008,354 | 7.34% | 11,008,354 | 7.34% |
| Cairo Amman Bank | 9,990,084 | 6.66% | 9,990,084 | 6.66% |
| Al Masira International – Bahrain | 14,743,804 | 9.83% | 8,601,804 | 5.73% |
| Mohammed Bin Abdel Rahman Bin Hamad Al-Sheik | 6,000,000 | 4% | 6,000,000 | 4% |
| Abdel Rahman Bin Ali Bin Abdel Rahman Al-Turki | 6,000,000 | 4% | 6,000,000 | 4% |

35%
INDIVIDUAL



65%
INSTITUTIONAL

**The Main Important Species**
Persian SquirrelDistrict
JerashEstablished In
2004Area
8.5 km²المساحة
٨.٥ كم^٢تاريخ تأسيس / الإعلان
٢٠٠٤المحافظة
جرشأهم الأنصاف الحيوانية
موطن السنجاب الفارسي**وصف الموقع:**

تقع محمية ديبين جنوب محافظ جرش وتتميز بوجود أشجار الصنوبر الحلبي الطبيعي والسنجاب الفارسي وتعد من أهم المواقع بالأردن كمقصد للمتزهين الأردنيين.

التنوع الحيوي الموجود:

تعتبر المحمية من أفضل الأمثلة على غابات الصنوبر الحلبي، حيث تعد الإمتداد الأخير لهذه الغابات على المستوى الجنوبي الشرقي في العالم. كما وتحضن ما لا يقل عن ١٧ نوع مهدداً بالانقراض على المستوى المحلي مثل السنجاب الفارسي.

تتوسط المحمية الغابة وتتنوع أنواع الأشجار حسب مستوى ارتفاع الغابة، ففي المنطقة المنخفضة يوجد وبشكل كثيف الصنوبر الحلبي. أما في المنطقة المتوسطة فيوجد البلوط والصنوبر. كما أنه في المستوي العلوي من الغابة يكثر البلوط الدائم الخضرة.

أسماء الممرات:

لا يوجد

النمط النباتي:

نمط البلوط دائم الخضرة، نمط البحر الابيض المتوسط غير الغابوي، نمط الصنوبر الحلبي

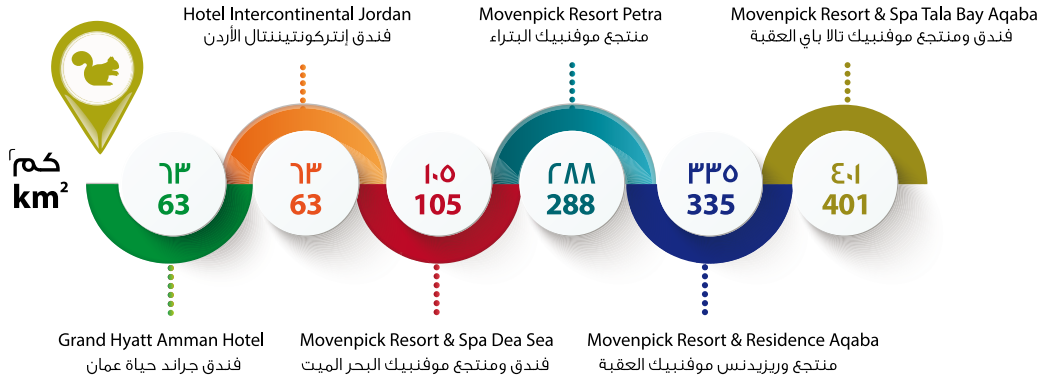
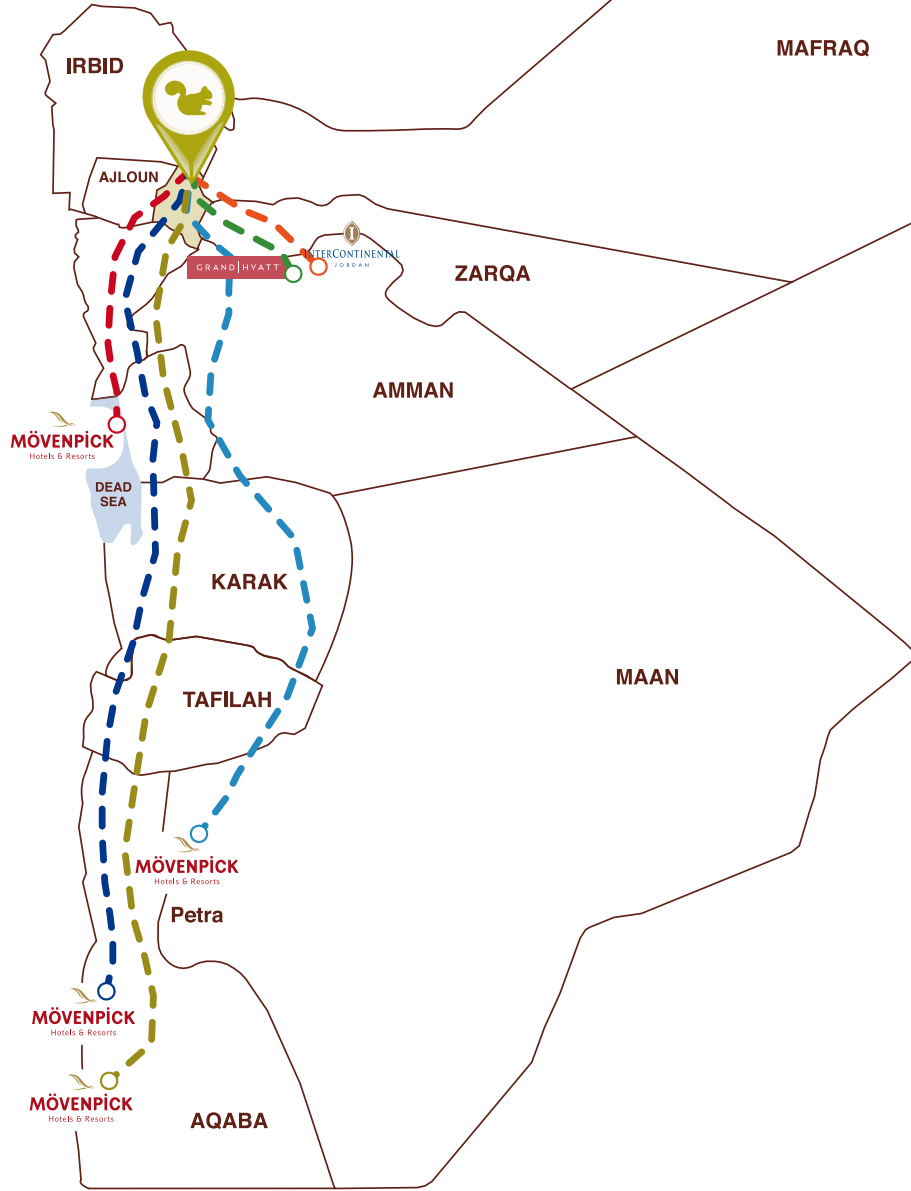
Information about the Reserve:

Dibeen forest reserve is one of the best remaining examples of the original pine-oak forest cover in the region and supports at least 17 threatened species, like the Persian Squirrel, and other globally significant biodiversity.

The entire forest of Dibeen extends over an area of 60 km², varying in altitude from 500m to 1000m above sea level. The forest is spread over steep to very steep slopes of limestone or chalky limestone rock types. The physical and age structure of the forest as a whole is remarkably varied with trees of widely different ages and sizes and a distinct under-canopy in many areas.



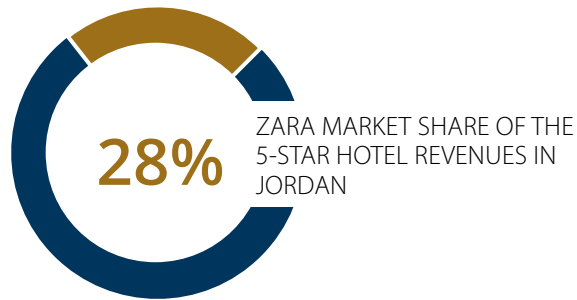
المسافة من فنادق زارة إلى محمية غابات دبين
Distance From Zara Hotels to Dibeen Forest Reserve





COMPANY'S COMPETITIVE POSITION

LARGEST OWNER
OF 5-STAR HOTELS



5. COMPANY'S COMPETITIVE POSITION

Zara Investment (Holding) Company is the largest owner of luxury 5-star hotels in Jordan with strategic locations in Amman, Dead Sea, Petra, and Aqaba. Zara owns seven 5-star hotels with a combined total of 2,131 rooms. Zara enjoys the leading position of being one of the top investment companies in Jordan in the hospitality sector, capturing 28% market share of the 5-star hotel revenue in Jordan. Zara market leadership is also manifested in relation to its paid-up and registered capital, and net book value of property and equipment which stand at JD 150 million / share and JD 170,8 million respectively as of 31/12/2016.

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 2016, all properties of Zara maintained their leadership position in the market. Hotel Intercontinental Jordan achieved the highest revenue and operating profit in Amman. Mövenpick Resort Petra achieved the highest revenue and operating profit in Petra despite the steep decline in number of visitors.

6. RELIANCE ON SPECIFIC LOCAL OR FOREIGN SUPPLIERS OR MAJOR CUSTOMERS

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

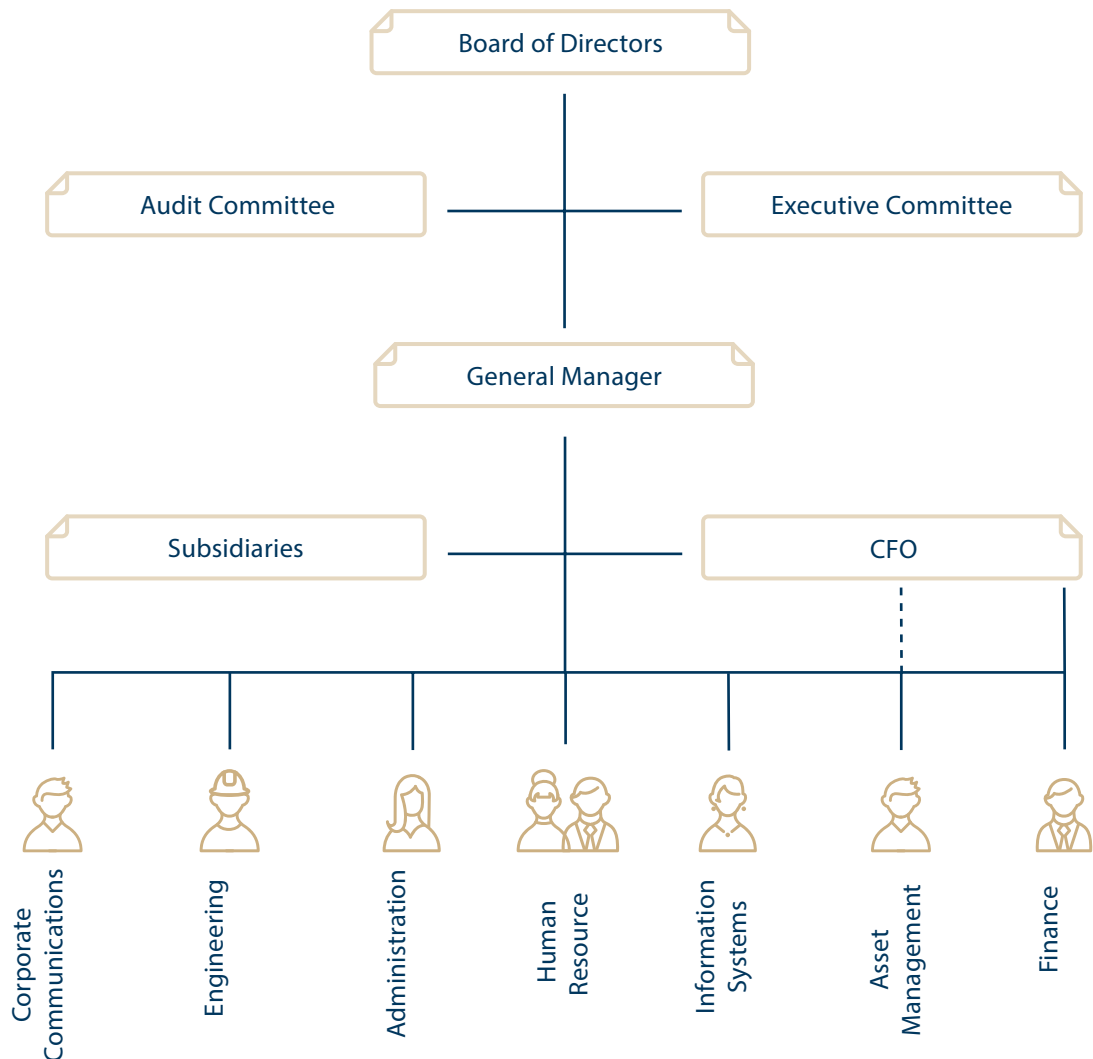
7. GOVERNMENT PROTECTION OR PRIVILEGES ENJOYED BY THE COMPANY

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

8. GOVERNMENT OR INTERNATIONAL ORGANIZATIONS MEASURES WITH MATERIAL IMPACT ON THE COMPANY'S ACTIVITIES, PRODUCTS, OR COMPETITIVENESS

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

9.A ORGANIZATION STRUCTURE



9.B NUMBER OF COMPANY EMPLOYEES AND QUALIFICATIONS

| SUBSIDIARIES COMPANY | PHD | MASTERS | HIGHER DIPLOMA | BACHELORS | DIPLOMA | HIGH SCHOOL | TOTAL NUMBER OF EMPLOYEES |
|--|------------|----------------|---------------------------|------------------|----------------|--------------------|--|
| Zara Investment Holding Company PSC | - | 2 | - | 19 | 2 | 4 | 27 |
| Jordan Hotels and Tourism Company PSC | - | 3 | 1 | 95 | 86 | 303 | 488 |
| Jordan Himmeh Mineral Company PSC | - | - | - | - | - | 3 | 3 |
| Nabatean Hotels Company LLC* | - | 1 | - | 11 | 10 | 138 | 160 |
| Amman Tourism Investment Company LLC | - | 1 | - | 53 | 47 | 229 | 330 |
| Rum Hotels and Tourism Company LLC | - | - | - | - | - | - | - |
| Oasis Hotels Company LLC | - | - | - | - | - | - | - |
| National Hotels and Tourism Company LLC | - | 3 | - | 75 | 57 | 321 | 456 |
| Jordan Hotel Supplies Trading Company LLC | - | - | - | 5 | 2 | 18 | 25 |
| Red Sea Hotels Company LLC | - | - | - | 32 | 63 | 170 | 265 |
| Zara Agricultural Company LLC | - | - | - | - | - | 20 | 20 |
| South Coast Real Estate Development Company LLC | - | - | - | - | - | - | - |
| South Coast Hotels Company LLC | - | - | - | - | - | - | - |
| Zara South Coast Development Company LLC | - | - | - | 86 | 109 | 89 | 284 |
| Total | - | 10 | 1 | 376 | 376 | 1,295 | 2,058 |

* Levant Hotels and Tourism Company (owner of Movenpick Resort Petra) was merged into Nabatean Hotels Company (owner of Movenpick Nabatean Castle Hotel) effective 1/1/2016.

9.C QUALIFICATION AND TRAINING PROGRAMS FOR COMPANY EMPLOYEES

| COURSE DESCRIPTION | NUMBER OF EMPLOYEES | | |
|--|---------------------|--|--------------|
| Creating Connections | 199 | F&B Selling Techniques | 62 |
| Corporate Governance | 5 | Coaching for Excellence | 65 |
| Privacy and Information Security | 320 | Computer Skills | 102 |
| Code of Business Conduct | 68 | Discovery Program | 202 |
| Soft/ Communications Skills | 391 | Green Key for Energy Conservation and Environmental Training | 240 |
| Special Situations Management | 11 | Making the most my Performance Review | 87 |
| Digital Marketing & Media Communications Workshop | 2 | Data Privacy | 194 |
| Revenue Management Training in Sales & Reservation Program | 6 | Financial Statements Awareness | 36 |
| Food Photography Workshop | 1 | Security Awareness and Basic Safety Procedures | 632 |
| Lessons in Management Leadership | 45 | Lobster Ink Online Learning | 44 |
| Complaint Handling- Restoring the Trust- Employees | 277 | Technical Training Skills | 580 |
| Key Essentials of Personal Hygiene & Food Safety | 299 | E-Learning Training System MHR | 66 |
| My Learning Tool | 3 | Off Job and On Job Training Skills | 368 |
| New Managers Development Core Skills | 74 | Internship for Students – Royal Academy / VTC | 32 |
| Hiring and Welcoming New Employees program (Orientation) | 421 | Housekeeping Management | 11 |
| Quality Service Standards | 542 | Wine Knowledge and Service | 160 |
| Departmental Trainers Workshop | 16 | Human Resources Workshop | 4 |
| Purpose and Brand Workshop | 241 | Handling Guest Request | 409 |
| 4 Corner Stones and Brand Promise | 367 | Arabic language& Secretarial Programs in Arabic/ English | 14 |
| Internal Cross Training | 25 | Pulse Awareness Session | 230 |
| | | Conflict of Interest Disclosure | 62 |
| | | Total | 6,913 |

10. RISKS

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

#SUSTAINABLE TOURISM_JO #أردن_الخير_المستدام

✉ shaumari.admin@rscn.org.jo

محمية الشومري للأحياء البرية Shaumari Wildlife Reserve



The Main Important Species
Arabian Oryx



District
Zarqa



Established In
1975



Area
21 km²



المساحة
٢١ كم^٢



تاريخ تأسيس / الإعلان
١٩٧٥



المحافظة
الزرقاء



أهم الأنصاف الحيوانية
المها العربي



وصف الموقع:

أول محمية للأحياء البرية في الأردن في منطقة الأزرق و تشكل الأودية فيها حوالي ٦٠٪ من مساحتها الكلية وما تبقى من مساحة المحمية فهي أراضي مستوية ومغطاه بالحماد.

التنوع الحيوي الموجود:

تحتوي على العديد من الأحياء البرية المهددة بالإنقراض عالميا وأهمها: المها العربي وغزلان الرقيم. وهي أحد المناطق المهمة للطيور في الأردن لوقوعها على أحد أهم ممرات هجرة الطيور ضمن مسار الصحراء الشرقية.

النمط النباتي:

نمط الحماد

أسماء الممرات:

جولة سفاري المها العربي

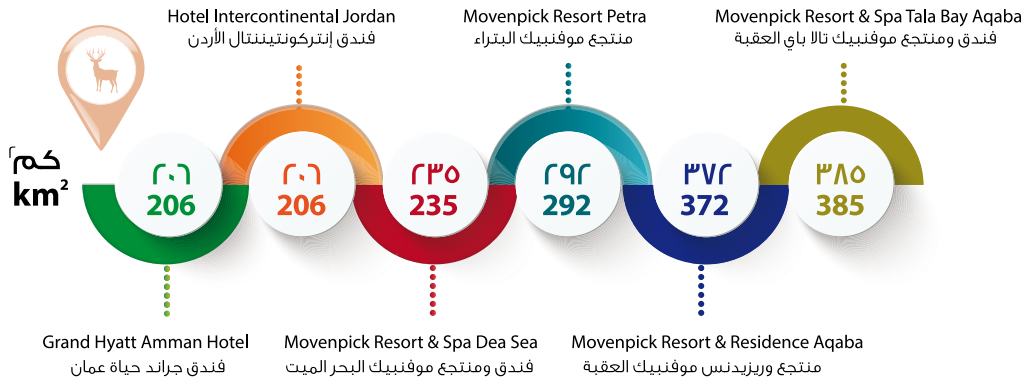
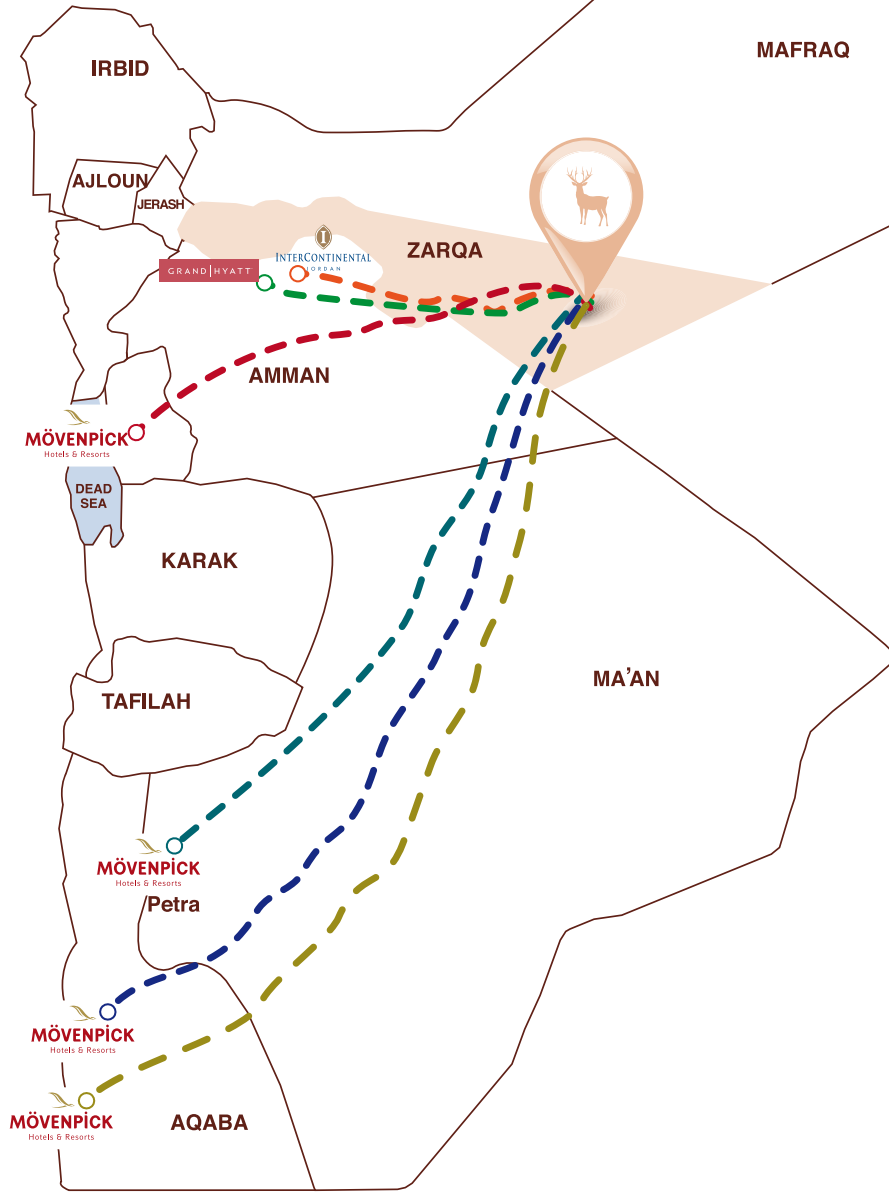


Information about the Reserve:

Al-Shaumari Wildlife Reserve is the oldest reserve in Jordan that was established in 1975 to act as a breeding center for endangered or locally extinct faunal species and to provide an open scientific station in the arid and semi-arid habitats. the reserve located in the eastern desert of Jordan it cover an area of 22 km² it is completely fenced. the reserve is lie within Saharo Arabian biogeographical zone is characterized with hot summer and cold winter with lowest annual rainfall in the country between 100-50 mm/year. The Hammada vegetation type which cover the whole reserve and characterized with presence of two subdivision that are Runoff Hammada and Gravel Hammada with different plants.



المسافة من فنادق زارة إلى محمية الشومري للأحياء البرية
Distance From Zara Hotels to Shaumari Wildlife Reserve





COMPANY'S ACHIEVEMENTS IN 2016

ZARA INVESTMENT (HOLDING) COMPANY

- Achieving a net profit of JD 2.7 million, compared to a loss JD (1.6) million despite Revenues decline of JD 1.4 million due to improve the performance efficiency.
- Application of performance monitoring standards and immediate modification of implementation plans.
- Establishment of Asset Management Department to follow up and improve the operational performance.
- Active involvement in the local community development by engaging in activities promoting livelihood and environmental awareness like SOS visits, hosting World Associates students, participating in the beach and dive clean-ups through Clean-Up the World Campaign, donating to charities and less fortunate through the "A Kilo of Kindness Campaign" and hosting internship programs for students from Les Roches academy.
- Settling dues on loans timely which reduced the outstanding balance to JD 17 Million.
- Lifting up the appearance of rooms and suites for all Zara Hotels.
- Merging Levant Hotels and Tourism Company (owner of Movenpick Resort Petra) into Nabateans Hotels Company (owner of Movenpick Nabatean Castle Hotel) as of 1/1/2016 in order to enhance classification of touristic rooms.

*Lifting up the appearance
of rooms and suites
for all Zara Hotels.*

JORDAN HOTELS AND TOURISM COMPANY, OWNER OF HOTEL INTERCONTINENTAL JORDAN (HIJ)

- Renewed ISO 22000 Food Safety Management System certificate from the World Accreditation Agency.
- Started F&B Loyalty program "Gourmet Dining" with more than one thousand members.
- Improved the Hotel website ranking during 2016 and increased the reviews on Booking.com.
- Hosted the annual IMEA Commercial workshop.
- Enrolled 6890 new members to IHG Rewards Club members.
- RGI has been grown with an unchanged competitive set by 4.8 points comparing to the same period of the last year.
- Achieved the Trust Program Certificate in food safety management from Jordan Food and Drug Administration (JFDA).
- Created our own Lab (Hygiene ATP Monitoring System) that prepared for every eventuality through accurate and sensitive molecular food testing workflows which reduce the external labs costs.
- Opened a new Learning & Development Center.
- Distributed Ramadan parcels, charitable activities and donations.
- Won the best hotel "Silver Award" of JHA annual awards 2016.
- Won TripAdvisor Certificate Excellence and Travelers Choice Awards from TripAdvisor.
- Won "Best General Manager" Award for World Luxury Hotel awards 2016.
- Public Relation Dep. has won the "Long Service" award for IMEA.
- Culinary team has won 7 medals during HORICA Jordan 2016.
- Achieved the Excellence Award in Safety and Occupational Health by the Social Security.



JORDAN HIMMEH MINERAL COMPANY, OWNER OF JORDAN HIMMEH RESORT – MUKHAIBEH

- Almost all impediments related to the development of the site have been resolved by the Government. The Company now is in the process of unifying the company's plots which is necessary to embark on a 3-star resort which promises to be a wonderful addition to our portfolio of hotels.

NABATEAN HOTELS COMPANY LLC* OWNER OF MÖVENPICK NABATEAN CASTLE HOTEL & MÖVENPICK RESORT PETRA

- Hosted various activities for the community based development.
- Hosted press and bloggers' trips in addition to social media activists
- The hotel was awarded a TripAdvisor Certificate of Excellence Award and Holiday Check Award.
- The first hotel worldwide to complete the configuration for the launch of a centralized Opera 9 Cloud Multi-Property system in Jordan (Cluster)
- For the fifth year, the hotel received Green Globe certification and GG golden certificate
- For the second year, the hotel received Green Key certificate
- Renewed ISO 22000 Food Safety Management System certificate.
- The hotel was honoured by King Hussein Cancer Foundation for sponsoring the "Room for Hope" initiative
- Improved various safety and security measures at the hotel
- Switched lighting of key areas in the hotel to energy saving LEDs
- Charity initiatives during Ramadan and school season (Kilo of Kindness)
- Support Petra National Trust (PNT) initiatives.

* Levant Hotels and Tourism Company (owner of Movenpick Resort Petra) was merged into Nabatean Hotels Company (owner of Movenpick Nabatean Castle Hotel) effective 1/1/2016.



AMMAN TOURISM INVESTMENT COMPANY,
OWNER OF GRAND HYATT AMMAN HOTEL (GHA), HYATT TOWER AND ZARA CENTER

- Participated in HORECA 2016 competition (Rooms and Kitchen) and won various medals. Housekeeping Department won the Bed Making Competition in Horeca Jordan 2016.
- GHA football team participated in the 3rd annual Goal for Life Football Tournament organized by King Hussein Cancer Foundation and Center (KHCF) and IRIS Academy, to support the fight against cancer and to raise funds for breast cancer patients. A significant share of the proceeds was donated to benefit the Jordan Breast Cancer Program led by the King Hussein Cancer Foundation.
- Visited the Elderly House Dar Al-Amal, part of the Global Month of Service – April 2016.
- Held a summer party for Mar Mansour Orphanage at Sawani Terrace and Christmas Dinner for Mar Mansour Orphanage on December 5th 2016.
- Hosted Ramadan Iftar for Jordanian Association for the Victims of family Violence
- Increased the activity on social media and increase the number of followers and the interaction level with followers.
- Changed the concept of Indochine Restaurant and turned it to Grain & Grass Pop-up bar with western spirit of a wooden stools setup, western music and a selection of delicious and affordable prices dishes to attract various categories of customers, particularly young people.
- Held number of successful F&B promotions and events like Brazilian Week, Mexican Week, Turkish Week, Steak Night, Grain & Grass in addition to the traditional promotions like Valentin's Day, Mother's Day, Easter, Iftar Ramadan, Eid Al Fiter, Eid Al Adha, Thanksgiving, Christmas and New Year's promotions.

NATIONAL HOTELS AND TOURISM COMPANY, OWNER OF MÖVENPICK RESORT & SPA DEAD SEA

- Completed state of the art main and pastry kitchen renovation to enable the hotel to consistently deliver premium services and unique Food and Beverage (F&B) experience to its guests.
- For the third year in a row, Mövenpick Resort & Spa Dead Sea won the Signum Virtutis, The Seal of Excellence from the 2016 Seven Stars Luxury Hospitality and Lifestyle Awards
- Won the LUX "Hotel & Spa" awards, 2016.
- Hosted top international Media and Social Media influencers.
- The first hotel group worldwide to complete the configuration for the launch of a centralized Opera 9 Cloud Multi-Property system in Jordan (Cluster)
- Won Golden Green Globe, gold status for receiving the certificate of Green Globe for 5 consecutive years.
- Renewal of the ISO 22000 certificate for Food Safety Management System.
- Zara Spa Dead Sea is recommended as Conde Nast traveler award 2016, entry within the 2017 edition of Condé Nast Johansens Luxury Spas guide.





RED SEA HOTELS COMPANY,
OWNER OF MÖVENPICK RESORT & RESIDENCE AQABA

- Received the Blue Flag Beach 2016 for successfully meeting the international Criteria of The Blue Flag Award that reflects a sense of responsibility towards The Environment and Community.
- Continued for Green Globe Gold Status certification over 5 years.
- Recommended on Holiday Check 2016 award – Europe’s biggest hotel review’s portal with up to 27 million visits per month.
- Renewed ISO 22000 Food Safety Management System certificate.
- Won Trip Advisor certificate of excellence 2016 and ranked as number 3 hotel in Aqaba.
- Plaque awarded for generous support on the Ayla Dead 2 Red Cycling Race last 11th November 2016.
- Received Certificate of collaboration of Movenpick Aqaba and USAID Building Economic Sustainability through Tourism Project (Jordan BEST) for the purpose of Pathways to Professionalism.
- Plaque of recognition for successful operation of KEYS Jordan.
- Won 3rd rank in Middle East on VEOS guest satisfaction survey platform used for all MHR Hotels Worldwide.

ZARA SOUTH COAST DEVELOPMENT COMPANY, OWNER OF MÖVENPICK RESORT & SPA TALA BAY AQABA

- Won World Travel Awards as Jordan's Leading Resort for three straight years. Awarded Luxury Travel Guide's Luxury Contemporary Resort in Jordan for two straight years.
- More areas are covered with the LED project which switched lighting of key areas. in the hotel to more energy saving LEDs.
- The first hotel group worldwide to complete the configuration for the launch of a centralized Opera 9 Cloud Multi-Property system in Jordan (cluster).
- Received Gold Status from Green Globe after being certified to more than five continuous years.
- Renewed ISO 22000 Food Safety Management System certificate.
- Honoured by King Hussein Cancer Foundation for sponsoring the "Room for Hope" initiative.



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 2012 THROUGH 2016

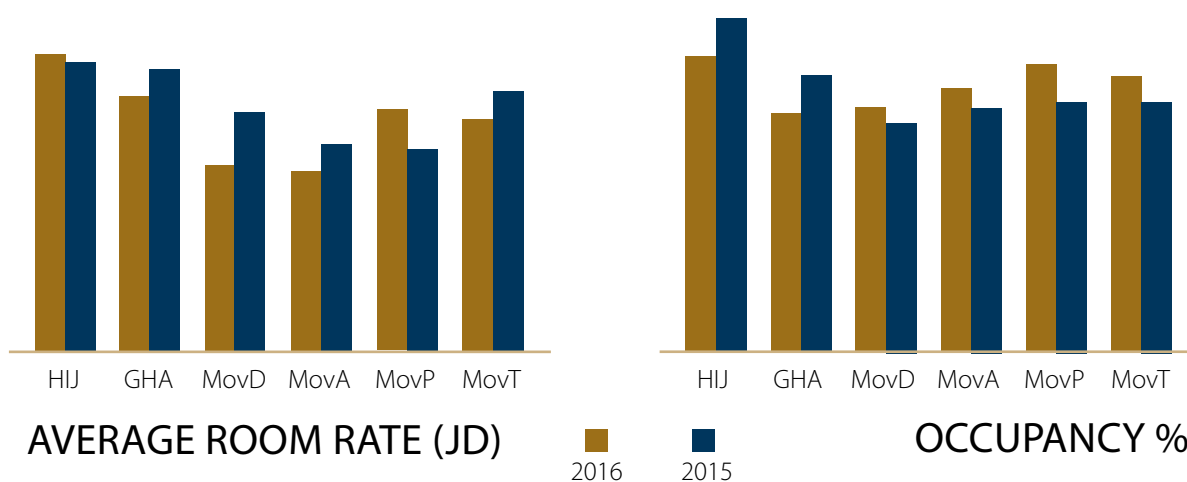
| | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Profit (loss) realized | 1,691,336 | (2,349,766) | 464,061 | (1,257,738) | 1,155,761 |
| Dividends | - | - | - | - | - |
| Equity attributable to shareholders | 161,594,485 | 159,847,794 | 162,993,165 | 167,198,311 | 169,435,715 |
| Share price JD | 0.43 | 0.50 | 0.64 | 0.54 | 0.79 |

14. ANALYSIS OF COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS DURING FISCAL YEARS 2016 AND 2015

| DESCRIPTION | 2016 % | 2015 % |
|---|--------|--------|
| Return on Investments | 1.25 | - 0.74 |
| Return on Equity | 1.47 | - 0.90 |
| Return on Paid-in Capital | 1.79 | - 1.09 |
| Profit Margin | 3.84 | - 2.29 |
| Earnings Before Tax (EBT) to Operating Revenues | 4.98 | - 1.38 |
| Ownership Ratio | 85.46 | 81.85 |
| Equity to Loans | 907.55 | 587.07 |
| Loans to Assets | 9.38 | 13.94 |
| Property & Equipment to Equity | 93.54 | 98.41 |
| Current Liability to Assets | 11.69 | 10.41 |
| Liabilities to Assets | 14.86 | 18.15 |
| Liabilities to Equity | 17.45 | 22.17 |
| Current Liabilities to Equity | 13.73 | 12.72 |
| Long-Term Loans to Equity | 3.65 | 9.39 |
| Operating Revenues to Equity | 38.25 | 39.44 |
| Operating Revenues to Assets | 32.57 | 32.28 |
| Current Ratio | 105.23 | 98.73 |

Following are the key indicators of the Company's hotels for 2016 compared to 2015:

| HOTEL | NUMBER OF ROOMS | OCCUPANCY % | | AVERAGE ROOM RATE (JD) | | OPERATING REVENUES (JD) | |
|---------------------------------------|-----------------|-------------|-----------|------------------------|------------|-------------------------|-------------------|
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | | | | |
| Hotel InterContinental Jordan | 450 | 60 | 64 | 128 | 126 | 21,664,859 | 23,104,719 |
| Grand Hyatt Amman | 316 | 50 | 53 | 118 | 123 | 12,401,630 | 13,607,281 |
| Hyatt Tower | 90 | 50 | 49 | 133 | 169 | 1,209,412 | 1,501,816 |
| Mövenpick Resort & Spa Dead Sea | 362 | 57 | 44 | 90 | 104 | 12,298,964 | 10,920,887 |
| Mövenpick Resort & Residence Aqaba | 332 | 52 | 47 | 87 | 90 | 6,948,675 | 6,656,188 |
| Mövenpick Resort Petra | 183 | 50 | 48 | 92 | 88 | 5,005,426 | 4,747,617 |
| Mövenpick Nabatean Castle Petra | 92 | - | - | - | - | - | 1,529 |
| Mövenpick Resort & Spa Tala Bay Aqaba | 306 | 54 | 48 | 109 | 113 | 9,903,299 | 9,781,658 |
| Total | 2,131 | 52 | 49 | 109 | 111 | 69,432,265 | 70,719,594 |



1. The consolidated statement of financial position indicates that total assets as of 31/12/2016 totaled JD 214,431,198 compared with JD 220,599,199 as of 31/12/2015 representing a decline of 2.18%.
2. The equity attributable to shareholders of the Company as of 31/12/2016 totaled JD 161,594,485 compared with JD 159,847,794 as of 31/12/2015 representing an increase of 1.1%.
3. The consolidated statement of profit or loss indicates that operating revenues for 2016 totaled JD 69,837,489 compared with JD 71,217,039 for 2015 representing a decline of 1.9%.
4. The consolidated expenses including depreciation, finance costs, and administration expenses for 2016 totaled JD 16,313,405 compared with JD 19,555,469 for 2015 representing a decline of 16%.
5. The consolidated profit attributable to shareholders of the Company for 2016 totaled JD 1,691,336 compared with a loss of JD 2,349,766 for 2015 representing an increase of 172%.



Mövenpick Resort & Spa Dead Sea

محمية الأزرق المائية

Azraq Wetland Reserve



The Main Important Species
Azraq killi fish



District
Zarqa



Established In
1978



Area
12km²



المساحة
١٢ كم^٢



تاريخ تأسيس / الإعلان
١٩٧٨



المحافظة
الزرقاء



أهم الأنصاف الحيوانية
موئل أسماك السرحاني



وصف الموقع:

محمية أراضي رطبة

التنوع الحيوي الموجود:

تعتبر المنطقة الرطبة في الأزرق غنية بالتنوع الحيوي، وتوفر موائل طبيعية لعدد من الكائنات المائية والبرية وكما تعد بيئة مناسبة لتوطن السمك السرحاني، حيث أن المحمية هي الموئل الوحيد لهذا النوع على مستوى العالم.

تعتبر المحمية ملاذا للطيور المهاجرة، إذ تمكث الطيور فيها طوال فصل الشتاء وبعضها يتكاثر في المحمية الأمر الذي جعلها من المناطق المهمة للطيور في الأردن. وهي أحد مواقع رامسار العالمية (والتي كسبتها بسبب ندرة نظامها المائي).

النمط النباتي:

النمط المائي

أسماء الممرات:

• ممر قرية الأزرق • ممر قصر اصيخم • ممر القصب ومراقبة الطيور • ممر منطقة الضاحك • ممر التجربة البدوية • ممر القاع • ممر السفاري

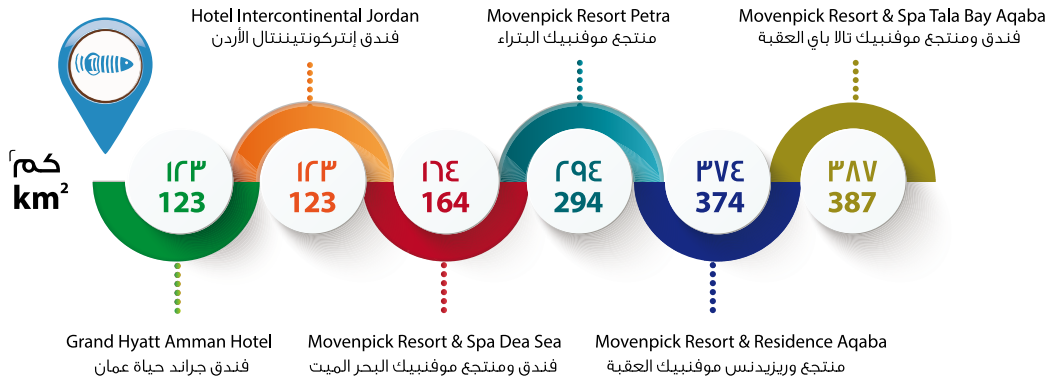
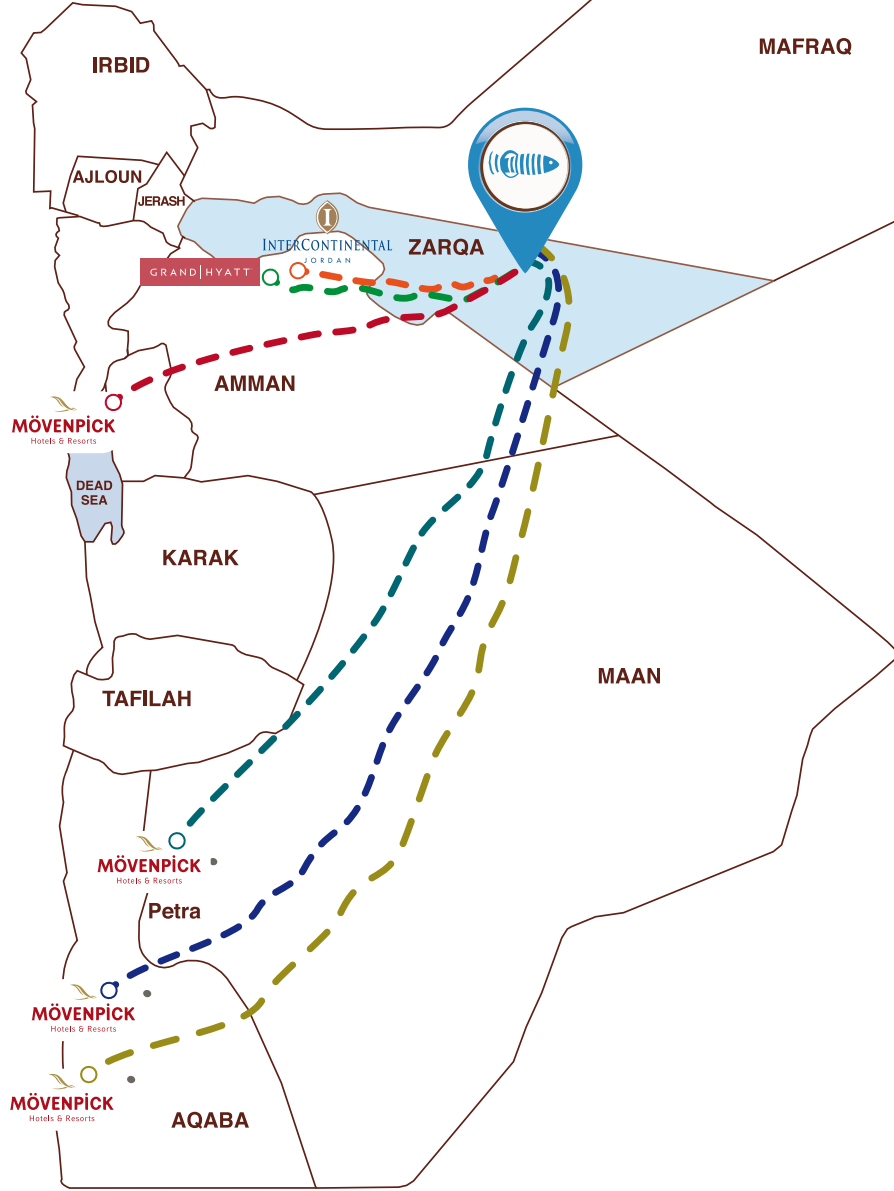
Information about the Reserve:

Azraq Wetland Reserve was established to conserve the uniquely precious oasis located in the heart of Jordan's eastern desert, between a limestone desert in the west and a basalt desert in the east. It is distinguished by lush marshland and natural water collections that form glittering pools and streams, giving Azraq its name, which is the Arabic word for 'blue'.

In 1977, the Ramsar Convention declared Azraq Wetland and the adjacent mudflat (Qa) as a major station for migratory birds on the African-Eurasian flyway.



المسافة من فنادق زارة إلى محمية الأزرق المائية
Distance From Zara Hotels to Azraq Wetland Reserve





COMPANY'S OUTLOOK FOR 2017

15. MAIN FUTURE DEVELOPEMENTS AND ANNUAL PLAN FOR 2017

1. We will continue to follow up the operations to improve performance.
2. We will continue to modify the way we manage the business to conform with the touristic markets.
3. We will continue to reduce the Company indebtedness and improve net cash flows.
4. We will continue to implement cost-cutting measures and turn into clean energy gradually.
5. We will continue to update hotels' facilities and equipment to maintain the competitive edge.
6. We will continue to develop human resources and operational data base.
7. We will continue to enhance our valuable guests' trust in our facilities and services by all means.



16. AUDIT FEES PAID BY THE COMPANY AND ITS SUBSIDIARIES AND FEES RECEIVED BY OR DUE TO AUDITORS FOR OTHER SERVICES

| COMPANY | FEES JD |
|---|----------------|
| Zara Investment (Holding) Company PSC | 12,528 |
| Jordan Hotels and Tourism Company PSC | 18,000 |
| Jordan Himmeh Mineral Company PSC | 4,500 |
| Nabatean Hotels Company LLC* | 19,800 |
| Amman Tourism Investment Company LLC | 16,600 |
| Rum Hotels and Tourism Company LLC | 2,320 |
| Oasis Hotels Company LLC | 2,320 |
| National Hotels and Tourism Company LLC | 14,200 |
| Jordan Hotel Supplies Trading Company LLC | 2,250 |
| Red Sea Hotels Company LLC | 13,300 |
| Zara Agricultural Company LLC | 2,000 |
| South Coast Real Estate Development Company LLC | 2,000 |
| South Coast Hotels Company LLC | 2,000 |
| Zara South Coast Development Company LLC | 12,000 |
| Total | 123,818 |

* Levant Hotels and Tourism Company (owner of Movenpick Resort Petra) was merged into Nabatean Hotels Company (owner of Movenpick Nabatean Castle Hotel) effective 1/1/2016.



17.A NUMBER OF SHARES HELD BY MEMBERS OF THE BOARD

| NAME | POSITION | NATIONALITY |
|---|---------------|-------------|
| Sabih Taher Darwish Masri | Chairman | Jordanian |
| Khaled Sabih Taher Masri | Vice chairman | Jordanian |
| Al Masira Investment Company, represented by Kamil Abdel Rahman Ibrahim Sadeddin | Member | Jordanian |
| Libyan Foreign Investments Company, represented by Khaled Joma Miloud Ezarzor | Member | Libyan |
| Social Security Corporation, represented by Jamila Tawfiq Mahmoud Mahasneh | 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 |
| Nawaf Abdel- Rahman Bin Ali Al-Turki | Member | Saudi |
| Yassin Khalil Mohammad Yassin Talhouni | Member | Jordanian |
| Nafez Saleh Odeh Mustafa | Member | Saudi |
| Bank Al Etihad, represented by Isam Halim Jeries Salfiti | Member | Jordanian |
| Yazid Adnan Mustafa Mufti | Member | Jordanian |
| "Mohammad Osama" Jawdat Sha'sha'a | Member | Jordanian |
| Rama Investment and saving Company, represented by Haidar Izzat Rashid Touran | Member | Jordanian |

| NUMBER OF SHARES AS OF | NUMBER OF SHARES AS OF | CONTROLLED COMPANIES | NUMBER OF SHARES HELD BY CONTROLLED COMPANIES AS OF | |
|------------------------------|------------------------------|--|---|---|
| | | | 31/12/2016 | 31/12/2015 |
| 2,046,000 | 2,046,000 | <ul style="list-style-type: none"> Arab Supply and Trading Co. Astra Investment Co. Al-Masira Investment Co. Al-Masira International-Bahrain | 11,008,354 12,000 20,097,424 14,743,804 | 11,008,354 12,000 20,097,424 8,601,804 |
| 10,000 | 2,076,000 | <ul style="list-style-type: none"> Arab Supply and Trading Co. Astra Investment Co. Al-Masira Investment Co. Al-Masira International-Bahrain | 11,008,354 12,000 20,097,424 14,743,804 | 11,008,354 12,000 20,097,424 8,601,804 |
| 20,097,424 | 20,097,424 | None | None | None |
| 19,539,532 | 19,539,532 | None | None | None |
| 18,506,245 | 18,506,245 | None | None | None |
| 9,990,084 | 9,990,084 | None | None | None |
| 6,000,000 | 6,000,000 | None | None | None |
| 10,000 | - | 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 | 200,000 |
| | | | 1,462,500 | 1,462,500 |
| 600,000 | 600,000 | None | None | None |
| 150,000 | 150,000 | None | None | None |
| 30,000 | 30,000 | None | None | None |
| 13,020 | 13,020 | None | None | None |
| 10,000 | 10,000 | None | None | None |

17.B NUMBER OF SHARES HELD BY SENIOR EXECUTIVE MANAGEMENT

| NAME | POSITION | NATIONALITY | NUMBER OF SHARES AS OF 31/12/2016 | NUMBER OF SHARES AS OF 31/12/2015 | CONTROLLED COMPANIES | NUMBER OF SHARES HELD BY CONTROLLED COMPANIES AS OF | |
|--|--|-------------|--------------------------------------|--------------------------------------|---|--|------------|
| | | | | | | 31/12/2016 | 31/12/2015 |
| Yassin Khalil "Mohammad Yassin" Talhouni | General Manager from 1/6/2016 | Jordanian | 4,141,188 | 4,141,188 | National Development & Supply Co. | 200,000 | 200,000 |
| | | | | | Levant Investments Co. | 1,462,500 | 1,462,500 |
| Lina Mazhar Hassan Annab | General Manager til 31/5/2016 | 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

| NAME | RELATIONSHIP | NATIONALITY | NUMBER OF SHARES AS OF 31/12/2016 | NUMBER OF SHARES AS OF 31/12/2015 | CONTROLLED COMPANIES | NUMBER OF SHARES HELD BY CONTROLLED COMPANIES AS OF | |
|---|--------------|-------------|--------------------------------------|--------------------------------------|----------------------|---|------------|
| | | | | | | 31/12/2016 | 31/12/2015 |
| Relatives of Sabih Taher Darwish Masri | | | | | | | |
| Najwa Mohammad Abdel Rahman Madi | Wife | Jordanian | 0 | 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 | 12,000 | - | 12,000 |
| Khaled Sabih Taher Masri | Vice Chairman | 12,000 | - | 12,000 |
| Kamil Abdel-Rahman Ibrahim Sadeddin | Member | 12,000 | - | 12,000 |
| Khaled Jumaa Miloud Al Zazour | Member | - | 20,221 | 20,221 |
| Jamila Tawfiq Mahmoud Mahasneh | Member | 12,000 | - | 12,000 |
| Kamal Ghareeb Abdel-Rahim Al-Bakri | Member | 12,000 | - | 12,000 |
| Nawaf Abdel-Rahman Bin Ali Al-Turki | Member | - | 228 | 228 |
| Yassin Khalil "Mohammad Yassin" Talhouni | Member | 12,000 | - | 12,000 |
| Nafez Saleh Odeh Mustafa | Member | 12,000 | - | 12,000 |
| Isam Halim Jeries Salfiti | Member | 12,000 | - | 12,000 |
| Yazid Adnan Mustafa Mufti | Member | 12,000 | - | 12,000 |
| Mohammed Osama Jawdat Sha'sha'a | Member | 12,000 | - | 12,000 |
| Haidar Izzat Rashid Touran | Member | 12,000 | - | 12,000 |
| Mohammed Osama Jawdat Sha'sha'a | Member | 12,000 | - | 12,000 |
| | Total | 132,000 | 20,449 | 152,449 |

18.B REMUNERATION OF SENIOR EXECUTIVE MANAGEMENT

| NAME | POSITION | SALARIES | TRANSPORT ALLOWANCE | BONUSES | OTHER BENEFITS | TOTAL JD |
|--|-------------------------------|----------|---------------------|---------|----------------|----------|
| Yassin Khalil "Mohammad Yassin" Talhouni | General Manager from 1/6/2016 | - | - | - | - | - |
| Lina Mazhar Hassan Annab | General Manager til 31/5/2016 | 51,050 | - | 117,415 | 14,944 | 183,409 |
| Ahmad Ibrahim Mohammed Jamjoum | Chief Financial Officer | 80,220 | 3,000 | 20,955 | 600 | 104,775 |

19. DONATIONS PAID BY THE COMPANY AND ITS SUBSIDIARIES DURING THE FISCAL YEAR

| BENEFICIARY | AMOUNT JD |
|------------------------------------|---------------|
| Vocational Training Center - Salt | 3,843 |
| (Medical Aid for Palestinians (MAP | 2,000 |
| Ramadan Packages | 6,000 |
| Al-Fuhais Youth Club | 1,000 |
| Jordan Strategy Forum | 7,000 |
| Other | 6,158 |
| Total | 26,001 |

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



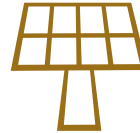
SWITCHING
TO LED



SWITCHING
TO LPG



SWITCHING
TO SOLAR



SWITCHING
TO PV POWER



REDUCING GREENHOUSE
GAS EMISSIONS CO₂

21.A THE COMPANY'S CONTRIBUTION TOWARDS ENVIRONMENTAL PROTECTION

Zara is committed to protecting the environment in which it operates. In line with this commitment, Zara launched in 2009 an aggressive clean production and renewable energy program aimed at gradually replacing major traditional energy sources with renewable energy solutions. These substitute energy solutions are expected to significantly reduce our greenhouse gas emissions (CO₂), while cutting cost at the same time. The projects we embarked vary in scale. In 2015 and in an attempt to replace our traditional energy sources with more cost-efficient renewable energy generation sources, we signed an agreement for a solar PV system based on the recently enacted Wheeling Law. Once fully developed in 2017, this PV system is expected to meet 50% to 60% of our current electricity consumption needs while achieving our goals of switching to clean energy and to achieving tremendous cost savings and reducing

thermal emissions and will start to operate the project at the beginning of 2017.

Other energy saving measures such as switching to energy-saving LEDs have been ongoing for the past several years, during which we have also worked on projects to switch from diesel fuel to the more friendly sources of LPG, solar energy, and paper recycling.

- Variable Frequency Device (VFD) Project will be in full operation which will give significant savings to the resort, in addition to Reverse Osmosis Project and Organic Garden.

Full replacement of traditional lighting in Mövenpick Hotel & Resort Dead Sea to LED.

The environmental protection and operational sustainability plans we initiated in 2009 are ongoing and continue to be implemented to this day. In 2016 we were able to see tangible results on various fronts including monetary savings. Some of the results that we achieved include:

1. More efficient use of water resources.
2. Reduction in greenhouse gas emissions with measurable reductions in the emissions of CO2.
3. Successful use of alternative sources of friendly energy through partial switch to solar energy in a number of our properties.
4. The partial substitution of diesel use by environmentally-friendly LPG systems for heating purposes.
5. The certification and recognition of most of our hotels as green hotels by various internationally renowned environmental rating organizations.

As a market leader in the hospitality 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 at our hotels constitutes one of the most important aspects in serving the local communities where we are present. The teams serving our hotels are all comprised of talented young residents of such communities. This community-based approach to developing and empowering local capacities is the guiding principle of our corporate social responsibility. Developing local talent is done

by focusing on and supporting better education in these communities as well as in contributing to on- and off-the-job training.

In 2016 our hotels provided over 41 training opportunities in all fields for 6,913 employees from various departments.

Zara was pivotal in the training of 172 vocational trainees in Saltus Hotel and through its partnership with Vocational Training Corporation in the city of AsSalt of which 23% were females. To date, and since we forged our partnership with the Vocational

Training Corporation through developing Saltus Hotel in 2013, Zara has contributed to the training of almost 524 trainees of which 20% are females.

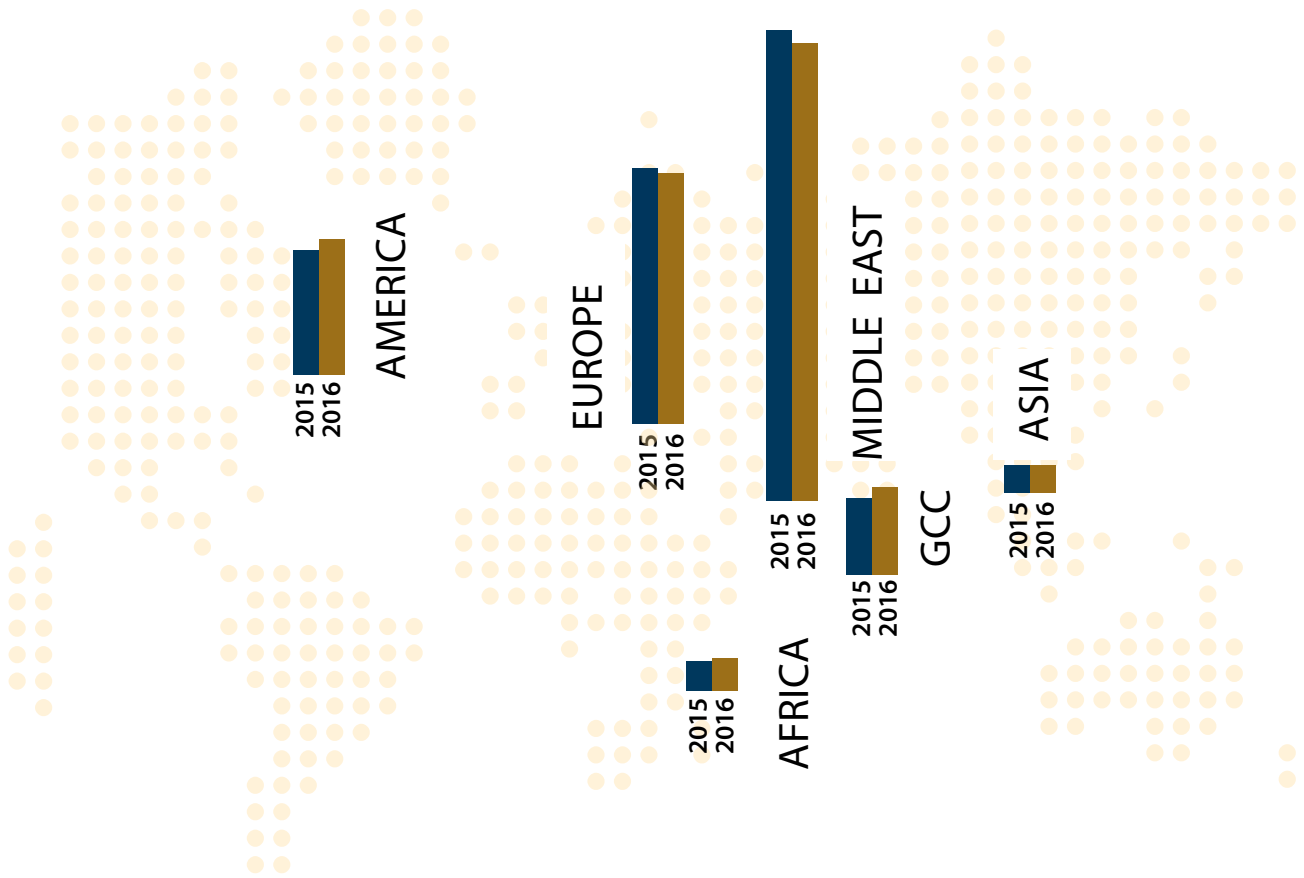
Despite the difficult conditions experienced by the tourism sector, neither Zara nor any of the subsidiaries reduced their staff in accordance with the Board of Directors' instructions to maintain job security for all employees.

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.

OUR GUESTS BY NATIONALITY



OUR SOURCE OF BUSINESS

%8



OTHER
REVENUE

%35



FOOD & BEVERAGE
REVENUE

%57



ROOM
REVENUE



General Assembly Annual Meeting 2015



General Assembly Annual Meeting 2015



CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZARA INVESTMENT HOLDING COMPANY – PUBLIC SHAREHOLDING COMPANY AMMAN – JORDAN

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zara Investment Holding Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and 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 notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Revenue Recognition

The Group owns and operates a network of hotels. Revenues are mostly generated from room stay and food and beverages. Billing is done, based on all the services availed and sales to customers.

We focus on this area as there is a risk of misstatement of revenue due to high volume of revenues with relatively low value transactions. Also, because there is a risk that billing to customers may be done for services that are not rendered or services rendered but not billed or recorded and hence will result in an overstatement or understatement of revenue.

How the Key Audit Matter was addressed

Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. Audit procedures included testing the Group's controls around revenue recognition and key controls in the revenue cycle. We assessed sales transactions taking place at either side of the consolidated statement of financial position date (revenue cutoff date) to assess whether that revenue was recognized in the correct period. We have also performed detailed analytical procedures for the gross margin of the Hotels on a monthly basis for all departments (Rooms, Food and Beverage and Other departments).

Having built expectations about revenue figures for the year, we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts.

Refer to Note 19 to the consolidated financial statements.

2. Impairment of Assets

The carrying value of the Group's assets mainly comprise of property and equipment and investment properties, amounted to JD 169,692,390 at 31 December 2016.

Recoverability of these assets is dependent on assumptions about future room/services prices/rents, discount rates as well as internal assumptions related to future occupancy levels and operating costs.

These estimates are particularly significant due to price and occupancy fluctuations, competition, assumed future services and uncertain political and economic outlooks. The outcome of impairment assessments could vary significantly were different assumptions applied.

How the Key Audit Matter was addressed

We utilised EY valuation specialists to assess the appropriateness of management's recoverable value models used in the impairment testing.

We reviewed the significant assumptions used in impairment testing for property and equipment, and investment properties, specifically the room rate/service price, assumed occupancy/service levels and discount rate assumptions, including consideration of the risk of management bias.

Refer to Notes 4 and 5 to the consolidated financial statements

Other information included in the Group's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements are in agreement therewith and we recommend approval.

Amman – Jordan
26 March 2017

Ernst & Young / Jordan
Bishr Ibrahim Baker
License No. 592

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Notes | 2016 | 2015 |
|---|-------|--------------------|--------------------|
| | | JD | JD |
| ASSETS | | | |
| Non-current assets - | | | |
| Property and equipment | 4 | 163,850,641 | 171,077,001 |
| Investment properties | 5 | 5,841,749 | 5,994,855 |
| Projects in progress | 6 | 1,082,910 | 586,407 |
| Financial assets at fair value through other comprehensive income | 7 | 13,273,958 | 13,215,689 |
| Advance payments for land purchases | 9 | - | 381,650 |
| Other non-current assets | 12 | <u>4,001,857</u> | <u>5,333,232</u> |
| | | <u>188,051,115</u> | <u>196,588,834</u> |
| Current assets - | | | |
| Inventories | 10 | 1,836,743 | 1,935,015 |
| Accounts receivable | 11 | 5,062,310 | 4,504,132 |
| Other current assets | 12 | 4,256,123 | 3,818,937 |
| Cash on hand and at banks | 13 | <u>15,224,907</u> | <u>13,752,281</u> |
| | | <u>26,380,083</u> | <u>24,010,365</u> |
| Total assets | | <u>214,431,198</u> | <u>220,599,199</u> |

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

| | Notes | 2016 | 2015 |
|--|-------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | JD | JD |
| EQUITY | | | |
| Attributable to the equity owners of the parent - | | | |
| Paid-in capital | 14 | 150,000,000 | 150,000,000 |
| Statutory reserve | 14 | 3,988,776 | 3,819,642 |
| Voluntary reserve | 14 | 689,496 | 689,496 |
| Cumulative change in fair value | 8 | 8,585,878 | 8,530,523 |
| Accumulated losses | | <u>(1,669,665)</u> | <u>(3,191,867)</u> |
| | | 161,594,485 | 159,847,794 |
| Non-controlling interests | 22 | <u>20,981,408</u> | <u>20,714,857</u> |
| Total equity | | <u>182,575,893</u> | <u>180,562,651</u> |

| | Notes | 2016 | 2015 |
|-------------------------------------|-------|--------------------|--------------------|
| LIABILITIES | | JD | JD |
| Non-current liabilities - | | | |
| Long-term loans | 15 | 6,671,700 | 16,955,349 |
| Deferred tax liabilities | 23 | <u>115,181</u> | <u>112,267</u> |
| | | <u>6,786,881</u> | <u>17,067,616</u> |
| Current liabilities - | | | |
| Current portion of long-term loans | 15 | 10,549,149 | 12,032,826 |
| Due to banks | 16 | 2,896,613 | 1,768,582 |
| Accounts payable | | 5,849,689 | 3,992,061 |
| Other current liabilities | 17 | 4,338,233 | 4,281,019 |
| Other provisions | 18 | 715,808 | 216,539 |
| Provision for income tax | 23 | <u>718,932</u> | <u>677,905</u> |
| | | <u>25,068,324</u> | <u>22,968,932</u> |
| Total liabilities | | <u>31,855,305</u> | <u>40,036,548</u> |
| Total equity and liabilities | | <u>214,431,198</u> | <u>220,599,199</u> |

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

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

| | | 2016 | 2015 |
|--|-------|-------------------------|---------------------------|
| | Notes | JD | JD |
| Operating revenues | | 69,837,489 | 71,217,039 |
| Operating expenses | | <u>(50,536,792)</u> | <u>(53,671,293)</u> |
| Net operating revenues | 19 | 19,300,697 | 17,545,746 |
| Other income, net | 20 | 1,087,001 | 937,765 |
| Interest income | | 178,482 | 242,807 |
| Finance costs | | (1,279,457) | (1,814,287) |
| Depreciation | 4,5 | (11,542,160) | (13,911,126) |
| Administrative expenses | 21 | (3,491,788) | (3,830,056) |
| Other provisions | 18 | <u>(778,011)</u> | <u>(155,629)</u> |
| profit (Loss) before income tax | | 3,474,764 | (984,780) |
| Income tax expense | 23 | <u>(791,542)</u> | <u>(648,161)</u> |
| profit (Loss) for the year | | <u><u>2,683,222</u></u> | <u><u>(1,632,941)</u></u> |
| Attributable to: | | | |
| Equity holders of the parent | | 1,691,336 | (2,349,766) |
| Non-controlling interests | 22 | <u>991,886</u> | <u>716,825</u> |
| | | <u><u>2,683,222</u></u> | <u><u>(1,632,941)</u></u> |
| | | JD / Fils | JD / Fils |
| Basic and diluted earnings (loss) per share attributable to the equity holders of the parent | 24 | <u><u>0/011</u></u> | <u><u>(0/016)</u></u> |

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

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

| | | 2016 | 2015 |
|--|-------|------------------|--------------------|
| | Notes | JD | JD |
| Profit (loss) for the year | | 2,683,222 | (1,632,941) |
| Other comprehensive income items after tax not to be realised in profit or loss subsequently: | | | |
| Change in fair value, net of deferred tax liabilities | 8 | 55,355 | (2,538,807) |
| Total comprehensive income for the year | | <u>2,738,577</u> | <u>(4,171,748)</u> |
| Attributable to: | | | |
| Shareholders of the parent | | 1,746,691 | (4,888,573) |
| Non-controlling interests | | <u>991,886</u> | <u>716,825</u> |
| | | <u>2,738,577</u> | <u>(4,171,748)</u> |

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

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Attributable to the equity | | |
|---|----------------------------|------------------|----------------|
| | Paid-in capital | Reserves | |
| | | Statutory | Voluntary |
| | JD | JD | JD |
| 2016 | | | |
| Balance at 1 January 2016 | 150,000,000 | 3,819,642 | 689,496 |
| Total comprehensive income for the year | - | - | - |
| Transferred to reserves | - | 169,134 | - |
| Dividends of a subsidiary | - | - | - |
| Balance at 31 December 2016 | <u>150,000,000</u> | <u>3,988,776</u> | <u>689,496</u> |
| 2015 | | | |
| Balance at 1 January 2015 | 148,256,589 | 3,819,642 | 689,496 |
| Increase in paid in capital | 1,743,411 | - | - |
| Capital increase expense | - | - | - |
| Total comprehensive income for the year | - | - | - |
| Dividends of a subsidiary | - | - | - |
| Balance at 31 December 2015 | <u>150,000,000</u> | <u>3,819,642</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 |
| 8,530,523 | (3,191,867) | 159,847,794 | 20,714,857 | 180,562,651 |
| 55,355 | 1,691,336 | 1,746,691 | 991,886 | 2,738,577 |
| - | (169,134) | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(725,335)</u> | <u>(725,335)</u> |
| <u>8,585,878</u> | <u>(1,669,665)</u> | <u>161,594,485</u> | <u>20,981,408</u> | <u>182,575,893</u> |
| 11,069,330 | (841,892) | 162,993,165 | 20,723,367 | 183,716,532 |
| - | - | 1,743,411 | - | 1,743,411 |
| - | (209) | (209) | - | (209) |
| (2,538,807) | (2,349,766) | (4,888,573) | 716,825 | (4,171,748) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(725,335)</u> | <u>(725,335)</u> |
| <u>8,530,523</u> | <u>(3,191,867)</u> | <u>159,847,794</u> | <u>20,714,857</u> | <u>180,562,651</u> |

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

| Operating Activities | Notes | 2016 | 2015 |
|--|-------|-------------------|-------------------|
| | | JD | JD |
| Profit (loss) before income tax | | 3,474,764 | (984,780) |
| Adjustments for | | | |
| Depreciation | | 11,542,160 | 13,911,126 |
| Dividends income | | (80,119) | (36,418) |
| Loss (gain) on sale and disposal of property and equipment | | 6,361 | (12,000) |
| Finance costs | | 1,279,457 | 1,814,287 |
| Interest income | | (178,482) | (242,807) |
| (Recovery) Provision for doubtful accounts, net | | (171,494) | 272,755 |
| Other provisions | | 778,011 | 155,629 |
| Provision for projects in progress | | 18,369 | - |
| Changes in working capital | | | |
| Inventories | | 98,272 | 93,368 |
| Accounts receivable | | (386,684) | 1,133,677 |
| Other current assets | | 894,189 | 548,813 |
| Accounts payable | | 1,857,628 | (797,342) |
| Other current liabilities | | 107,420 | (667,560) |
| Other provisions paid | | (297,111) | (137,924) |
| Income tax paid | | <u>(750,515)</u> | <u>(552,450)</u> |
| Net cash flows from operating activities | | <u>18,192,226</u> | <u>14,498,374</u> |

| Investing activities | Notes | 2016 | 2015 |
|---|-------|--------------------|--------------------|
| | | JD | JD |
| Purchase of property and equipment | | (3,567,254) | (1,870,648) |
| Proceeds from sale and disposal of property and equipment | | 40,685 | 25,042 |
| Purchase of investment properties | | (1,900) | (5,863) |
| Projects in progress | | (772,005) | (812,583) |
| Contractors' retentions | | (2,472) | 1,910 |
| Dividends income received | | 80,119 | 36,418 |
| Interest income received | | <u>178,482</u> | <u>242,807</u> |
| Net cash flows used in investing activities | | <u>(4,046,148)</u> | <u>(2,382,917)</u> |

Financing Activities

| | | | |
|-------------------------------|--|--------------|--------------|
| Increase in paid - in capital | | - | 1,743,411 |
| Capital increase expenses | | - | (209) |
| Repayments of loans | | (12,032,826) | (12,032,825) |
| Loan Received | | 265,500 | - |

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

ZARA INVESTMENT (HOLDING) COMPANY P.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

1 General

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

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

The consolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 22 March 2017. 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 2016.

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

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

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

- Derecognizes the assets (including goodwill) and

liabilities of the subsidiary

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

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 consolidated financial statements for the year ended 31 December 2015 except for the followings:

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.

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

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.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Group's financial position or performance and became effective for annual periods which started from 1 January 2016.

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 and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the consolidated statement of profit or loss.

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

| | % |
|-------------------------|-------|
| Buildings | 2 |
| Electro-mechanicals | 10-15 |
| Machinery and equipment | 15 |
| Furniture and fixture | 15 |
| 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 buildings) held to earn rentals or for capital appreciation rather than land or buildings used for production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated on a straight-line basis over their estimated useful lives at annual depreciation rates ranging between 2% - 20%.

Projects in progress

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where it is transferred to property and equipment or investment properties.

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 in the consolidated statement of other comprehensive income and in the statement of equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings. These assets are not subject to impairment testing and dividends received are recognised in the consolidated statement of profit or loss when declared.

Fair value

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

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

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

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

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

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

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

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

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

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) or net realizable value whichever is lower. 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 accounts 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 are subsequently measured at amortized cost using the effective interest rate method. Gains or losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 a 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 from suppliers in the ordinary course of business whether or not such obligations have been claimed.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

Income Tax

Provision for income tax is calculated in accordance with the prevailing income tax law.

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

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

Revenue recognition

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

Group as a lessor

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

Foreign currency

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

gains or losses are reflected in the consolidated statement of profit or loss.

Contingent assets and liabilities

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

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

(3) SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

-A provision is established for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision.

-Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRS. Deferred tax assets and liabilities and income tax provision are calculated accordingly.

-The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly.

-A provision is established against court cases where the Group is the defendant based on a legal study provided by the Group's legal advisor which determines the risk that may occur.

ZARA INVESTMENT (HOLDING) COMPANY P.S.C
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

(4) PROPERTY AND EQUIPMENT

| | Land | Buildings | Electro- mechanicals |
|---|-------------------|--------------------|-------------------------|
| | JD | JD | JD |
| 2016 | | | |
| Cost | | | |
| At 1 January 2016 | 35,349,349 | 160,961,503 | 66,958,674 |
| Additions | 341,786 | 345,320 | 187,496 |
| Transferred from projects in progress | - | 95,806 | 91,721 |
| Transferred from advance payments on land purchases | 381,650 | - | - |
| Disposals | <u>-</u> | <u>(53,602)</u> | <u>(348,664)</u> |
| At 31 December 2016 | <u>36,072,785</u> | <u>161,349,027</u> | <u>66,889,227</u> |
| Accumulated depreciation | | | |
| At 1 January 2016 | - | 45,741,659 | 61,283,923 |
| Additions | - | 3,190,658 | 2,810,908 |
| Disposals | <u>-</u> | <u>(10,110)</u> | <u>(348,142)</u> |
| At 31 December 2016 | <u>-</u> | <u>48,922,207</u> | <u>63,746,689</u> |
| Net book value at 31 December 2016 | <u>36,072,785</u> | <u>112,426,820</u> | <u>3,142,538</u> |
| 2015 | | | |
| Cost | | | |
| At 1 January 2015 | 35,349,349 | 160,779,572 | 66,695,733 |
| Additions | - | 89,188 | 211,568 |
| Transferred from projects in progress | - | 92,743 | 57,211 |
| Disposals | <u>-</u> | <u>-</u> | <u>(5,838)</u> |
| At 31 December 2015 | <u>35,349,349</u> | <u>160,961,503</u> | <u>66,958,674</u> |
| Accumulated depreciation | | | |
| At 1 January 2015 | - | 42,387,212 | 57,431,518 |
| Additions | - | 3,354,447 | 3,856,436 |
| Disposals | <u>-</u> | <u>-</u> | <u>(4,031)</u> |
| At 31 December 2015 | <u>-</u> | <u>45,741,659</u> | <u>61,283,923</u> |
| Net book value at 31 December 2015 | <u>35,349,349</u> | <u>115,219,844</u> | <u>5,674,751</u> |

The cost of fully depreciated property and equipment as at 31 December 2016 is JD 124,734,297 (2015: JD 102,396,022).

| Machinery and equipment | Furniture and fixtures | Computer equipment & software | Vehicles | Others | Total |
|-------------------------|------------------------|-------------------------------|------------------|------------------|--------------------|
| JD | JD | JD | JD | JD | JD |
| 37,266,878 | 50,214,357 | 7,806,696 | 1,441,034 | 2,555,228 | 362,553,719 |
| 1,385,396 | 784,710 | 418,239 | 106,110 | - | 3,569,057 |
| 36,416 | 31,001 | 2,189 | - | - | 257,133 |
| - | - | - | - | - | 381,650 |
| <u>(35,537)</u> | <u>(87,056)</u> | <u>(17,044)</u> | <u>-</u> | <u>-</u> | <u>(541,903)</u> |
| <u>38,653,153</u> | <u>50,943,012</u> | <u>8,210,080</u> | <u>1,547,144</u> | <u>2,555,228</u> | <u>366,219,656</u> |
| 30,893,965 | 43,691,996 | 6,845,705 | 1,162,504 | 1,856,966 | 191,476,718 |
| 2,034,393 | 2,820,339 | 418,171 | 94,486 | 18,199 | 11,387,154 |
| <u>(35,534)</u> | <u>(84,027)</u> | <u>(17,044)</u> | <u>-</u> | <u>-</u> | <u>(494,857)</u> |
| <u>32,892,824</u> | <u>46,428,308</u> | <u>7,246,832</u> | <u>1,256,990</u> | <u>1,875,165</u> | <u>202,369,015</u> |
| <u>5,760,329</u> | <u>4,514,704</u> | <u>963,248</u> | <u>290,154</u> | <u>680,063</u> | <u>163,850,641</u> |
| 36,261,936 | 49,815,663 | 7,516,926 | 1,513,588 | 2,555,228 | 360,487,995 |
| 792,368 | 437,093 | 293,454 | 46,977 | - | 1,870,648 |
| 214,216 | 850 | - | 9,204 | - | 374,224 |
| <u>(1,642)</u> | <u>(39,249)</u> | <u>(3,684)</u> | <u>(128,735)</u> | <u>-</u> | <u>(179,148)</u> |
| <u>37,266,878</u> | <u>50,214,357</u> | <u>7,806,696</u> | <u>1,441,034</u> | <u>2,555,228</u> | <u>362,553,719</u> |
| 28,614,849 | 40,041,558 | 6,394,224 | 1,185,860 | 1,832,814 | 177,888,035 |
| 2,280,650 | 3,678,560 | 455,165 | 105,379 | 24,152 | 13,754,789 |
| <u>(1,534)</u> | <u>(28,122)</u> | <u>(3,684)</u> | <u>(128,735)</u> | <u>-</u> | <u>(166,106)</u> |
| <u>30,893,965</u> | <u>43,691,996</u> | <u>6,845,705</u> | <u>1,162,504</u> | <u>1,856,966</u> | <u>191,476,718</u> |
| <u>6,372,913</u> | <u>6,522,361</u> | <u>960,991</u> | <u>278,530</u> | <u>698,262</u> | <u>171,077,001</u> |

5 Investment Properties

| | 2016 | 2015 |
|---------------------------------------|-------------------|-------------------|
| | JD | JD |
| Cost | | |
| As at 1 January | 10,487,327 | 10,417,100 |
| Additions | 1,900 | 5,863 |
| Transferred from projects in progress | <u>-</u> | <u>64,364</u> |
| As at 31 December | <u>10,489,227</u> | <u>10,487,327</u> |
| Accumulated depreciation | | |
| As at 1 January | 4,492,472 | 4,336,135 |
| Additions | <u>155,006</u> | <u>156,337</u> |
| As at 31 December | <u>4,647,478</u> | <u>4,492,472</u> |
| Net book value | | |
| At 31 December | <u>5,841,749</u> | <u>5,994,855</u> |

The fair value of the investment properties is estimated, by a real estate appraiser, at JD 10,264,959 as at 31 December 2016.

6 Projects in Progress

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

| | 2016 | 2015 |
|--|--------------------|--------------------|
| | JD | JD |
| Jordan Hotels and Tourism Company | - | 1,803 |
| Jordan Himmeh Mineral Company * | 376,902 | 373,710 |
| Nabatean Hotels Company | 12,228 | 12,228 |
| Levant Hotels and Tourism Company | - | 59,484 |
| Amman Tourism Investment Company | 11,500 | - |
| Oasis Hotels Company * | 525,703 | 525,703 |
| National Hotels and Tourism Company | 980,694 | 490,257 |
| South Coast Hotels Company * | 528,245 | 528,245 |
| Zara South Coast Development Company | 71,030 | - |
| Zara Investment Company * | <u>102,986</u> | <u>102,986</u> |
| | 2,609,288 | 2,094,416 |
| Less: provision for projects in progress * | <u>(1,526,378)</u> | <u>(1,508,009)</u> |
| | <u>1,082,910</u> | <u>586,407</u> |

No interest expense was capitalized during 2016 and 2015.

Movements on projects in progress are as follow:

| | 2016 | 2015 |
|---|-------------------------|-----------------------|
| | JD | JD |
| Beginning balance | 2,094,416 | 1,720,421 |
| Additions | 772,005 | 812,583 |
| Transferred to property and equipment and investment properties | <u>(257,133)</u> | <u>(438,588)</u> |
| | 2,609,288 | 2,094,416 |
| Provision for projects in progress | <u>(1,526,378)</u> | <u>(1,508,009)</u> |
| Ending balance | <u><u>1,082,910</u></u> | <u><u>586,407</u></u> |

Movement on provision of projects in progress is as follows:

| | 2016 | 2015 |
|--------------------|-------------------------|-------------------------|
| | JD | JD |
| Beginning balance | 1,508,009 | 1,508,009 |
| Charge of the year | 18,369 | - |
| Ending balance | <u><u>1,526,378</u></u> | <u><u>1,508,009</u></u> |

The estimated cost to complete the above projects is approximately JD 3,000,000 as of 31 December 2016 (2015: JD 4,000,000). 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:

| | 2016 | 2015 |
|--|-------------------|-------------------|
| | JD | JD |
| Quoted shares – Local | | |
| Jordan Express Tourist Transport Company | 571,756 | 513,487 |
| Jordan Projects Tourism Development Company | <u>11,206,493</u> | <u>11,206,493</u> |
| | <u>11,778,249</u> | <u>11,719,980</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>13,273,958</u> | <u>13,215,689</u> |

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

| | 2016 | 2015 |
|----------------------|-------------------|--------------------|
| | JD | JD |
| Beginning balance | 13,215,689 | 15,791,474 |
| Change in fair value | <u>58,269</u> | <u>(2,575,785)</u> |
| Ending balance | <u>13,273,958</u> | <u>13,215,689</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:

| | 2016 | 2015 |
|---|------------------|------------------|
| | JD | JD |
| Beginning balance | 8,530,523 | 11,069,330 |
| Change in fair value of financial assets at fair value through other comprehensive income | 58,269 | (2,575,785) |
| Change in deferred tax liabilities (note 23) | <u>(2,914)</u> | <u>36,978</u> |
| Ending balance | <u>8,585,878</u> | <u>8,530,523</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 | 2016 | 2015 | Paid to |
|---|----------|----------------|---|
| | JD | JD | |
| South Coast Real Estate Development Company * | - | - | Aqaba Special Economic Zone Authority |
| South Coast Hotels Company * | - | - | Aqaba Special Economic Zone Authority |
| Zara South Coast Development Company ** | <u>-</u> | <u>381,650</u> | Jordan Projects Tourism Development Company |
| | <u>-</u> | <u>381,650</u> | |

* In 2015, the two subsidiaries signed an agreement with Aqaba Special Economic Zone Authority ("ASEZA") that cancels the Sale and Development agreement made in 2007 with ASEZA to purchase a number of land lots. In the agreement signed in 2015, ASEZA promises to repay the advances to the Company in five equal annual installments over a period of five years.

** The subsidiary has registered land in 2016 and capitalized the entire amount of JD 381,650 in addition to the registration fees amounting to JD 341,786.

10 Inventories

| | 2016 | 2015 |
|------------------------|------------------|------------------|
| | JD | JD |
| Food and beverages | 539,694 | 483,695 |
| Supplies and equipment | 1,141,482 | 1,253,470 |
| Others | <u>155,567</u> | <u>197,850</u> |
| | <u>1,836,743</u> | <u>1,935,015</u> |

11 Accounts Receivable

| | 2016 | 2015 |
|---------------------------------|------------------|--------------------|
| | JD | JD |
| Accounts receivable | 5,988,744 | 5,602,412 |
| Provision for doubtful accounts | <u>(926,434)</u> | <u>(1,098,280)</u> |
| | <u>5,062,310</u> | <u>4,504,132</u> |

Movement on the provision for doubtful accounts is as follows:

| | 2016 | 2015 |
|-------------------------------------|----------------|------------------|
| | JD | JD |
| Beginning balance | 1,098,280 | 995,674 |
| Charge for the year * | 18,444 | 308,485 |
| Reversals during the year ** | (189,938) | (35,730) |
| Amounts written off during the year | <u>(352)</u> | <u>(170,149)</u> |
| Ending Balance | <u>926,434</u> | <u>1,098,280</u> |

* The charge for the year was allocated to administrative expenses for JD zero (2015: JD 127,796) and to operating expenses for JD 18,444 (2015: JD 180,689).

** The reversals during the year were added to other income for JD 82,108 (2015: JD 638) and were deducted from operating expenses for JD 107,830 (2015: JD 35,092).

As at 31 December, the aging 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 | |
| 2016 | 730,534 | 2,087,388 | 2,222,100 | - | 22,288 | 5,062,310 |
| 2015 | 720,174 | 1,634,939 | 1,935,791 | 203,279 | 9,949 | 4,504,132 |

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

| | 2016 | 2015 |
|--|------------------|------------------|
| | JD | JD |
| Aqaba Special Economic Zone Authority (note 9) | 5,333,232 | 6,666,608 |
| Refundable deposits | 678,259 | 729,640 |
| Advance payments to contractors and suppliers | 642,353 | 342,689 |
| Prepaid expenses | 883,305 | 891,907 |
| Others | <u>720,831</u> | <u>521,325</u> |
| | <u>8,257,980</u> | <u>9,152,169</u> |
| Non-current portion | 4,001,857 | 5,333,232 |
| Current portion | <u>4,256,123</u> | <u>3,818,937</u> |
| | <u>8,257,980</u> | <u>9,152,169</u> |

13 Cash on Hand and at Banks

| | 2016 | 2015 |
|------------------|-------------------|-------------------|
| | JD | JD |
| Cash on hand | 112,712 | 104,094 |
| Current accounts | 5,636,781 | 5,712,902 |
| Term deposits * | <u>9,475,414</u> | <u>7,935,285</u> |
| | <u>15,224,907</u> | <u>13,752,281</u> |

* Term deposits are fixed for 1 to 3 months and earn annual interest rate ranging from 1% to 2.75% per annum.

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

| | 2016 | 2015 |
|---------------------------|--------------------|--------------------|
| | JD | JD |
| Cash on hand and at banks | 15,224,907 | 13,752,281 |
| Due to banks (note 16) | <u>(2,896,613)</u> | <u>(1,768,582)</u> |
| | <u>12,328,294</u> | <u>11,983,699</u> |

14 Equity

Authorized and Paid in - Capital -

The Company's authorized and paid - in capital is 150,000,000 shares of JD 1 par value each as at 31 December 2016.

Statutory Reserve -

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

Voluntary Reserve -

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

15 Long-Term Loans

This item consists of the following:

| Currency | Loans instalments | | | | | |
|----------|-------------------|-----------|-------|------------|-----------|-------|
| | 2016 | | | 2015 | | |
| | 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 | - | - | - | 1,183,334 | - | 1,183,334 |
|-----|---|---|---|-----------|---|-----------|

Syndicated loan – Jordan Hotels and Tourism Co.

| | | | | | | |
|-----|---|---|---|---------|---|---------|
| JOD | - | - | - | 500,000 | - | 500,000 |
|-----|---|---|---|---------|---|---------|

Arab Bank – Amman Tourism Investment Co.

| | | | | | | |
|-----|-----------|-----------|-----------|-----------|-----------|-----------|
| USD | 1,520,000 | 1,520,000 | 3,040,000 | 1,520,000 | 3,040,000 | 4,560,000 |
|-----|-----------|-----------|-----------|-----------|-----------|-----------|

Arab Bank – Zara Investment Holding Co.

| | | | | | | |
|-----|-----------|-----------|-----------|-----------|-----------|-----------|
| USD | 1,480,000 | 1,480,000 | 2,960,000 | 1,480,000 | 2,960,000 | 4,440,000 |
|-----|-----------|-----------|-----------|-----------|-----------|-----------|

Syndicated loan – Zara Investment Holding Co.

| | | | | | | |
|-----|-----------|-----------|-----------|-----------|-----------|------------|
| USD | 3,332,300 | 3,406,200 | 6,738,500 | 3,332,300 | 6,738,500 | 10,070,800 |
|-----|-----------|-----------|-----------|-----------|-----------|------------|

International Finance Corporation – Zara investment Holding Co.

| | | | | | | |
|-----|-----------|---|-----------|-----------|-----------|-----------|
| USD | 4,216,489 | - | 4,216,489 | 4,017,192 | 4,216,849 | 8,234,041 |
|-----|-----------|---|-----------|-----------|-----------|-----------|

Movenpick company - National Tourism

| | | | | | | |
|-----|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| USD | - | 265,500 | 265,500 | - | - | - |
| | <u>10,549,149</u> | <u>6,671,700</u> | <u>17,220,849</u> | <u>12,032,826</u> | <u>16,955,349</u> | <u>28,988,175</u> |

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-tranche syndicated loan managed by Arab Bank of JD 3,000,000 and USD 10,000,000 to finance 69% of the renovation of blocks A&B and other facilities of Hotel Intercontinental Jordan. The loan is repayable in 12 semi-annual equal instalments equivalent to 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 - Zara Investment Holding Company - USD

On 14 January 1998, a loan of JD 12,500,000 was granted to finance the project of Grand Hyatt Amman Hotel with a first degree mortgage on the land and building of the Hotel. The loan term was 8 years including 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 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 Arab Jordan Investment Bank) participated in a syndicated loan managed by Arab Bank of JD 30,000,000 to repay the second and third instalments of the Company's bonds issued on 12 December 2004 and due on 12 December 2008 and 12 December 2009 of JD 14,000,000 and JD 16,000,000 respectively. The loan was repayable in 9 annual instalments of JD 3,300,000 except the last instalment of JD 3,600,000 with the first one due 36 months from the date of signing the agreement. The floating interest was due every six months according to the average lending rates of the participating banks plus 0.25% annual margin.

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

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 annual 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%.

Movenpick Hotels & Resorts Management - National Hotels & Tourism Company - USD

On 2 April 2015, an interest-free loan agreement of USD 1,500,000 (JD 1,062,000) was signed between Movenpick Hotels & Resorts Management FZ LLC and National Hotels & Tourism Company (subsidiary) to finance the soft renovation of the Movenpick Resort & Spa Dead Sea whereby the loan is utilized in 4 equal disbursements, according to the percentage of completion. The loan is repayable in 5 equal semi-annual instalments of USD 300,000 (JD 212,400) commencing on 1 January 2018 and ending on 1 January 2020. During the 1st half of 2016, the first disbursement of USD 375,000 (JD 265,500) was made.

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

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

| Year | JD |
|-------|-------------------|
| 2017 | 10,549,149 |
| 2018 | <u>6,671,700</u> |
| Total | <u>17,220,849</u> |

16 Due to Banks

This item represents the balance of the overdraft facilities granted to the Company and Jordan Hotels and Tourism Company (subsidiary) from Cairo Amman Bank, Arab Bank and Union Bank with ceilings of USD 10,000,000, JD 1,000,000 and JD 2,000,000 respectively. The annual interest rate on these facilities range from 4.25% to 8.325% including the commission.

17 Other Current Liabilities

| | 2016 | 2015 |
|---|------------------|------------------|
| | JD | JD |
| Accrued interest | 87,865 | 117,230 |
| Due to contractors and retentions payable | 34,139 | 31,667 |
| Accrued expenses | 2,617,996 | 2,321,088 |
| Deposits | 491,421 | 432,874 |
| Others | <u>1,125,181</u> | <u>1,378,160</u> |
| | <u>4,356,602</u> | <u>4,281,019</u> |

18 Other Provisions

| | Legal claims | Employees' benefits | Others | Total |
|----------------------|----------------|------------------------|-----------------|------------------|
| | JD | JD | JD | JD |
| 2016 | | | | |
| Beginning balance | 9,851 | 161,688 | 45,000 | 216,539 |
| Charge for the year | 350,000 | 308,011 | 120,000 | 778,011 |
| Paid during the year | <u>-</u> | <u>(252,111)</u> | <u>(45,000)</u> | <u>(297,111)</u> |
| Ending balance | <u>359,851</u> | <u>217,588</u> | <u>120,000</u> | <u>697,439</u> |

| | Legal claims | Employees' benefits | Others | Total |
|----------------------|--------------|------------------------|-----------------|------------------|
| | JD | JD | JD | JD |
| 2015 | | | | |
| Beginning balance | 9,851 | 143,983 | 45,000 | 198,834 |
| Charge for the year | - | 110,629 | 45,000 | 155,629 |
| Paid during the year | <u>-</u> | <u>(92,924)</u> | <u>(45,000)</u> | <u>(137,924)</u> |
| Ending balance | <u>9,851</u> | <u>161,688</u> | <u>45,000</u> | <u>216,539</u> |

19 Segment Information

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

These segments are organized and operated separately in accordance with the nature of its products and services and used by the Chief Executive Officer and the primary decision maker of the Group.

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

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

- **Other segments:** represent 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.

| 2016 - | Hotels Segment | Other Segments | Eliminations | Total |
|-------------------------------|-------------------|----------------|--------------|-------------------|
| | JD | JD | JD | JD |
| Operating revenues | 69,432,265 | 1,337,319 | (932,095) | 69,837,489 |
| Operating expenses | (50,562,186) | (906,701) | 932,095 | (50,536,792) |
| Net operating revenues | <u>18,870,079</u> | <u>430,618</u> | <u>-</u> | <u>19,300,697</u> |

Other information -

| | | | | |
|---------------------------------|-------------|------------|--------------|-------------|
| Segment assets | 206,605,150 | 54,978,657 | (47,152,609) | 214,431,198 |
| Segment liabilities | 60,220,823 | 18,787,091 | (47,152,609) | 31,855,305 |
| Depreciation | 11,494,029 | 48,131 | - | 11,542,160 |
| Provision for doubtful accounts | 18,444 | - | - | 18,444 |
| Interest income | 177,490 | 992 | - | 178,482 |
| Finance costs | 986,852 | 292,875 | - | 1,279,457 |
| Capital expenditures | 4,257,517 | 67,445 | - | 4,342,962 |
| Non-current assets | 174,152,692 | 13,898,423 | - | 188,051,115 |

* Hotels' net operating revenues consist of the following:

| | Operating revenues | Operating expenses | Net operating revenues (losses) |
|-------------------------------|--------------------|---------------------|---------------------------------|
| | JD | JD | JD |
| Hotel Intercontinental Jordan | 21,664,859 | (14,964,770) | 6,700,089 |
| Grand Hyatt Amman | 13,611,042 | (10,169,914) | 3,441,128 |
| Dead Sea Movenpick Hotel | 12,298,964 | (9,170,123) | 3,128,841 |
| Petra Movenpick Hotel | 5,005,426 | (3,240,469) | 1,764,957 |
| Aqaba Movenpick Hotel | 6,948,675 | (5,606,131) | 1,342,544 |
| Nabatean Castle Hotel | - | (136,170) | (136,170) |
| Tala Bay Movenpick Hotel | <u>9,903,299</u> | <u>(7,274,609)</u> | <u>2,628,690</u> |
| Total | <u>69,432,265</u> | <u>(50,562,186)</u> | <u>18,870,079</u> |

| 2015 - | Hotels Segment | Other Segments | Eliminations | Total |
|-------------------------------|---------------------|------------------|----------------|---------------------|
| | JD | JD | JD | JD |
| Operating revenues | 70,719,594 | 1,350,718 | (853,273) | 71,217,039 |
| Operating expenses | <u>(53,596,833)</u> | <u>(927,733)</u> | <u>853,273</u> | <u>(53,671,293)</u> |
| Net operating revenues | <u>17,122,761</u> | <u>422,985</u> | <u>-</u> | <u>17,545,746</u> |

Other information -

| | | | | |
|---------------------------------|-------------|------------|--------------|-------------|
| Segment assets | 208,765,174 | 48,397,618 | (36,563,593) | 220,599,199 |
| Segment liabilities | 56,764,946 | 19,835,195 | (36,563,593) | 40,036,548 |
| Depreciation | 13,859,128 | 51,998 | - | 13,911,126 |
| Provision for doubtful accounts | 180,689 | 127,796 | - | 308,485 |
| Interest income | 160,221 | 82,586 | - | 242,807 |
| Finance costs | 1,501,401 | 312,886 | - | 1,814,287 |
| Capital expenditures | 2,652,812 | 36,282 | - | 2,689,094 |
| Non-current assets | 179,964,429 | 16,624,405 | - | 196,588,834 |

* Hotels' net operating revenues consist of the following:

| | Operating revenues | Operating expenses | Net operating revenues (losses) |
|-------------------------------|--------------------|---------------------|---------------------------------|
| | JD | JD | JD |
| Hotel Intercontinental Jordan | 23,504,147 | (16,400,628) | 7,103,519 |
| Grand Hyatt Amman | 15,109,097 | (11,004,177) | 4,104,920 |
| Dead Sea Movenpick Hotel | 10,920,887 | (9,518,685) | 1,402,202 |
| Petra Movenpick Hotel | 4,747,617 | (3,063,571) | 1,684,046 |
| Aqaba Movenpick Hotel | 6,656,188 | (5,929,301) | 726,887 |
| Nabatean Castle Hotel | - | (222,692) | (222,692) |
| Tala Bay Movenpick Hotel | <u>9,781,658</u> | <u>(7,457,779)</u> | <u>2,323,879</u> |
| Total | <u>70,719,594</u> | <u>(53,596,833)</u> | <u>17,122,761</u> |

20 Other Income, Net

| | 2016 | 2015 |
|--|------------------|----------------|
| | JD | JD |
| Rent | 654,357 | 697,650 |
| Reversal of provisions | - | 638 |
| Gain on sale of property and equipment | (6,361) | 12,000 |
| Gain on disposal of insured property and equipment | 58,225 | 50,830 |
| Loss on impairment of projects in progress | (18,369) | - |
| Dividends income | 80,119 | 36,418 |
| Others | <u>319,030</u> | <u>140,229</u> |
| | <u>1,087,001</u> | <u>937,765</u> |

21 Administrative Expenses

| | 2016 | 2015 |
|----------------------------------|------------------|------------------|
| | JD | JD |
| Salaries and wages | 1,154,434 | 1,262,680 |
| Board of directors' remuneration | 258,449 | 261,443 |
| Bonuses | 18,819 | 36,338 |
| Provision for doubtful accounts | - | 127,796 |
| Donations | 26,001 | 31,634 |
| Governmental expenses | 29,850 | 21,129 |
| Hospitality | 25,419 | 12,827 |
| Insurance | 354,599 | 469,901 |
| Bank charges | 139,404 | 128,375 |
| Maintenance | 38,407 | 38,420 |
| Professional fees | 196,990 | 349,406 |
| Property tax | 224,936 | 224,881 |
| Postage and telephone | 24,436 | 27,902 |
| Rent | 300,718 | 261,123 |
| Subscriptions | 45,816 | 34,442 |
| Withholding tax | 16,453 | 17,030 |
| Travel and transportation | 29,279 | 45,976 |
| Advertising and marketing | 19,938 | 3,795 |
| Others | <u>587,840</u> | <u>474,958</u> |
| | <u>3,491,788</u> | <u>3,830,056</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 gains from financial assets at fair value through other comprehensive income which appear in the cumulative change in fair value in equity.

Movement on deferred tax liabilities is as follows:

| | 2016 | 2015 |
|---------------------|----------------|-----------------|
| | JD | JD |
| Beginning balance | 112,267 | 149,245 |
| Change for the year | <u>2,914</u> | <u>(36,978)</u> |
| Ending balance | <u>115,181</u> | <u>112,267</u> |

Income tax

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

| | 2016 | 2015 |
|-------------------------|----------------|----------------|
| | JD | JD |
| Current year income tax | 791,542 | 628,875 |
| Prior years income tax | <u>-</u> | <u>19,286</u> |
| | <u>791,542</u> | <u>648,161</u> |

Provision for income tax -

Movements on the provision for income tax are as follows:

| | 2016 | 2015 |
|-------------------------|----------------|----------------|
| | JD | JD |
| Beginning balance | 677,905 | 582,194 |
| Income tax for the year | 791,542 | 628,875 |
| Prior years income tax | - | 19,286 |
| Income tax paid | (750,515) | (552,450) |
| Ending balance | <u>718,932</u> | <u>677,905</u> |

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

| | 2016 | 2015 |
|--|------------------|------------------|
| | JD | JD |
| Accounting profit (loss) before tax | 3,474,764 | (984,780) |
| Losses of the Company and other subsidiaries | 871,964 | 4,130,523 |
| Carried forward losses | (55,226) | - |
| Non-taxable income | (1,125,474) | (596,970) |
| Depreciation differences | (803,299) | (110,152) |
| Non-deductible expenses | <u>3,423,906</u> | <u>723,166</u> |
| Taxable income | <u>5,786,635</u> | <u>3,161,787</u> |
| Income tax expense for the year | <u>791,542</u> | <u>628,875</u> |
| Statutory tax rate | 5% - 20% | 5% - 20% |
| Effective tax rate | %22.8 | - |

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 2016 due to the excess of deductible expenses over taxable revenues, or due to accumulated losses from prior years, in accordance with the Income Tax Law no. (34) of 2014.

The Income Tax Department has not reviewed the accounting records of the Company and a number of its subsidiaries for 2015 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 but has not issued yet the final report up to the date of these consolidated financial statements.

The Income Tax Department has reviewed the accounting records of South Coast Hotels Company for the years 2012, 2013 and 2014 but has not issued yet the financial report up to the date of these consolidated financial statements.

National Hotels and Tourism Company, Red Sea Hotels Company, South Coast Real Estate Development Company, and South Coast Hotels Company have obtained final clearances from the Income Tax Department up to 2011.

The Company, Rum Hotels and Tourism Company, Oasis Hotels Company, and Zara South Coast Development Company have obtained final clearances from the Income Tax Department up to 2013.

Jordan Hotels and Tourism Company, Amman Tourism Investment Company, and Zara Agricultural Company have obtained final clearances from the Income Tax Department up to 2014.

Nabatean Hotels Company and Levant Hotels and Tourism Company have obtained final clearances from the Income Tax Department up to 2015.

24 Basic and Diluted Earnings (Loss) per Share

| | 2016 | 2015 |
|--|--------------------|--------------------|
| | JD | JD |
| Profit (loss) attributable to equity owners of the parent (JD) | 1,691,336 | (2,349,766) |
| Weighted average number of shares (Share) | <u>150,000,000</u> | <u>149,570,118</u> |
| Basic earnings per share (JD/Fils) | <u>0/011</u> | <u>(0/016)</u> |

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

25 Contingent Liabilities

The Group has outstanding bank guarantees of JD 103,000 as at 31 December 2016 (2015: JD 1,103,000).

26 Operating Lease Commitments

Group as a lessee -

On 1 September 2016, the Company signed a renewable office lease agreement with Astra Company (sister company) for one year for JD 145,368 (2015: JD 145,368). Also, some of the Group's subsidiaries and hotels rent offices, stores, and land lots for periods ranging from one to five years.

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

| | 2016 | 2015 |
|---|------------------|------------------|
| | JD | JD |
| Within one year | 398,954 | 407,297 |
| After one year but not more than five years | <u>1,213,983</u> | <u>1,200,850</u> |
| | <u>1,612,937</u> | <u>1,608,147</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:

| | 2016 | 2015 |
|---|------------------|------------------|
| | JD | JD |
| Within one year | 247,353 | 179,309 |
| After one year but not more than five years | 650,467 | 663,800 |
| More than five years | <u>134,459</u> | <u>597,583</u> |
| | <u>1,032,279</u> | <u>1,440,692</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 80,781 as of 31 December 2016. Management and the legal advisor believe that the Group's position holds strong against these lawsuits and no need for any provision except for what has been recorded.

28 Related Party Transactions

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

| | Paid-in Capital | Principal Activities | Ownership |
|---|--------------------|--|-----------|
| | JD | | % |
| Jordan Hotels and Tourism Co. PSC | 10,000,000 | Hotel InterContinental Jordan | 51.6 |
| Jordan Himmeh Mineral Co. PSC | 500,000 | Himmeh Resort | 55.8 |
| Nabatean Hotels Co. LLC * | 3,300,000 | Nabatean Castle Hotel and Movenpick Resort Petra | 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 | 110,000 | Gift Shops | 100 |
| Red Sea Hotels Co. LLC | 17,000,000 | Aqaba Movenpick Hotel | 100 |
| Zara Agricultural Co. LLC | 100,000 | Plants | 54.3 |
| South Coast Real Estate Development Co. LLC | 10,050,000 | Tourism Project - Aqaba | 82 |
| South Coast Hotels Co. LLC | 4,800,000 | Tourism Project - Aqaba | 82 |
| Zara South Coast Development Co. LLC | 39,425,503 | Tala Bay Movenpick Hotel - Aqaba | 84.8 |

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.

* The Extraordinary General Assembly of Nabatean Hotels Company and Levant Hotels and Tourism Company held on 6 October 2015 approved the merge of both companies where the former is the acquirer and the latter is the acquiree. On 27 July 2016, the Companies Controller issued the final consent of the merge effective 1 January 2016 whereby the acquirer becomes the legal successor of the acquiree.

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

| | 2016 | 2015 |
|---|------------|------------|
| | JD | JD |
| Bank balances – Arab Bank, Etihad Bank, and Cairo Amman Bank | 15,112,195 | 13,645,527 |
| Long-term loans – Arab Bank, Etihad Bank and Cairo Amman Bank | 12,738,500 | 20,754,134 |
| Due to banks – Arab Bank, Etihad Bank and Cairo Amman Bank | 2,896,613 | 1,768,582 |
| Amounts due to Astra Investment Company | 100,000 | 50,000 |
| Amounts due from Cairo Amman Bank | 12,891 | 25,612 |

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

| | 2016 | 2015 |
|---|----------------|----------------|
| | JD | JD |
| Finance costs – Arab Bank, Etihad Bank and Cairo Amman Bank | 878,400 | 1,185,364 |
| Interest income – Cairo Amman Bank and Etihad Bank | 178,482 | 242,807 |
| Rent income – Cairo Amman Bank | 173,801 | 167,401 |
| Rent expense – Astra Investment Company | 146,508 | 146,088 |
| Boards of directors' remuneration and transportation: | | |
| - Zara Investment Company | 152,449 | 153,443 |
| - Jordan Hotels and Tourism Company | <u>151,000</u> | <u>153,000</u> |
| | <u>303,449</u> | <u>306,443</u> |

Key management personnel compensation is as follow:

| | 2016 | 2015 |
|---|---------|---------|
| | JD | JD |
| Salaries, compensation and other benefits | 356,284 | 325,510 |

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:

| 2016 | 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 (JD) | 15,108,231 | 453,775 | 50,772 |
| Non-controlling interests share of profit (loss) (JD) | 1,021,680 | (11,728) | (792) |
| | JD | JD | JD |
| Condensed statement of financial position | | | |
| Current assets | 6,955,759 | 352,072 | 2,684 |
| Non-current assets | 27,079,562 | 691,046 | 470,343 |
| Current liabilities | (2,791,332) | (17,006) | (269,640) |
| Non-current liabilities | - | - | (298) |
| Equity | <u>31,243,989</u> | <u>1,026,112</u> | <u>203,089</u> |
| Attributable to: | | | |
| Shareholders of the parent | 16,135,758 | 572,337 | 152,317 |
| Non-controlling interests | 15,108,231 | 453,775 | 50,772 |
| Condensed statement of profit or loss | | | |
| Revenues | 21,664,859 | - | - |
| Expenses | (19,356,846) | (35,942) | (3,157) |
| Other revenues | 296,989 | 9,422 | 21 |
| Finance cost | (50,043) | - | (31) |
| Profit (loss) before income tax | 2,554,959 | (26,520) | (3,167) |
| Income tax expense | (442,114) | - | - |
| Profit (loss) for the year | <u>2,112,845</u> | <u>(26,520)</u> | <u>(3,167)</u> |
| Other comprehensive income | <u>2,112,845</u> | <u>(26,520)</u> | <u>(3,167)</u> |
| Attributable to non-controlling interests | <u>1,021,680</u> | <u>(11,728)</u> | <u>(792)</u> |
| Profit distributions to non-controlling interests | <u>725,335</u> | <u>-</u> | <u>-</u> |
| Condensed statement of cash flows | | | |
| Operating activities | 6,522,115 | (61,001) | (2,970) |
| Investing activities | (1,245,371) | 6,480 | - |
| Financing activities | (3,254,050) | (128,969) | 89 |
| Net increase (decrease) in cash and cash equivalent | <u>2,022,694</u> | <u>(183,490)</u> | <u>(2,881)</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 |
| 49,482 | 62,213 | 1,743,770 | 725,717 | 2,787,449 |
| (821) | 2,218 | (1,021) | (785) | (16,865) |
| JD | JD | JD | JD | JD |
| 154,584 | 153,049 | 4,833,241 | 1,959,143 | 2,865,567 |
| 532,788 | 14,079 | 4,856,662 | 2,076,174 | 24,007,715 |
| (1,738) | (31,114) | (1,994) | (2,809) | (7,292,899) |
| <u>(52,263)</u> | <u>-</u> | <u>(298)</u> | <u>(745)</u> | <u>(1,264,286)</u> |
| <u>633,371</u> | <u>136,014</u> | <u>9,687,611</u> | <u>4,031,763</u> | <u>18,316,097</u> |
| 583,889 | 73,801 | 7,943,841 | 3,306,046 | 15,528,647 |
| 49,482 | 62,213 | 1,743,770 | 725,717 | 2,787,450 |
| - | 181,370 | - | - | 9,903,299 |
| (5,065) | (172,293) | (5,660) | (4,311) | 9,798,536 |
| 25 | 372 | 18 | 26 | 96,450 |
| <u>(5,467)</u> | <u>-</u> | <u>(31)</u> | <u>(87)</u> | <u>(312,031)</u> |
| (10,507) | 9,449 | (5,673) | (4,363) | (110,818) |
| <u>-</u> | <u>(4,600)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(10,507)</u> | <u>4,849</u> | <u>(5,673)</u> | <u>(4,363)</u> | <u>(110,818)</u> |
| <u>(10,507)</u> | <u>4,849</u> | <u>(5,673)</u> | <u>(4,363)</u> | <u>(110,818)</u> |
| <u>(821)</u> | <u>2,218</u> | <u>(1,021)</u> | <u>(785)</u> | <u>(16,865)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (3,947) | 16,822 | (6,317) | (3,447) | 2,654,261 |
| - | 372 | 1,089,280 | 244,147 | (784,300) |
| <u>254</u> | <u>(51,696)</u> | <u>(1,085,250)</u> | <u>(242,988)</u> | <u>(1,808,702)</u> |
| <u>(3,693)</u> | <u>(34,502)</u> | <u>(2,287)</u> | <u>(2,288)</u> | <u>61,259</u> |

| 2015 | 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 (JD) | 14,811,885 | 465,503 | 51,564 |
| Non-controlling interests share of profit (loss) (JD) | 1,102,308 | (9,713) | (788) |
| | JD | JD | JD |
| Condensed statement of financial position | | | |
| Current assets | 5,511,681 | 524,298 | 5,569 |
| Non-current assets | 29,412,329 | 687,855 | 470,343 |
| Current liabilities | (2,609,532) | (159,521) | (269,075) |
| Non-current liabilities | <u>(1,683,334)</u> | - | <u>(581)</u> |
| Equity | <u>30,631,144</u> | <u>1,052,632</u> | <u>206,256</u> |
| Attributable to: | | | |
| Shareholders of the parent | 15,819,259 | 587,129 | 154,692 |
| Non-controlling interests | 14,811,885 | 465,503 | 51,564 |
| Condensed statement of profit or loss | | | |
| Revenues | 23,504,147 | - | - |
| Expenses | (20,773,911) | (38,042) | (3,102) |
| Other revenues | 252,454 | 16,079 | - |
| Finance cost | <u>(164,131)</u> | - | <u>(49)</u> |
| Profit (loss) before income tax | 2,818,559 | (21,963) | (3,151) |
| Income tax expense | <u>(538,974)</u> | - | - |
| Profit (loss) for the year | <u>2,279,585</u> | <u>(21,963)</u> | <u>(3,151)</u> |
| Other comprehensive income | <u>2,279,585</u> | <u>(21,963)</u> | <u>(3,151)</u> |
| Attributable to non-controlling interests | <u>1,102,308</u> | <u>(9,713)</u> | <u>(788)</u> |
| Profit distributions to non-controlling interests | <u>725,335</u> | - | - |
| Condensed statement of cash flows | | | |
| Operating activities | 6,351,498 | (31,504) | (3,096) |
| Investing activities | (333,334) | 11,024 | - |
| Financing activities | <u>(3,338,020)</u> | <u>21,504</u> | <u>5,050</u> |
| Net increase (decrease) in cash and cash equivalent | <u>2,680,144</u> | <u>1,024</u> | <u>1,954</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 |
| 50,303 | 59,995 | 1,744,791 | 726,503 | 2,804,313 |
| (1,103) | 2,582 | (1,262) | (985) | (374,213) |
| JD | JD | JD | JD | JD |
| 214,874 | 119,192 | 5,450,930 | 1,963,035 | 3,063,070 |
| 532,788 | 17,733 | 4,856,662 | 2,076,174 | 25,263,090 |
| (1,731) | (5,760) | (613,727) | (1,629) | (7,370,674) |
| <u>(102,053)</u> | <u>-</u> | <u>(581)</u> | <u>(1,454)</u> | <u>(2,528,571)</u> |
| <u>643,878</u> | <u>131,165</u> | <u>9,693,284</u> | <u>4,036,126</u> | <u>18,426,915</u> |
| 593,575 | 71,170 | 7,948,493 | 3,309,623 | 15,622,602 |
| 50,303 | 59,995 | 1,744,791 | 726,503 | 2,804,313 |
| - | 176,700 | - | - | 9,781,658 |
| (5,554) | (169,660) | (6,983) | (5,353) | (11,810,029) |
| - | 15 | 19 | 3 | 76,492 |
| <u>(8,573)</u> | <u>-</u> | <u>(49)</u> | <u>(122)</u> | <u>(507,042)</u> |
| (14,127) | 7,055 | (7,013) | (5,472) | (2,458,921) |
| <u>-</u> | <u>(1,411)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(14,127)</u> | <u>5,644</u> | <u>(7,013)</u> | <u>(5,472)</u> | <u>(2,458,921)</u> |
| <u>(14,127)</u> | <u>5,644</u> | <u>(7,013)</u> | <u>(5,472)</u> | <u>(2,458,921)</u> |
| <u>(1,103)</u> | <u>2,582</u> | <u>(1,262)</u> | <u>(985)</u> | <u>(374,213)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (4,611) | 11,637 | (6,209) | (5,166) | 2,658,005 |
| - | 15 | - | - | (477,441) |
| <u>5,195</u> | <u>24,908</u> | <u>7,997</u> | <u>6,938</u> | <u>(1,944,694)</u> |
| <u>584</u> | <u>36,560</u> | <u>1,788</u> | <u>1,772</u> | <u>235,870</u> |

30 Risk Management

Interest rate risk -

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

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

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

| | Increase in interest rate | Effect on profit for the year before tax |
|-------------|---------------------------|--|
| 2016 | Basis Points | JD |
| JD | 75 | (49,341) |
| USD | 75 | 129,156 |

| | Increase in interest rate | Effect on loss for the year before tax |
|-------------|---------------------------|--|
| 2015 | Basis Points | JD |
| JD | 75 | (42,341) |
| USD | 75 | 213,661 |

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 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 |
|----------------------|--------------------------|---|
| 2016 | % | JD |
| Amman Stock Exchange | 10 | 1,177,825 |
| 2015 | % | JD |
| Amman Stock Exchange | 10 | 1,171,998 |

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

Credit risk

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

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

The Group provides services to a large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2016.

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 2016 | 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 | - | 9,574,497 | 122,004 | - | 9,696,501 |
| Due to banks | 2,896,613 | - | - | - | 2,896,613 |
| Loans | - | - | 11,228,027 | 6,656,076 | 17,884,103 |
| Total | <u>2,896,613</u> | <u>9,574,497</u> | <u>11,350,301</u> | <u>6,656,076</u> | <u>30,477,217</u> |

| As at 31 December 2015 | 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 | - | 7,691,309 | 148,897 | - | 7,840,206 |
| Due to banks | 1,768,582 | - | - | - | 1,768,582 |
| Loans | - | - | 13,274,497 | 17,884,113 | 31,158,610 |
| Total | <u>1,768,582</u> | <u>7,691,309</u> | <u>13,423,394</u> | <u>17,884,113</u> | <u>40,767,398</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 loans, due to banks, 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 determined using level one and three in the fair value hierarchy as follows:

| | 31 December 2016 | | | |
|---|------------------|----------|-------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | JD | JD | JD | JD |
| (Financial assets at fair value through other comprehensive income) | <u>571,756</u> | <u>-</u> | <u>11,206,493</u> | <u>11,778,249</u> |

| | 31 December 2015 | | | |
|---|------------------|----------|-------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | JD | JD | JD | JD |
| (Financial assets at fair value through other comprehensive income) | <u>513,487</u> | <u>-</u> | <u>11,206,493</u> | <u>11,719,980</u> |

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

32 Capital Management

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

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

Capital comprises of paid-in capital, statutory reserve, voluntary reserve, cumulative change in fair value and accumulated losses, and is measured at JD 161,594,485 as at 31 December 2016 (2015: JD 159,847,794).

33 Standards Issued But Not Yet Effective

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 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

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 2018, and early adoption is permitted.

IFRS 16 Leases

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

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

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

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the

Transfers of Investment Property (Amendments to IAS 40)

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

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

34 Comparative Figures

Some of 2015 figures have been reclassified in order to conform with the presentation of 2016 figures. Such reclassification does not affect previously reported loss 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 | Yassin Khalil "Mohammad Yassin" Talhouni | Ahmad Ibrahim Mohammad Jamjoum |

Recommendations for the General Assembly

1. Recitation and approval of minutes of the 22nd annual meeting of the ordinary general assembly which was held on 27/4/2016.
2. Recitation and approval of the report of the board of directors on the company's activities for the fiscal year ended 31/12/2016.
3. Recitation of independent auditors' report on the consolidated financial statements for the fiscal year ended 31/12/2016.
4. Discussion of the consolidated financial statements for the fiscal year ended 31/12/2016.
5. Ratification of the appointment of Mr. Nawaf Abdel-Rahman Bin Ali Al-Turki in place of and to complete the membership of his predecessor Mr. Abdel-Rahman Bin Ali Al-Turki who passed away according to article (150) of the Companies Law.
6. Discharge of members of the board for the fiscal year ended 31/12/2016 within the law.
7. Election of the company's independent auditors for the fiscal year ending 31/12/2017 and determination of their fees or otherwise authorizing the board of directors to do so.
8. Any other matters which the general assembly proposes to include in the agenda.

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