

***Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan
Financial Statements For
The Year Ended December 31st, 2023
and Independent Auditor's Report***

Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan

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Independent Auditor's Report

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Independent Auditor's Report

To Stockholders,
Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan

Opinion

We have audited the financial statements of **Al-Sharq Investment Projects Co. (PLC)**, which comprise the statement of financial position as at December 31st, 2023, and the statements of the comprehensive income, changes in equity and cash flows for the year then ended, and notes from (1-28), comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of **Al-Sharq Investment Projects Co. (PLC)** as of December 31st, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Property, plant & equipment:

The amount disclosed in the financial statements of the Company represents the value of the Company's property, plant and equipment used in its operating operations and the amount of these assets is material and its relative importance is high within the Company's non-current assets.

The main audit procedures we performed to verify the balances of property, plant and equipment are as follows:

- Examining and testing of the internal control systems related to the financial operations of property, plant and equipment.

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- Conducting analytical and substantive tests of balances and transactions of additions and disposal of property, plant and equipment and linking them with related accounts.
- Verify the physical presence and ownership of the Company's property, plant and equipment.
- Studying management estimates and depreciation rates for property, plant and equipment.
- Verify that there are no indications of impairment in value of property, plant and equipment requiring an impairment test.
- Validation of presentation, disclosure and accounting policies consistent with International Financial Reporting Standards

Other information:

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and those charged with governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements,

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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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Company maintains proper books of account and the accompanying financial statements are in agreement therewith, We recommend the approval of the financial statements by the General assembly.


Dweik & Co. (ACC)
Audit & Consult Consortium
Rafiq T. Dweik (pHD)
Audit license No (386)



February 4th, 2024
Amman - Jordan

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Financial Position as of December 31st, 2023, 2022

	Note	<u>2023/JD</u>	<u>2022/JD</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	3	2425337	2461479
Checks under collection		9486	9605
Accounts' receivable - Net	4	152270	344178
Inventory	5	64567	47242
Refundable deposits	6	102316	102316
Other current assets	7	167349	405324
Total Current Assets		<u>2921325</u>	<u>3370144</u>
<u>Non Current Assets</u>			
Operational assets	8	2	2
Financial assets at fair value through other comprehensive income	9	745742	482680
Intangible assets	10	1	1
Property, equipment & tools	11	18298360	18062814
Investment in bonds	12	400000	000
Total Non Current Assets		<u>19444105</u>	<u>18545497</u>
Total Assets		<u>22365430</u>	<u>21915641</u>
<u>Liabilities & Owners' Equity</u>			
<u>Current Liabilities</u>			
Accounts' payable		291213	389796
Other current liabilities	13	914192	706963
Short term loan	14	177780	177780
Due to bank		000	100
Total Current Liabilities		<u>1383185</u>	<u>1274639</u>
<u>None Current liabilities</u>			
Long term loan	14	43955	221735
<u>Owners' Equity</u>			
Capital	15	16000000	16000000
Statutory reserve	15	3900839	3758599
Voluntary reserve	15	20692	28056
Fair value adjustments through other comprehensive income	16	(17022)	(74798)
Retained income		1033781	707410
Net Owners' Equity		<u>20938290</u>	<u>20419267</u>
Total Liabilities & Owners' Equity		<u>22365430</u>	<u>21915641</u>

“ The accompanying notes are an integral part of these statements ”

Statement (B)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Comprehensive Income
for the Years Ended December 31st, 2023, 2022

<u>Comprehensive income</u>	Note	2023/JD	2022/JD
Operation's revenues		7629372	6636314
Operation's cost		(2515136)	(2264217)
Gross operating income	17	5114236	4372097
Overhead expenses	18	(1197376)	(1098878)
Maintenance & energy exp.	19	(960628)	(884941)
Marketing & advertizing expenses	20	(341543)	(353216)
Depreciation		(1029943)	(940809)
Management fees	21	(305567)	(166366)
Other revenue	22	143219	176524
Income for the year before tax/Comprehensive income		1422398	1104411
Provision for income tax		(282049)	(228627)
National contribution for public debt payment		(14102)	(11431)
Board of Directors remuneration		(25000)	(25000)
Income for the year after tax/Comprehensive income		1101247	839353
<u>Other Comprehensive income</u>			
Fair value adjustments through other comprehensive income		57776	162323
Profit on sales of financial assets		000	110896
Total other Comprehensive income		57776	273219
Total Comprehensive income for the year		1159023	1112572
Earnings per share from comprehensive income for the year		7,244%	6.954%
Weighted Average Shares		16000000	16000000

“ The accompanying notes are an integral part of these statements ”

Statement (C)

Al-Sharq Investment Projects Co. (PLC)

Amman – Jordan

Statement of Changes in Equity for the years ended
December 31st, 2023, 2022

Description	Capital	Statutory reserve	Voluntary reserve	Fair value adjustments through other comprehensive income	Retained income	Total
	JD	JD	JD	JD	JD	JD
Balance as of Dec. 31st, 2021	16000000	3637069	28056	(237121)	(121309)	19306695
Income for the year after tax / Comprehensive income	000	000	000	000	839353	839353
Statutory reserve	000	121530	000	000	(121530)	000
Other Comprehensive income						
Fair value adjustments through other comprehensive income	000	000	000	162323	000	162323
Profit on sales of financial assets	000	000	000	000	110896	110896
Balance as of Dec. 31st, 2022	16000000	3758599	28056	(74798)	707410	20419267
Income for the year after tax / Comprehensive income	000	000	000	000	1101247	1101247
Statutory reserve	000	142240	000	000	(142240)	000
Dividends	000	000	(7364)	000	(632636)	(640000)
Other Comprehensive income						
Fair value adjustments through other comprehensive income	000	000	000	57776	000	57776
Balance as of Dec. 31st, 2023	16000000	3900839	20692	(17022)	1033781	20938290

"The accompanying notes are an integral part of these statements"

Statement (D)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Cash Flows
for the Years Ended December 31st, 2023, 2022

	<u>2023 / JD</u>	<u>2022 / JD</u>
<u>Cash Flows From Operating Activities:</u>		
Total comprehensive income for the year	1159023	1112572
<u>Adjustments:</u>		
Depreciation	1029943	940809
Adjustments on financial assets	(57776)	(162323)
Profit on sales of financial assets	000	(110896)
Operating income before working capital changes:	2131190	1780162
Accounts' receivable and other current assets	412677	(441985)
Accounts' payable and other current liabilities	108646	451315
Net cash flows from operating activities	2652513	1789492
<u>Cash Flows from Investing Activities:</u>		
Property, plant & equipment	(1265489)	(1160375)
Financial assets at fair value through other comprehensive income	(205286)	939223
Investment in bonds	(400000)	000
Net cash flows from investing activities	(1870775)	(221152)
<u>Cash Flows from Financing Activities:</u>		
Loan	(177780)	(177780)
Due to bank	(100)	(4565)
Dividends	(640000)	000
Net cash flows from financing activities	(817880)	(182345)
Net change in cash and cash equivalents	(36142)	1385995
Cash & cash equivalents at beginning of the year	2461479	1075484
Cash & cash equivalents at end of the year	2425337	2461479

“The accompanying notes are an integral part of these statements”

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Notes to Financial Statements
for the Year 2023

1- Constitution and objectives:

- A- Al-Sharq Investment Projects Company is registered as a public shareholding company under the No. (258) with issued capital of JD (16000000) /share after the merger of al-Sharq Investment Projects Company with al-Sharq For Hotel & Tourism Company (LLC) on 1/10/2005, and the merger was approved by the Minister of Industry on 20/3/2006. The Company's opening balances resulting from the merger were recorded by the revaluated amounts.
- B- The Company owns a hotel operating under the name “ Holiday Inn Hotel-Amman” which was opened in 1999 and managed by Holiday Inn Group (Inter Continental Group) under a management agreement signed during 1995, which some of its items has been amended during the following years and has been extended until 14/7/2019. On 10/2/2019 the Board of Directors decided to terminate the above mentioned management contract starting from the date of its expiry on 14/7/2019, and agreed with Mövenpick Hotels & Resorts to manage and operate the Hotel starting 15/7/2019.
- C- The financial statements were approved by the board of directors on January 28th, 2024, and it is subject to be approved by the general assembly.
- D- **Objectives:**
To establish and manage hotels and tourist resorts and managing of subsidiaries or participating in the management of other companies in which they contribute.

2- Significant accounting policies:

Financial statements are prepared under the International Financial Reporting Standards and the related explanatory notes issued by the International Accounting Standards Board (IASB). Following the summary of the significant accounting policies:

A- Amended IFRS:

The Company complies with all following IFRSs requirements and adjustments which were issued by International Accounting Standard Board and become effective within this year:

- IFRS (17) Insurance contracts .
- IAS (1) Presentation of financial statements .
- IAS (8) Accounting policies, change in accounting estimates and errors .
- IAS (12) Income taxes.

B- Use of Estimates :

The preparation of the accompanying financial statements requires estimates and assumptions for some items in the financial statements when applying accounting policies, examples include provision for doubtful debts, and the management conducts future estimates of the uncertainties at the end of the fiscal year, which may lead to a significant risk and is likely to cause fundamental modifications to in operating assets and liabilities balances over the next year. Examples include various provisions, lawsuits and claims filed against the Company.

C- Property, plant & equipment:

- Property, plant & equipment are carried at historical cost less (except for land) the accumulated depreciation and impairment. Such assets are depreciated on a straight-line basis at the following depreciation rates:

<u>Asset</u>	<u>Dep. Rate</u>
Hotel building	2%
Furniture	2.5 - 25%
Office equipment	15 - 40%
Elevators	10%
Cars	15 %
Devices & equipment	10 - 35%
Decoration	15 - 25%

In case of disposal of any property, plant or equipment, the carrying value of such and the related accumulated depreciation to be credited by the recorded amount of each, while the gain or loss resulted from disposal to be recognized in Income Statement. Subsequent additions or improvements expenditures on existing items of property, plant or equipment shall be capitalized at cost, while repair and maintenance expenditures shall be recognized as current expense.

- Operating assets, tools and instruments are recorded at cost and depreciated annually at 10% -20%.

D- Intangible assets:

- ◆ Intangible assets acquired separately are measured and recorded at initial recognition at cost. Intangible assets acquired through mergers are measured and recorded at their fair values at the acquisition date.
- ◆ Distinction is made between intangible assets based on estimating of their useful life for a limited period or indefinite period
- ◆ Intangible assets with a finite useful life are amortized over this lifetime and the amortization value is recognized in the statement of comprehensive income. The estimated useful life and amortization method is reviewed at least annually, and any impairment is recognized in the statement of comprehensive income. As a change in accounting estimates. Intangible assets are amortized using the following ratios:

<u>Statement</u>	<u>Amortization rate</u>
Key money	25%

- ◆ Intangible assets with indefinite useful lives are reviewed for impairment at the balance sheet date, any impairment losses are recognized in the statement of comprehensive income and such assets are not amortized, and its useful lives are reviewed annually to determine whether a change has occurred, as to have a definite useful life. In the event of a change in the useful life, it is accounted for on a prospective basis.
- ◆ Intangible assets arising from the company's internally generated operations are not subject to capitalization - excluding capitalized development costs - are not capitalized, and are recognized in the statement of comprehensive income for the same period.

E- Revenues realization :

- ◆ The hotel's revenues are recognized when the service is provided and the invoice is issued
- ◆ Interest income is recognized on a time basis to reflect the effective yield on the assets.
- ◆ Dividend income is recognized when approved by the General Assembly of the investee companies.
- ◆ Gains from sale of currencies and metals are recognized on the date of sale due to the rapid fluctuation in their valuation prices.
- ◆ Other income is recognized on accrual basis.

F- Inventory:

Purchased finished goods are priced at cost or net realizable value, whichever is less, and cost is determined on the basis of first-in first out.

G- Accounts' receivables:

Accounts' receivables are recorded at the original invoice amount after deducting estimated uncollectible amounts. An estimate is made for doubtful debts, and bad debts are written off when there is no possibility of collection.

H- Accounts' payable & accrued liabilities:

Accounts' payable and accrued liabilities are recognized when goods and services are received by the Company, whether or not claimed by the supplier.

I- Cash and Cash Equivalents :

For preparing Cash Flow Statement purposes, the cash and cash equivalents represent cash on hand and at banks. Any overdrafts that floating from credit to debt balances, or vs. shall be deducted from cash and cash equivalents item.

J- Recognition of Financial Assets and Liabilities :

Financial assets and liabilities are recognized on consistent bases from year to year applying Trade Date Method for the purchase of financial assets.

K- Financial Instruments:

- Any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity. Financial instruments consist primarily of cash in hand, cash at banks, accounts receivables, payables, and securities.
- Bonds are recorded at amortized cost within business models that aim to collect contractual cash flows, which are represented by payments of principal and interest on the outstanding debt balance, which are measured at amortized cost at the end of subsequent accounting period's.

3- Cash and cash equivalents:

	<u>2023/JD</u>	<u>2022/JD</u>
Cash on hand	7900	8301
Cash at banks	2417437	2453178
Total	<u><u>2425337</u></u>	<u><u>2461479</u></u>

4- **Accounts' receivable - Net:**

	<u>2023/JD</u>	<u>2022/JD</u>
Trade & guests' receivables	238350	432839
Returned checks	24090	20236
	<u>262440</u>	<u>453075</u>
Less: provision for doubtful debts	(110170)	(108897)
Total	<u><u>152270</u></u>	<u><u>344178</u></u>

5- **Inventory:**

	<u>2023/JD</u>	<u>2022/JD</u>
Food	33970	19174
Beverage materials	30181	27652
General Supplies	416	416
Total	<u><u>64567</u></u>	<u><u>47242</u></u>

6- **Refundable deposits:**

	<u>2023/JD</u>	<u>2022/JD</u>
Electricity contribution's deposit	50031	50031
Sewage contribution's deposit	46510	46510
Telephone contribution's deposit	3150	3150
Water contribution's deposit	2625	2625
Total	<u><u>102316</u></u>	<u><u>102316</u></u>

7- **Other current assets:**

	<u>2023/JD</u>	<u>2022/JD</u>
Prepaid expenses	97793	97900
Lawsuit consignments	18768	18626
Down payments to suppliers	13390	256222
Prepaid corporate tax	9737	7665
Other assets	9316	5562
Accrued revenues	9228	5232
Claims	8142	8142
L/Gs' guarantees	975	5975
Total	<u><u>167349</u></u>	<u><u>405324</u></u>

8- **Operational Assets:**

	<u>Cost</u> <u>JD</u>	<u>Acc. Dep.</u> <u>JD</u>	<u>2023</u> <u>JD</u>	<u>2022</u> <u>JD</u>
Chinese and glass	363998	(363997)	1	1
Linens	238891	(238890)	1	1
Total	<u>602889</u>	<u>(602887)</u>	<u>2</u>	<u>2</u>

9- **Financial assets at fair value through other comprehensive income:**

	<u>2023/JD</u>	<u>2022/JD</u>
Equity instruments at cost	959817	754532
Fair value adjustment	(214075)	(271852)
Total	<u>745742</u>	<u>482680</u>

*The balance of net financial assets includes investments in limited liability companies with an amount of JD (135731) revaluated based on the latest financial statements issued by the investee companies because of the absence of an active market prices of shares.

10- **Intangible assets:**

	<u>2023/JD</u>	<u>2022/JD</u>
Key money	26000	26000
Accumulative amortization	(25999)	(25999)
Total	<u>1</u>	<u>1</u>

11- Property, plant & equipment:

Statement Cost	Buildings		Lands		Furniture & Fixtures		Office equipment		Equipment & tools		Cars		Decoration		Elevators		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of December 31 st , 2022	17826817	4037487	4215354	1733048	4606572	196297	190809	498381	33304765									
Additions	525875	000	235933	258044	222379	23500	000	000	1265731									
Disposals	000	000	000	000	000	(18012)	000	000	(18012)									(18012)
Balance as of December 31 st , 2023	18352692	4037487	4451287	1991092	4828951	201785	190809	498381	34552484									
<u>Acc. depreciation</u>																		
Balance as of December 31 st , 2022	6124320	000	3237512	1519213	3846000	117338	116233	281335	15241951									
Additions	360937	000	334258	108566	151964	20426	25199	28593	1029943									
Disposals	000	000	000	000	000	(17770)	000	000	(17770)									(17770)
Balance as of December 31 st , 2023	6485257	000	3571770	1627779	3997964	119994	141432	309928	16254124									
Net book value as of Dec. 31 st , 2023	11867435	4037487	879517	363313	830987	81791	49377	188453	18298360									
Net book value as of Dec. 31 st , 2022	11702497	4037487	977842	213835	760572	78959	74576	217046	18062814									

12- Investment in bonds:

This item represents the purchase value of (40) perpetual bonds issued by the Jordan Kuwait Bank Company, with a nominal value of JD (10,000) for each bond that represents perpetual bonds in Jordanian dinars that are not convertible into shares. The bonds carry a fixed interest rate of (8.50%) for the first twenty-four months, the interest rate varies based on the rediscount rate issued by the Central Bank of Jordan, in addition to a margin of (1.25%), calculated every three months and paid quarterly, starting from 23/9/2023.

13- Other current liabilities:

	<u>2023/JD</u>	<u>2022/JD</u>
Accrued expenses & provisions	406747	267759
Income tax provision	237146	206985
Payments received in advance	75503	53367
Stockholders' consignments	71676	66708
Tourism Promotion and Training Authority	42594	21249
Labor lawsuits provision	26716	32432
Board members remuneration	25000	25000
Sales tax consignments	14586	19251
National contribution to pay off public debt	11822	10416
Income tax consignments	1162	638
Contractors retention	1045	1045
Service charge consignments	195	2113
Total	<u><u>914192</u></u>	<u><u>706963</u></u>

14- **Loan:**

	Loans installments to be paid		2023
	Within a year	After a year	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Jordan Kuwait Bank loan	177780	43955	221735

On November 1st, 2017, the Company signed a loan agreement with Jordan Kuwait Bank of JD (800,000) to finance restoration of two floors in the hotel, in addition to the main elevators bearing interest rate of (4,5%). It was agreed that the loan will be repaid over (54) installments of JD (14,815) each, and the first installment to be due after six months the date of granting the loan, according to the grace period that is stated in the aforementioned agreement, On March 3rd,2021 the first (9) outstanding installments of the loan were postponed from April /2021 to Dec./2021 based on Central Bank Circular No. 10/3/4515 so that the loan term would be extended to cope with the same postponed period, accordingly the last installment will be due after the extension on May /2025 instead of August /2024.

15- **Capital and reserves:**

a) **Capital:**

The Company's issued and paid-in capital reached JD (16,000,000) divided to (16,000,000) shares, after the merger of al-Shark Investment Projects Company with al-Shark For Hotel & Tourism Company (LLC).

b) **Statutory reserve:**

The accumulative amount of this account represents amounts transferred from EBIT at a rate of 10% .

c) **Voluntary reserve:**

The accumulative amount of this account represents amounts that are transferred from EBIT and are subject to the General Assembly approval when transferred, distributed or disposed of pursuant to the Companies Law in force. During the year 2023 part of the distributed retained income was taken from voluntary reserve.

16- **Fair value adjustments through other comprehensive income:**

	<u>2023/JD</u>	<u>2022/JD</u>
- Fair value adjustments (note 9)	214075	271852
- Difference resulting from assessing the value by the Companies' Control upon the merger of the Company with Al-sharq for Hotel & Tourism Company and Posting the opening balance	(122053)	(122054)
- A payment of the liquidation's proceeds	(75000)	(75000)
Total	<u>17022</u>	<u>74798</u>

17- **Gross operating income:**

	Gross operating income			
	Revenue	Operating cost	2023	2022
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Accommodation	4685864	(813611)	3872253	3434852
Food & beverage	2549750	(1557761)	991989	732833
Entertainment, rent & other revenues	393758	(143764)	249994	204412
Total	<u>7629372</u>	<u>(2515136)</u>	<u>5114236</u>	<u>4372097</u>

18- Overhead expenses:

	<u>2023/JD</u>	<u>2022/JD</u>
Salaries and related expenses	722045	665390
Computer's expenses	102038	112460
Official fees and subscriptions	69251	51701
Credit cards' commission	65743	48781
Donations expenses	33400	000
Hospitality	30668	19808
Boards' transportation expenses	24000	24000
Real-estate tax & sanitation	22829	26639
Banking expenses	20778	24723
Traveling & transportation expenses	19526	24541
Insurance	18409	16834
Miscellaneous expenses	15155	18590
Stationery and printing	13417	12110
Professional fees	11513	19858
Audit fees	7500	7500
Rent	5775	5775
Training expenses	4562	3841
Legal expenses	4482	8450
Staff clothing	3929	5535
Post & telephone expenses	1147	1264
Promotion & advertising	609	478
Companies' Control Dep. fees	600	600
Total	<u>1197376</u>	<u>1098878</u>

19- Maintenance & energy expenses:

	<u>2023/JD</u>	<u>2022/JD</u>
Electricity expenses	305592	283729
Salaries and related expenses	202268	176156
Wages, supplies & maintenance exp.	174576	133149
Fuel & diesel	147565	181555
Water expenses	109930	90881
Social security contribution	20697	19471
Total	<u>960628</u>	<u>884941</u>

20- **Marketing & advertising expenses:**

	<u>2023/JD</u>	<u>2022/JD</u>
Salaries & related exp.	121781	86348
Marketing & promotion expenses	103292	76902
Marketing contribution	72797	126572
Traveling & transportation expenses	14312	13909
Social security contribution	13855	10718
Miscellaneous expenses	12633	11993
Hospitality	2873	26774
Total	<u>341543</u>	<u>353216</u>

21- **Management fees:**

This item represents management share of the Hotel profits, such fees are calculated as a percentage of the operational profits of the Hotel.

22- **Other revenues:**

	<u>2023/JD</u>	<u>2022/JD</u>
Credit interest	100524	62278
Received dividends	29186	25538
Miscellaneous revenues	13509	88708
Total	<u>143219</u>	<u>176524</u>

23- **Operating Segments:**

The Company carries out its activities through a major activity of establishing and managing of hotels. The financial statements include the financial performance of the company's hotel.

24- **Corporate Tax position:**

- ◆ The tax position of the Company was finalized for the years 2019 and the year 2022.
- ◆ Tax declarations of the Company for the years 2020, 2021 were submitted to Income and Sales Tax Department, and tax assessment still not made by the Department yet.

25- Dividends:

Dividends available for distribution, as of 12/31/2023, amounting JD (1016759), after the retention of part of the retained earnings to meet the negative values in the Statement of Changes in Equity pursuant to the instructions of Jordan Securities Commission amounting JD (17 022).

26- Financial Instruments:

a- Fair Value:

The book value of financial instruments that represents cash, payables, receivables and loans is matching the fair value.

The notes to the financial statements show the fair value to these financial instruments, and some of the accounting policies show the adopted methods to evaluate such instruments.

b- Credit Risk:

The Company hold current and time deposits at banks of appropriate credit.

c- Prices Risk:

• **Market Risk:**

The market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. The financial instruments represented in the statements of financial position are not subject to such risk.

• **Currency Risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk related to financial instruments namely, the US Dollar are very low as the exchange rate of the US Dollar in exchange with Jordan Dinar is fixed, while the other exchange rates risk were dealt with accordingly in the financial statements.

• **Interest Rate Risk:**

The financial instruments in the statements of financial position are not subject to interest rate risk, except for the credit and banking credit that are subject to competent controlling commissions.

27- Contingencies :

- A- There are labor lawsuits filed against the Company amounted JD (22000).
- B- There are contingent liabilities against L/Gs as of 31/12/2023 for an amount of JD (3600) net after deducting counter deposit.

28- General:

- A. The General Assembly Meeting decided on its meeting held on 19/4/2023 to distribute a percentage of (4%) of the issued capital as cash dividends to shareholders out of retained earnings and voluntary reserve as of 31/12/2022 .
- B. Attention must be drawn to the effect of the Jordan Securities Commission regulations and Jordanian Companies Law on calculating statutory reserve only, and on the realized earnings bases, taking into account the restrictions imposed on the distribution of unrealized profits and withholding part of the retained profits to meet the negative values in the Statement of Changes in Equity.