

***Al-Sharq Investment Projects Co.  
Public Shareholding Co.  
Amman – Jordan  
Financial Statements For  
The Year Ended December 31<sup>st</sup>, 2022***

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**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

330/1/108/2044

### **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 31<sup>st</sup>, 2022, 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 31<sup>st</sup>, 2022, 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.



## **Con. /Al-Sharq Investment Projects Co. – Financial statements 2022**

- 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,



## Con. /Al-Sharq Investment Projects Co. – Financial statements 2022

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**  
**Audit license No (386)**



**March 5<sup>th</sup>, 2023**  
**Amman - Jordan**



## Statement (A)

**Al-Sharq Investment Projects Co. (PLC)****Amman – Jordan****Statement of Financial Position as of December 31<sup>st</sup>, 2022, 2021**

	Note	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	3	2461479	1075484
Checks under collection		9605	30863
Accounts' receivable - Net	4	344178	170700
Inventory	5	47242	27800
Refundable deposits	6	102316	102316
Other current assets	7	405324	135001
<b>Total Current Assets</b>		<b><u>3370144</u></b>	<b><u>1542164</u></b>
<b><u>Non Current Assets</u></b>			
Operational assets	8	2	2
Financial assets at fair value through other comprehensive income	9	482680	1148684
Intangible assets	10	1	3250
Property, equipment & tools	11	18062814	17839999
<b>Total Non Current Assets</b>		<b><u>18545497</u></b>	<b><u>18991935</u></b>
<b>Total Assets</b>		<b><u>21915641</u></b>	<b><u>20534099</u></b>
		<b>=====</b>	<b>=====</b>
<b><u>Liabilities &amp; Owners' Equity</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts' payable		389796	257711
Other current liabilities	12	706963	387733
Short term loan	13	177780	177780
Due to bank		100	4665
<b>Total Current Liabilities</b>		<b><u>1274639</u></b>	<b><u>827889</u></b>
<b><u>None Current liabilities</u></b>			
Long term loan	13	221735	399515
<b><u>Owners' Equity</u></b>			
Capital	14	16000000	16000000
Statutory reserve	14	3758599	3637069
Voluntary reserve	14	28056	28056
Fair value adjustments through other comprehensive income			
	15	(74798)	(237121)
Retained income (loss)		707410	(121309)
<b>Net Owners' Equity</b>		<b><u>20419267</u></b>	<b><u>19306695</u></b>
<b>Total Liabilities &amp; Owners' Equity</b>		<b><u>21915641</u></b>	<b><u>20534099</u></b>
		<b>=====</b>	<b>=====</b>

“ 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 31<sup>st</sup>, 2022, 2021**

<b><u>Comprehensive income</u></b>	Note	<b>2022/JD</b>	<b>2021/JD</b>
Operation's revenues		6636314	3679047
Operation's cost		(2264217)	(1224052)
<b>Gross operating income</b>	16	<b>4372097</b>	<b>2454995</b>
Overhead expenses	17	(1098878)	(736021)
Maintenance & energy exp.	18	(884941)	(657405)
Marketing & advertizing expenses	19	(353216)	(209130)
Depreciation		(940809)	(1014546)
Management fees	20	(166366)	(69133)
Other revenue	21	176524	76667
(loss) on disposals of financial assets		000	(75000)
<b>Income (loss) for the year before tax/Comprehensive income</b>		<b>1104411</b>	<b>(229573)</b>
Provision for income tax		(228627)	000
National contribution for public debt payment		(11431)	000
Board of Directors remuneration		(25000)	000
<b>Income (loss) for the year after tax/Comprehensive income</b>		<b>839353</b>	<b>(229573)</b>
<b><u>Other Comprehensive income</u></b>			
Fair value adjustments through other comprehensive income		162323	529752
Profit on sales of financial assets		110896	000
<b>Total other Comprehensive income</b>		<b>273219</b>	<b>529752</b>
<b>Total Comprehensive income for the year</b>		<b>1112572</b>	<b>300179</b>
<b>Earnings per share from comprehensive income for the year</b>		<b>6.954%</b>	<b>%1,876</b>
<b>Weighted Average Shares</b>		<b>16000000</b>	<b>16000000</b>

“ 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 31<sup>st</sup>, 2022, 2021

Description	Capital	Statutory reserve	Voluntary reserve	Fair value adjustments through other comprehensive income	Retained income (loss)	Total
	JD	JD	JD	JD	JD	JD
<b>Balance as of Dec. 31<sup>st</sup>, 2020</b>	16000000	3637069	28056	(766873)	108264	19006516
(loss) for the year / Comprehensive income	000	000	000	000	(229573)	(229573)
<b>Other Comprehensive income</b>						
Fair value adjustments through other comprehensive income	000	000	000	529752	000	529752
<b>Balance as of Dec. 31<sup>st</sup>, 2021</b>	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
<b>Other Comprehensive income</b>						
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
<b>Balance as of Dec. 31<sup>st</sup>, 2022</b>	16000000	3758599	28056	(74798)	707410	20419267

“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 31<sup>st</sup>, 2022, 2021**

	<b><u>2022 / JD</u></b>	<b><u>2021 / JD</u></b>
<b><u>Cash Flows From Operating Activities:</u></b>		
Total comprehensive income for the year	1112572	300179
<b><u>Adjustments:</u></b>		
Depreciation	940809	1014546
Adjustments on financial assets	(162323)	(529752)
(loss) on disposals of financial assets	000	75000
Profit on sales of financial assets	(110896)	000
<b>Operating income before working capital changes:</b>	<b>1780162</b>	<b>859973</b>
Accounts' receivable and other current assets	(441985)	197323
Accounts' payable and other current liabilities	451315	329870
<b>Net cash flows from operating activities</b>	<b>1789492</b>	<b>1387166</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Property, plant & equipment	(1160375)	(692017)
Financial assets at fair value through other comprehensive income	939223	000
<b>Net cash flows from investing activities</b>	<b>(221152)</b>	<b>(692017)</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Loan	(177780)	46574
Due to bank	(4565)	4665
<b>Net cash flows from financing activities</b>	<b>(182345)</b>	<b>51239</b>
<b>Net change in cash and cash equivalents</b>	<b>1385995</b>	<b>746388</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>1075484</b>	<b>329096</b>
<b>Cash &amp; cash equivalents at end of the year</b>	<b>2461479</b>	<b>1075484</b>

“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 2022**

**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 22<sup>nd</sup>, 2023, 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 (1) First- time adoption of international financial reporting .
- IFRS (3) Business combinations .
- IFRS (9) Financial Instruments.
- IAS (16) Property, plant and equipment .
- IAS (37) Provisions, contingent liabilities and contingent assets.

**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>2022/JD</u>	<u>2021/JD</u>
Cash on hand	8301	41624
Cash at banks	2453178	1033860
<b>Total</b>	<u><b>2461479</b></u>	<u><b>1075484</b></u>



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

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Trade & guests' receivables	432839	257230
Returned checks	20236	22367
	<b><u>453075</u></b>	<b><u>279597</u></b>
Less: provision for doubtful debts	(108897)	(108897)
<b>Total</b>	<b><u>344178</u></b>	<b><u>170700</u></b>

5- **Inventory:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Beverage materials	27652	27384
Food	19174	000
General Supplies	416	416
<b>Total</b>	<b><u>47242</u></b>	<b><u>27800</u></b>

6- **Refundable deposits:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Electricity contribution's deposit	50031	50031
Sewage contribution's deposit	46510	46510
Telephone contribution's deposit	3150	3150
Water contribution's deposit	2625	2625
<b>Total</b>	<b><u>102316</u></b>	<b><u>102316</u></b>

7- **Other current assets:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Down payments to contractors	256222	36050
Prepaid expenses	97900	60590
Lawsuit consignments	18626	16976
Claims	8142	4640
Prepaid corporate tax	7665	1251
L/Gs' guarantees	5975	5975
Other assets	5562	8180
Accrued revenues	5232	000
Provision for income tax	000	1339
<b>Total</b>	<b><u>405324</u></b>	<b><u>135001</u></b>

8- **Operational Assets:**

	<b><u>Cost</u></b> <b><u>JD</u></b>	<b><u>Acc. Dep.</u></b> <b><u>JD</u></b>	<b><u>2022</u></b> <b><u>JD</u></b>	<b><u>2021</u></b> <b><u>JD</u></b>
Chinese and glass	363998	(363997)	1	1
Linens	238891	(238890)	1	1
<b>Total</b>	<u>602889</u>	<u>(602887)</u>	<u>2</u>	<u>2</u>
	=====	=====	=====	=====

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

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Equity instruments at cost	754532	1582859
Fair value adjustment	(271852)	(434175)
<b>Total</b>	<u>482680</u>	<u>1148684</u>
	=====	=====

\*The balance of net financial assets includes investments in limited liability companies with an amount of JD (5727) 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:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Key money	26000	26000
Accumulative amortization	(25999)	(22750)
<b>Total</b>	<u>1</u>	<u>3250</u>
	=====	=====



**11- Property, plant & equipment:**

<u>Statement</u> <u>Cost</u>	<u>Buildings</u> <u>JD</u>	<u>Lands</u> <u>JD</u>	<u>Furniture</u> <u>&amp;</u>		<u>Office</u> <u>equipment</u> <u>JD</u>	<u>Equipment</u> <u>&amp; tools</u> <u>JD</u>	<u>Cars</u> <u>JD</u>	<u>Decoration</u> <u>JD</u>	<u>Elevators</u> <u>JD</u>	<u>Total</u> <u>JD</u>
			<u>Fixtures</u> <u>JD</u>	<u>JD</u>						
<b>Balance as of December 31<sup>st</sup>, 2021</b>	<b>17456230</b>	<b>4037487</b>	<b>3908576</b>	<b>1626094</b>	<b>4378517</b>	<b>177197</b>	<b>190809</b>	<b>420381</b>	<b>32195291</b>	
Additions	370587	000	306778	106954	228055	70000	000	78000	1160374	
Disposals	000	000	000	000	000	(50900)	000	000	(50900)	
<b>Balance as of December 31<sup>st</sup>, 2022</b>	<b>17826817</b>	<b>4037487</b>	<b>4215354</b>	<b>1733048</b>	<b>4606572</b>	<b>196297</b>	<b>190809</b>	<b>498381</b>	<b>33304765</b>	
<b>Acc. depreciation</b>										
<b>Balance as of December 31<sup>st</sup>, 2021</b>	<b>5773068</b>	<b>000</b>	<b>2939601</b>	<b>1430207</b>	<b>3707626</b>	<b>154516</b>	<b>91034</b>	<b>259240</b>	<b>14355292</b>	
Additions	351252	000	297911	89006	138374	13722	25199	22095	937559	
Disposals	000	000	000	000	000	(50900)	000	000	(50900)	
<b>Balance as of December 31<sup>st</sup>, 2022</b>	<b>6124320</b>	<b>000</b>	<b>3237512</b>	<b>1519213</b>	<b>3846000</b>	<b>117338</b>	<b>116233</b>	<b>281335</b>	<b>15241951</b>	
<b>Net book value as of Dec. 31<sup>st</sup>, 2022</b>	<b>11702497</b>	<b>4037487</b>	<b>977842</b>	<b>213835</b>	<b>760572</b>	<b>78959</b>	<b>74576</b>	<b>217046</b>	<b>18062814</b>	
<b>Net book value as of Dec. 31<sup>st</sup>, 2021</b>	<b>11683162</b>	<b>4037487</b>	<b>968975</b>	<b>195887</b>	<b>670891</b>	<b>22681</b>	<b>99775</b>	<b>161141</b>	<b>17839999</b>	

**12- Other current liabilities:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Accrued expenses & provisions	267759	180393
Income tax provision	206985	000
Stockholders' consignments	66708	66828
Payments received in advance	53367	76408
Labor lawsuit provision	32432	39423
Board members remuneration	25000	000
Tourism promotion and Training Authority	21249	3805
Sales tax consignments	19251	19272
National contribution to pay off public debt	10416	000
Service charge consignments	2113	000
Contractor retention	1045	1045
Income tax consignments	638	559
<b>Total</b>	<b><u>706963</u></b>	<b><u>387733</u></b>

**13- Loan:**

	<b>Loans installments to be paid</b>		<b>2022</b>
	<b>Within a year</b>	<b>After a year</b>	<b>Total</b>
	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>
Jordan Kuwait Bank loan	177780	221735	399515

On November 1<sup>st</sup>, 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 3<sup>rd</sup>, 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.

**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:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
- Fair value adjustments (note 9)	271852	434175
- 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	(122054)	(122054)
- Disposals of financial assets	000	(75000)
- A payment of the liquidation's proceeds	(75000)	000
<b>Total</b>	<b><u>74798</u></b>	<b><u>237121</u></b>

16- **Gross operating income:**

	<b>Gross operating income</b>			
	<b>Revenue</b>	<b>Operating cost</b>	<b>2022</b>	<b>2021</b>
	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>
Accommodation	4138885	(704033)	3434852	1980120
Food & beverage	2158331	(1425498)	732833	317358
Entertainment, rent & other revenues	339098	(134686)	204412	157517
<b>Total</b>	<b><u>6636314</u></b>	<b><u>(2264217)</u></b>	<b><u>4372097</u></b>	<b><u>2454995</u></b>

17- **Overhead expenses:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Salaries and related expenses	665390	387402
Computer's expenses	112460	85935
Credit cards' commission	48781	32108
Official fees and subscriptions	51701	40038
Real-estate tax & sanitation	26639	23579
Traveling & transportation expenses	24541	13207
Banking expenses	24723	26904
Boards' transportation expenses	24000	24000
Professional fees	19858	10208
Hospitality	19808	6250
Miscellaneous expenses	18590	5065
Insurance	16834	20763
Stationery and printing	12110	14738
Legal expenses	8450	9433
Audit fees	7500	7500
Rent	5775	5775
Staff clothing	5535	370
Training expenses	3841	1065
Post & telephone expenses	1264	1318
Companies' Control Dep. fees	600	600
Promotion & advertising	478	450
Tax expenses	000	13296
Bad debts	000	6000
Revenues' stamps	000	17
<b>Total</b>	<b><u>1098878</u></b>	<b><u>736021</u></b>

18- **Maintenance & energy expenses:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Electricity expenses	283729	273548
Fuel & diesel	181555	131298
Salaries and related expenses	176156	108474
Wages, supplies & maintenance exp.	133149	70086
Water expenses	90881	66918
Social security contribution	19471	7081
<b>Total</b>	<b><u>884941</u></b>	<b><u>657405</u></b>



**19- Marketing & advertizing expenses:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Marketing contribution	126572	70090
Salaries & related exp.	86348	43265
Marketing & promotion expenses	76902	49563
Hospitality	26774	25405
Traveling & transportation expenses	13909	10156
Miscellaneous expenses	11993	6933
Social security contribution	10718	3718
<b>Total</b>	<b><u>353216</u></b>	<b><u>209130</u></b>

**20- 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.

**21- Other revenues:**

	<b><u>2022/JD</u></b>	<b><u>2021/JD</u></b>
Miscellaneous revenues	88708	9483
Bank deposits' credit interest	62278	6310
Received dividends	25538	60874
<b>Total</b>	<b><u>176524</u></b>	<b><u>76667</u></b>

**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 2019.
- ◆ 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.

**24- Dividends:**

Dividends available for distribution, as of 12/31/2022, amounting JD (632 612), 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 (74 798).

**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 (29716).
- B- There are contingent liabilities against L/Gs as of 31/12/2022 for an amount of JD (4325) net after deducting counter deposit.

**27- General:**

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.