

***Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan
Financial Statements For
The Year Ended December 31st, 2024
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, 2024, and the statements of the comprehensive income, changes in equity and cash flows for the year then ended, and notes from (1-26), 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, 2024, 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 13th, 2025
Amman - Jordan

Statement (A)

Al-Sharq Investment Projects Co. (PLC)**Amman – Jordan****Statement of Financial Position as of December 31st, 2024, 2023**

	Note	<u>2024/JD</u>	<u>2023/JD</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	3	2382344	2425337
Checks under collection		3145	9486
Accounts' receivable - Net	4	186846	152270
Inventory	5	69728	64567
Refundable deposits	6	102316	102316
Other current assets	7	395738	167349
Total Current Assets		3140117	2921325
<u>Non Current Assets</u>			
Operational assets	8	2	2
Financial assets at fair value through other comprehensive income	9	661599	745742
Intangible assets	10	1	1
Property, equipment & tools	11	17643881	18298360
Investment in bonds	12	725772	400000
Total Non Current Assets		19031255	19444105
Total Assets		22171372	22365430
<u>Liabilities & Owners' Equity</u>			
<u>Current Liabilities</u>			
Accounts' payable		271776	291213
Other current liabilities	13	860204	914192
Short term loan	14	43955	177780
Total Current Liabilities		1175935	1383185
<u>None Current liabilities</u>			
Long term loan	14	000	43955
<u>Owners' Equity</u>			
Capital	15	16000000	16000000
Statutory reserve	15	4000000	3900839
Voluntary reserve	15	20692	20692
Fair value adjustments through other comprehensive income	16	(101165)	(17022)
Retained income		1075910	1033781
Net Owners' Equity		20995437	20938290
Total Liabilities & Owners' Equity		22171372	22365430

“ 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, 2024, 2023

	Note	2024/JD	2023/JD
<u>Comprehensive income</u>			
Operation's revenues		7428128	7629372
Operation's cost		(2523739)	(2515136)
Gross operating income	17	4904389	5114236
Overhead expenses	18	(2456487)	(2499547)
Depreciation		(972487)	(1029943)
Management fees	19	(292924)	(305567)
Other revenue	20	233834	143219
Income for the year before tax/Comprehensive income		1416325	1422398
Provision for income tax		(276224)	(282049)
National contribution for public debt payment		(13811)	(14102)
Board of Directors remuneration		(25000)	(25000)
Income for the year after tax/Comprehensive income		1101290	1101247
<u>Other Comprehensive income</u>			
Fair value adjustments through other comprehensive income		(84143)	57776
Total other Comprehensive income		(84143)	57776
Total Comprehensive income for the year		1017147	1159023
Earnings per share from comprehensive income for the year		6,357%	7,244%
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, 2024, 2023

Description	Capital	Statutory reserve	Voluntary reserve	Fair value adjustments through other comprehensive income	Retained income	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of Dec. 31 st , 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)
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	57776	000	57776
Balance as of Dec. 31 st , 2023	16000000	3900839	20692	(17022)	1033781	20938290
Income for the year after tax / Comprehensive income	000	000	000	000	1101290	1101290
Statutory reserve	000	99161	000	000	(99161)	000
Dividends	000	000	000	000	(960000)	(960000)
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	(84143)	000	(84143)
Balance as of Dec. 31 st , 2024	16000000	4000000	20692	(101165)	1075910	20995437

“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, 2024, 2023

	<u>2024 / JD</u>	<u>2023 / JD</u>
<u>Cash Flows From Operating Activities:</u>		
Total comprehensive income for the year	1017147	1159023
<u>Adjustments:</u>		
Depreciation	972487	1029943
Adjustments on financial assets	84143	(57776)
	<hr/>	<hr/>
Operating income before working capital changes:	2073777	2131190
Accounts' receivable and other current assets	(261785)	412677
Accounts' payable and other current liabilities	(73425)	108646
	<hr/>	<hr/>
Net cash flows from operating activities	1738567	2652513
<u>Cash Flows from Investing Activities:</u>		
Property, plant & equipment	(318008)	(1265489)
Financial assets at fair value through other comprehensive income	000	(205286)
Investment in bonds	(325772)	(400000)
	<hr/>	<hr/>
Net cash flows from investing activities	(643780)	(1870775)
<u>Cash Flows from Financing Activities:</u>		
Loan	(177780)	(177780)
Due to bank	000	(100)
Dividends	(960000)	(640000)
	<hr/>	<hr/>
Net cash flows from financing activities	(1137780)	(817880)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(42993)	(36142)
Cash & cash equivalents at beginning of the year	2425337	2461479
	<hr/>	<hr/>
Cash & cash equivalents at end of the year	2382344	2425337
	<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 2024

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 “ Mövenpick Hotel- Amman” and agreed with Mövenpick Hotels & Resorts to manage and operate the Hotel for (15) years starting 15/7/2019.
- C-** The financial statements were approved by the board of directors on February 8th, 2025 , 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 (7) financial instruments: Disclosures.
- IFRS (16) Leases.
- IAS (1) Presentation of financial statements .
- IAS (7) Statement of cash flows .

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>2024/JD</u>	<u>2023/JD</u>
Cash on hand	7900	7900
Cash at banks	2374444	2417437
Total	<u>2382344</u>	<u>2425337</u>

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

	<u>2024/JD</u>	<u>2023/JD</u>
Trade & guests' receivables	269132	238350
Returned checks	25260	24090
	<u>294392</u>	<u>262440</u>
Less: provision for doubtful debts	(107546)	(110170)
Total	<u>186846</u>	<u>152270</u>

5- **Inventory:**

	<u>2024/JD</u>	<u>2023/JD</u>
Food	34514	33970
Beverage materials	34894	30181
General Supplies	320	416
Total	<u>69728</u>	<u>64567</u>

6- **Refundable deposits:**

	<u>2024/JD</u>	<u>2023/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>2024/JD</u>	<u>2023/JD</u>
Down payments to suppliers	194513	13390
Prepaid expenses	121403	97793
Other assets	32337	9316
Lawsuit consignments	18768	18768
Accrued revenues	15683	9228
Prepaid corporate tax	12059	9737
L/Gs' guarantees	975	975
Claims	000	8142
Total	<u>395738</u>	<u>167349</u>

8- **Operational Assets:**

	<u>Cost</u> <u>JD</u>	<u>Acc. Dep.</u> <u>JD</u>	<u>2024</u> <u>JD</u>	<u>2023</u> <u>JD</u>
Chinese and glass	363998	(363997)	1	1
Linens	238891	(238890)	1	1
Total	602889	(602887)	2	2

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

	<u>2024/JD</u>	<u>2023/JD</u>
Equity instruments at cost	959817	959817
Fair value adjustment	(298218)	(214075)
Total	661599	745742

*The balance of net financial assets includes investments in limited liability companies with an amount of JD (85478) 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>2024/JD</u>	<u>2023/JD</u>
Key money	26000	26000
Accumulative amortization	(25999)	(25999)
Total	1	1

11- Property, plant & equipment:

<u>Statement</u>	<u>Buildings</u>	<u>Lands</u>	<u>Furniture & Fixtures</u>	<u>Office equipment</u>	<u>Equipment & tools</u>	<u>Cars</u>	<u>Decoration</u>	<u>Elevators</u>	<u>Total</u>
<u>Cost</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 , 2023	18352692	4037487	4451287	1991092	4828951	201785	190809	498381	34552484
Additions	142668	000	32012	41052	85294	000	20190	000	321216
Balance as of December 31 st , 2024	18495360	4037487	4483299	2032144	4914245	201785	210999	498381	34873700
<u>Acc. depreciation</u>									
Balance as of December 31 st , 2023	6485257	000	3571770	1627779	3997964	119994	141432	309928	16254124
Additions	366744	000	262936	104223	169967	19332	23901	28592	975695
Balance as of December 31 st , 2024	6852001	000	3834706	1732002	4167931	139326	165333	338520	17229819
Net book value as of Dec. 31 st , 2024	11643359	4037487	648593	300142	746314	62459	45666	159861	17643881
Net book value as of Dec. 31 st , 2023	11867435	4037487	879517	363313	830987	81791	49377	188453	18298360
	=====	=====	=====	=====	=====	=====	=====	=====	=====

12- Investment in bonds:

This item represents the purchase value of perpetual loan bonds and its details are as follows:

- a. Perpetual loan bonds issued by the Jordan Kuwait Bank, number (40) bonds with a nominal value of JD (10,000) per bond, representing perpetual bonds in Jordanian dinars that are not convertible into shares, and the bonds carry a fixed interest rate of (8.50%) for the first twenty-four months, and the interest rate changes based on the rediscount rate issued by the Central Bank of Jordan, plus a margin of (1.25%) calculated every three months and paid quarterly starting from 23/9/2023.
- b. Perpetual loan bonds in US dollars issued by the Ahli Bank, number (46) bonds with a nominal value of (10,000) US dollars per bond (equivalent to 7082 JD) per bond, representing perpetual bonds in US dollars that are not convertible into shares, and the bonds carry a price of fixed interest of (8.50%) for the first five years and then a variable interest rate for three months calculated on the basis of the return on Treasury Bonds issued by the United States Government for a period of (5) years plus a margin of (3.50%) for the period after the first five years and paid quarterly.

13- Other current liabilities:

	<u>2024/JD</u>	<u>2023/JD</u>
Accrued expenses & provisions	355766	406747
Income tax provision	241378	237146
Payments received in advance	99074	75503
Stockholders' consignments	74785	71676
Tourism Promotion and Training Authority	34528	42594
Board members remuneration	25000	25000
Sales tax consignments	15663	14586
National contribution to pay off public debt	12401	11822
Contractors retention	1045	1045
Income tax consignments	564	1162
Labor lawsuits provision	000	26716
Service charge consignments	000	195
Total	<u><u>860204</u></u>	<u><u>914192</u></u>

14- **Loan:**

	Loans installments to be paid		2024
	Within a year	After a year	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Jordan Kuwait Bank loan	43955	000	43955

On July 29th, 2019, 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 15th,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 March /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 amounts accumulated in this account represent what was transferred from the annual profits before taxes and allocations at a rate of 10%, and the deduction of the statutory reserve is stopped when the reserve account reaches the equivalent of a quarter of the Company's issued capital according to the provisions of Article (186) of the Jordanian Companies Law.

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>2024/JD</u>	<u>2023/JD</u>
- Fair value adjustments (note 9)	298218	214075
- 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)	(122053)
- A payment of the liquidation's proceeds	(75000)	(75000)
Total	<u>101165</u>	<u>17022</u>

17- **Gross operating income:**

	Gross operating income			
	Revenue	Operating cost	2024	2023
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Accommodation	4494533	(833524)	3661009	3872253
Food & beverage	2497607	(1527942)	969665	991989
Entertainment, rent & other revenues	435988	(162273)	273715	249994
Total	<u>7428128</u>	<u>(2523739)</u>	<u>4904389</u>	<u>5114236</u>

18- **Overhead expenses:**

	<u>2024/JD</u>	<u>2023/JD</u>
Maintenance & energy expenses	959260	960628
Salaries and related expenses	664079	722045
Marketing & advertising expenses	362520	341543
Computer's expenses	110879	102038
Credit cards' commission	73735	65743
Official fees and subscriptions	60777	69251
Donations expenses	31550	33400
Hospitality	29088	30668
Real-estate tax & sanitation	26639	22829
Boards' transportation expenses	24000	24000
Miscellaneous expenses	18692	15155
Insurance	18409	18409
Traveling & transportation expenses	17916	19526
Banking expenses	12957	20778
Stationery and printing	10557	13417
Audit fees	7500	7500
Professional fees	6996	11513
Rent	5775	5775
doubtful debts	4640	000
Training expenses	4487	4562
Legal expenses	2631	4482
Promotion & advertising	1532	609
Post & telephone expenses	676	1147
Companies' Control Dep. Fees	600	600
Staff clothing	592	3929
Total	<u>2456487</u>	<u>2499547</u>

19- **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.

20- **Other revenues:**

	<u>2024/JD</u>	<u>2023/JD</u>
Credit interest	138756	100524
Miscellaneous revenues	49892	13509
Received dividends	45186	29186
Total	<u>233834</u>	<u>143219</u>

21- **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.

22- **Corporate Tax position:**

- ♦ The tax position of the Company was finalized for the years 2019, 2022 and the year 2023.
- ♦ 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.

23- **Dividends:**

Dividends available for distribution, as of 12/31/2024, amounting JD (974745), 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 (101165).

24- **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.

25- Contingencies :

There are contingent liabilities against L/Gs as of 31/12/2024 for an amount of JD (3600) net after deducting counter deposit.

26- General:

- A. The General Assembly Meeting decided on its meeting held on 27/4/2024 to distribute a percentage of (6%) of the issued capital as cash dividends to shareholders out of retained earnings as of 31/12/2023.
- 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.
- C. Some comparative figures for the previous year have been reclassified to match the figures for the current year.