

*Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan
Financial Statements For
The Year Ended December 31st, 2020
and Independent Auditor's Report*

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

INDEX

Independent Auditor's Report

STATEMENT

Statement of Financial Position

A

Statement of Comprehensive Income

B

Statement of Changes in Equity

C

Statement of Cash Flows

D

Notes to Financial Statements

NOTES
1 - 27

330/1/108/1810

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, 2020, and the statements of the comprehensive income, changes in equity and cash flows for the year then ended, and notes from (1-27), 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, 2020, 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.

- 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, 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.

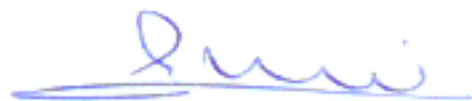
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
Fadi Rafiq Dweik
Audit license No (779)



February 9th, 2021
Amman - Jordan

Statement (A)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Financial Position as of December 31st, 2020, 2019

	Note	<u>2020/JD</u>	<u>2019/JD</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	3	329096	878622
Checks under collection		17163	16069
Accounts' receivable - Net	4	84892	496547
Inventory	5	36566	44366
Refundable deposits	6	102316	102316
Other current assets	7	423066	197917
Total Current Assets		993099	1735837
<u>Non Current Assets</u>			
Operational assets	8	60289	120578
Financial assets at fair value through other comprehensive income	9	693932	780944
Intangible assets	10	9750	16250
Property, equipment & tools	11	18095741	19050697
Total Non Current Assets		18859712	19968469
Total Assets		19852811	21704306
		=====	=====
<u>Liabilities & Owners' Equity</u>			
<u>Current Liabilities</u>			
Accounts' payable		76122	441784
Other current liabilities	12	239452	511683
Short term loan	13	177780	162965
Total Current Liabilities		493354	1116432
<u>None Current liabilities</u>			
Long term loan	13	352941	237035
<u>Owners' Equity</u>			
Capital	14	16000000	16000000
Statutory reserve	14	3637069	3637069
Voluntary reserve	14	28056	28056
Fair value adjustments through other comprehensive income	15	(766873)	(679861)
Retained earnings		108264	1365575
Net Owners' Equity		19006516	20350839
Total Liabilities & Owners' Equity		19852811	21704306
		=====	=====

“ 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, 2020, 2019

	Note	2020/JD	2019/JD
<u>Comprehensive income</u>			
Operation's revenues		2027305	5593517
Operation's cost		(862400)	(1941906)
Gross operating income	16	1164905	3651611
Overhead expenses	17	(768825)	(1138086)
Maintenance & energy exp.	18	(470586)	(795493)
Marketing & advertizing expenses	19	(153893)	(239220)
Depreciation		(1033754)	(983854)
Management fees	20	(8595)	(151191)
Other revenue	21	13437	102172
(loss) Income for the year before tax/ Comprehensive income		(1257311)	445939
Provision for income tax		000	(91968)
Board's remunerations.		000	(25000)
National contribution to pay the public debt		000	(4598)
(loss) Income for the year after tax/ Comprehensive income		(1257311)	324373
<u>Other Comprehensive income</u>			
Fair value adjustments through other comprehensive income		(87012)	(22300)
Total other Comprehensive income		(87012)	(22300)
Total Comprehensive income for the year		(1344323)	302073
Earnings per share from comprehensive income for the year		000	%1,888
Weighted Average Shares		16000000	16000000

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

Statement (C)

Al-Sharq Investment Projects Co. (PLC)Amman – JordanStatement of Changes in Equity for the years ended
December 31st, 2020, 2019

Description	Capital	Statutory reserve	Voluntar y reserve	Fair value adjustments through other comprehensive income	Retained earnings	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of Dec. 31st, 2018	16000000	3592475	28056	(657561)	1885796	20848766
Income for the year after tax/ Comprehensive income	000	000	000	000	324373	324373
Dividends paid	000	000	000	000	(800000)	(800000)
Statutory reserve	000	44594	000	000	(44594)	000
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	(22300)	000	(22300)
Balance as of Dec. 31st, 2019	16000000	3637069	28056	(679861)	1365575	20350839
(loss) for the year / Comprehensive income	000	000	000	000	(1257311)	(1257311)
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	(87012)	000	(87012)
Balance as of Dec. 31st, 2020	16000000	3637069	28056	(766873)	108264	19006516

“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, 2020, 2019

	<u>2020 / JD</u>	<u>2019 / JD</u>
<u>Cash Flows From Operating Activities:</u>		
Total comprehensive income for the year	(1344323)	302073
<u>Adjustments:</u>		
Depreciation	1033754	983854
Provisions	000	121566
Adjustments on financial assets	87012	22300
	<hr/>	<hr/>
(Loss) Operating income before working capital changes:	(223557)	1429793
Accounts' receivable and other current assets	193212	2279455
Accounts' payable and other current liabilities	(637893)	(114247)
	<hr/>	<hr/>
Net cash flows from operating activities	(668238)	3595001
<u>Cash Flows From Investing Activities:</u>		
Property, plant & equipment	(12009)	(3333495)
Financial assets at fair value through other comprehensive income	000	(15855)
Intangible assets	000	(13000)
	<hr/>	<hr/>
Net cash flows from investing activities	(12009)	(3362350)
<u>Cash Flows From Financing Activities:</u>		
Dividends	000	(800000)
Loan	130721	400000
	<hr/>	<hr/>
Net cash flows from financing activities	130721	(400000)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(549526)	(167349)
Cash & cash equivalents at beginning of the year	878622	1045971
	<hr/>	<hr/>
Cash & cash equivalents at end of the year	329096	878622
	<hr/> <hr/>	<hr/> <hr/>

“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 2020

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-Shark Investment Projects Company with al-Shark 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 February 9th, 2021, 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:

- Amendments to conceptual framework in IFRS standards.
- IFRS (3) Business Combination.
- IFRS (7) Financial Instruments: Disclosures.
- IFRS (9) Financial Instruments.
- IFRS (16) Leases.
- IAS (1) Presentation of financial statements .
- IAS (8) Accounting policies, changes in Accounting Estimates and Errors.
- IAS (39) Financial instruments : Recognition and measurement .
- IAS (41) Agriculture.

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.

3- Cash and cash equivalents:

	<u>2020/JD</u>	<u>2019/JD</u>
Cash on hand	7498	44228
Cash at banks	321598	834394
Total	<u>329096</u>	<u>878622</u>

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

	<u>2020/JD</u>	<u>2019/JD</u>
Trade & guests' receivables	167553	535469
Returned checks	20236	17888
	<u>187789</u>	<u>553357</u>
Less: provision for doubtful debts	(102897)	(56810)
Total	<u>84892</u>	<u>496547</u>

5- **Inventory:**

	<u>2020/JD</u>	<u>2019/JD</u>
Beverage materials	30418	37258
General Supplies	6148	7108
Total	<u>36566</u>	<u>44366</u>

6- **Refundable deposits:**

	<u>2020/JD</u>	<u>2019/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>102316</u>	<u>102316</u>

7- **Other current assets:**

	<u>2020/JD</u>	<u>2019/JD</u>
Down payments to contractors	322962	72238
Prepaid expenses	56478	80724
Lawsuit consignments	16460	16460
Provision for income tax	9938	000
Claims	5741	4915
L/Gs' guarantees	5575	13575
Other assets	4672	960
Prepaid corporate tax	1240	7422
Accrued revenues	000	1623
Total	<u>423066</u>	<u>197917</u>

8- **Operational Assets:**

	<u>Cost</u> <u>JD</u>	<u>Acc. Dep.</u> <u>JD</u>	<u>2020</u> <u>JD</u>	<u>2019</u> <u>JD</u>
Chinese and glass	363998	(327598)	36400	72800
Linens	238891	(215002)	23889	47778
Total	602889	(542600)	60289	120578

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

	<u>2020/JD</u>	<u>2019/JD</u>
Equity instruments at cost	1657859	1657859
Fair value adjustment	(963927)	(876915)
Total	693932	780944

*The balance of net financial assets includes investments in limited liability companies with an amount of JD (35057) 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>2020/JD</u>	<u>2019/JD</u>
Key money	26000	26000
Accumulative amortization	(16250)	(9750)
Total	9750	16250

11- Property, plant & equipment:

<u>Statement Cost</u>	Buildings		Furniture & fixtures				Office equipment & tools		Cars		Decoration		Elevators		Total	
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of December 31 st , 2019	16955591	4037487	4327923	1520214	4322506	177197	447305	420381	32208604							
Additions	128008	000	94084	66770	23438	000	000	000	312300							
Disposals	000	000	(300291)	000	000	000	000	000	(300291)							
Balance as of December 31st, 2020	17083599	4037487	4121716	1586984	4345944	177197	447305	420381	32220613							
<u>Acc. depreciation</u>																
Balance as of December 31 st , 2019	5089064	000	2828894	1229114	3358476	137571	297132	217656	13157907							
Additions	339931	000	293813	100861	177896	8473	25199	20792	966965							
Balance as of December 31st, 2020	5428995	000	3122707	1329975	3536372	146044	322331	238448	14124872							
Net book value as of Dec. 31st, 2020	11654604	4037487	999009	257009	809572	31153	124974	181933	18095741							
Net book value as of Dec. 31st, 2019	11866527	4037487	1499029	291100	964030	39626	150173	202725	19050697							

12- Other current liabilities:

	<u>2020/JD</u>	<u>2019/JD</u>
Accrued expenses & provisions	111999	155439
Stockholders' consignments	68137	72065
Labor lawsuit provision	39741	44138
Payments received in advance	17106	55803
Contractor retention	1045	1045
Sales tax consignments	867	83997
Income tax consignments	557	367
Provision for income tax	000	58090
Boards' remunerations	000	25000
Tourism Promotion & Training Authority	000	5743
Service charge allowance	000	5398
National contribution to pay the public debt	000	4598
Total	<u>239452</u>	<u>511683</u>

13- Loan:

	Loans installments to be paid		2020
	Within a year	After a year	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Jordan Kuwait Bank loan	177780	352941	530721

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.

14- 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.

15- Fair value adjustments through other comprehensive income :

	<u>2020/JD</u>	<u>2019/JD</u>
- Fair value adjustments (note 9)	963927	876915
- Difference resulting from assessing the value by the Companies' Control upon the manger of Company with Al-sharq for Hotel and Tourism Company and Posting the opening balance	(197054)	(197054)
Total	<u><u>766873</u></u>	<u><u>679861</u></u>

16- Gross operating income:

		Gross operating income		
	Revenue	Operating cost	2020	2019
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Accommodation	1194742	(257804)	936938	2528376
Food & beverage	752667	(573383)	179284	976622
Entertainment, rent & other revenues	79896	(31213)	48683	146613
Total	<u><u>2027305</u></u>	<u><u>(862400)</u></u>	<u><u>1164905</u></u>	<u><u>3651611</u></u>

17- **Overhead expenses:**

	<u>2020/JD</u>	<u>2019/JD</u>
Salaries and related expenses	381886	600929
Computer's expenses	83332	54544
Bad debts	46088	76251
Official fees and subscriptions	35763	49042
Tax expenses	35653	000
Opening expenses	32626	57011
Real-estate tax & sanitation	26412	26412
Banking expenses	24155	20597
Miscellaneous expenses	22389	11288
Insurance	16422	37559
Professional fees	14592	17684
Traveling & transportation expenses	11812	21365
Credit cards' commission	9590	51941
Legal expenses	9000	6225
Stationery and printing	7903	11601
Rent	6000	6000
Hospitality	3224	10651
Post & telephone expenses	896	1584
Companies' Control Dep. fees	600	600
Promotion & advertising	450	699
Revenues' stamps	32	000
Pre operating expenses of the new terrace	000	48962
Boards' transportation expenses	000	24000
Staff clothing	000	1773
Training expenses	000	1368
Total	<u>768825</u>	<u>1138086</u>

18- **Maintenance & energy expenses:**

	<u>2020/JD</u>	<u>2019/JD</u>
Electricity expenses	189116	326175
Salaries and related expenses	92802	153626
Fuel & diesel	84126	139473
Wages, supplies & maintenance exp.	46348	84177
Water expenses	45004	69966
Social security contribution	13190	22076
Total	<u>470586</u>	<u>795493</u>

19- **Marketing & advertizing expenses:**

	<u>2020/JD</u>	<u>2019/JD</u>
Salaries & related exp.	64280	87046
Marketing contribution	37366	66845
Marketing & promotion expenses	18249	28352
Hospitality	11483	30644
Social security contribution	9065	10593
Traveling & transportation expenses	8776	11038
Miscellaneous expenses	4674	4702
Total	<u>153893</u>	<u>239220</u>

20- **Management fees:**

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

21- **Other revenues:**

	<u>2020/JD</u>	<u>2019/JD</u>
Bank deposits' credit interest	13437	11700
Received dividends	000	75470
Miscellaneous revenues	000	15002
Total	<u>13437</u>	<u>102172</u>

22- **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.

23- **Corporate Tax position:**

- ♦ The tax position of the Company was finalized for the years 2016 and 2018.
- ♦ Tax declaration of the Company for the years 2017, 2019 was submitted to Corporate and Sales Tax Department, and tax assessment still not made by the Department yet.

24- Dividends:

There is no distributable dividends as of 31/12/2020 resulting from taking part of the fair value adjustments through other comprehensive income negative values (note 15) that amounted JD (963927), pursuant to the instructions of the Securities Commission.

25- 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.

26- Contingencies

- A- There are labor lawsuits filed against the Company amounted JD (46490).
- B- There are contingent liabilities against L/Gs as of 31/12/2020 for an amount of JD (725) net after deducting counter deposit.

C- The impact of the Corona pandemic:

As a result of the spread of the Corona pandemic in the world, this has made it difficult to predict the full impact of this pandemic on the Company's activities, business and determine the duration of this pandemic, which has created a state of uncertainty about the potential impact of the pandemic, and based on management's assessment, the uncertainty will not materially affect the going concern assessment of the Company. Where the management believes that the impact of the pandemic is minimal on the expected credit loss of the Company's assets, and the book value of non-financial assets will not be affected significantly. The business market remains volatile and the recorded balances of the assets and liabilities of the Company are sensitive to market fluctuations and the Company's management will monitor in a continuous and accurate manner the risks and contingent liabilities, and necessary precautions will be taken.

27- General:

Attention must be drawn to the effect of the Jordan Securities Commission regulations and Jordanian Companies Law on calculating statutory reserve only on the realized earnings bases, as well as presenting the unrealized earnings separately in the retained earnings item. Attention to be drawn to restrictions on the distributing dividends for unrealized earnings.