

***Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan
Interim Financial Statements For the period
from 1/1/2021 to 31/3/2021
Report on the review of the interim financial
information (Unaudited)***

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

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Report on the review of the interim financial information (Unaudited)

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Report on the review of the interim financial information (Unaudited)

**To the Board of Directors,
Al-Sharq Investment Projects Co.
Public Shareholding Co.
Amman – Jordan**

We have reviewed the accompanying interim financial statements of **Al-Sharq Investment Projects Co. (PLC)** and the related Interim Statement of Comprehensive Income, Interim Changes in Equity and Interim Cash Flow for the three months period ended on March 31st, 2021, and a summary of significant accounting policies and other explanatory notes from (1-6). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Standard 34 (Interim Financial Reports). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information” Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the **Al-Sharq Investment Projects Co. (PLC)** financial position as at March 31st, 2021, and of its financial performance and its cash flows for the three month period then ended in accordance International Standard 34 (Interim Financial Reports).

**Dweik & Co. (ACC)
Audit & Consult Consortium
Fadi Rafiq Dweik
Audit license No (779)**

**April 14th, 2021
Amman - Jordan**

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Interim Financial Position as of March 31st, 2021

Assets	<u>31/3/2021/JD</u>	<u>31/3/2020/JD</u>
<u>Current Assets</u>		
Cash and cash equivalents	242059	329096
Checks under collection	19466	17163
Accounts' receivable - Net	69145	84892
Inventory	36541	36566
Refundable deposits	102316	102316
Other current assets	612966	423066
Total Current Assets	<u>1082493</u>	<u>993099</u>
<u>Non Current Assets</u>		
Operational assets	45217	60289
Financial assets at fair value through other comprehensive income	850599	693932
Intangible assets	8125	9750
Property, equipment & tools	17857627	18095741
Total Non Current Assets	<u>18761568</u>	<u>18859712</u>
Total Assets	<u>19844061</u>	<u>19852811</u>
	=====	=====
<u>Liabilities & Owners' Equity</u>		
<u>Current Liabilities</u>		
Accounts' payable	65629	76122
Other current liabilities	316412	239452
Short term loan	133335	177780
Due to bank	56794	000
Total Current Liabilities	<u>572170</u>	<u>493354</u>
<u>None Current liabilities</u>		
Long term loan	352941	352941
<u>Owners' Equity</u>		
Capital	16000000	16000000
Statutory reserve	3637069	3637069
Voluntary reserve	28056	28056
Fair value adjustments through other comprehensive income	(610206)	(766873)
Retained (loss) earnings	(135969)	108264
Net Owners' Equity	<u>18918950</u>	<u>19006516</u>
Total Liabilities & Owners' Equity	<u>19844061</u>	<u>19852811</u>
	=====	=====

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

Statement (B)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Interim Comprehensive Income
for the Period Ended March 31st, 2021, 2020

<u>Comprehensive income</u>	<u>31/3/2021</u> <u>JD</u>	<u>31/3/2020</u> <u>JD</u>
Operation's revenues	437842	1120418
Operation's cost	(129683)	(457893)
Gross operating income	308159	662525
Overhead expenses	(157930)	(242132)
Maintenance & energy expenses	(104348)	(196526)
Marketing & advertizing expenses	(33303)	(75610)
Depreciation	(253186)	(266749)
Management fees	(4302)	(13276)
Other revenue	677	4212
(Loss) for the period / comprehensive income	(244233)	(127556)
<u>Other Comprehensive income</u>		
Fair value adjustments through other comprehensive income	156667	(67128)
Total other comprehensive income	156667	(67128)
Total comprehensive income for the period	(87566)	(194684)
Earnings per share from comprehensive income for the period	000	000
Weighted Average Shares	16000000	16000000

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

Statement (D)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Interim Cash Flows
for the Period Ended March 31st, 2021, 2020

	<u>31/3/2021</u>	<u>31/3/2020</u>
	<u>JD</u>	<u>JD</u>
<u>Cash Flows From Operating Activities:</u>		
Total comprehensive income for the period	(87566)	(194684)
<u>Adjustments:</u>		
Depreciation	253186	266749
Adjustments on financial assets	(156667)	67128
	<hr/>	<hr/>
Operating income before working capital changes:	8953	139193
Accounts' receivable and other current assets	(174806)	(13101)
Accounts' payable and other current liabilities	66467	(89319)
	<hr/>	<hr/>
Net cash flows from operating activities	(99386)	36773
<u>Cash Flows From Investing Activities:</u>		
Property, tools & equipment	000	(674)
	<hr/>	<hr/>
Net cash flows from investing activities	000	(674)
<u>Cash Flows From Financing Activities:</u>		
Loan	(44445)	(14815)
Due to bank	56794	000
	<hr/>	<hr/>
Net cash flows from financing activities	12349	(14815)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(87037)	21284
Cash & cash equivalents at beginning of the period	329096	878622
	<hr/>	<hr/>
Cash & cash equivalents at end of the period	242059	899906
	=====	=====

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

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Notes to Interim Financial Statements
March 31st, 2021

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 March 12th, 2021.
- 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:

The interim financial statements are prepared under the International Standard 34 (Interim Financial Reports) and the related interpretations originated by the International financial Reporting Interpretations Committee.

The interim financial statements do not include all significant matters and explanatory notes that are required for the annual financial statements and are prepared in accordance with the International Financial Reporting Standards, in addition the interim financial performance is not necessarily represents an indicator of the annual financial performance.

The same accounting policies used in the previous period's financial statements have been adopted.

3- Corporate Tax position:

- ◆ The tax position of the Company was finalized with Income and Sales Tax Department till end of the year 2016, in addition to the year 2018.

- ◆ Tax declaration of the Company for the years 2017, 2019, 2020 were submitted to Income and Sales Tax Department, and tax assessment still not made by the Department yet.

4- **Contingencies**

- a- There are labor lawsuits filed against the Company amounted JD (41253).
- b- There are contingent liabilities at the date of the financial statements have been arise as a result of L/G's for an amount of JD (4325) after deducting the counter deposits.
- 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.

5- **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.

6- **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.

Statement (C)

Al-Sharq Investment Projects Co. (PLC)
Amman – Jordan
Statement of Interim Changes in Equity
for the Period Ended March 31st, 2021, 2020

Description	Capital	Statutory reserve	Voluntary reserve	Fair value adjustments through other comprehensive income	Retained (loss) 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, 2020	16000000	3637069	28056	(766873)	108264	19006516
(Loss) for the period / Comprehensive income	000	000	000	000	(244233)	(244233)
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	156667	000	156667
Balance as of March 31st, 2021	16000000	3637069	28056	(610206)	(135969)	18918950
Balance as of Dec.31st, 2019	16000000	3637069	28056	(679861)	1365575	20350839
(Loss) income for the period / Comprehensive income	000	000	000	000	(127556)	(127556)
<u>Other Comprehensive income</u>						
Fair value adjustments through other comprehensive income	000	000	000	(67128)	000	(67128)
Balance as of March 31st, 2020	16000000	3637069	28056	(746989)	1238019	20156155
	=====	=====	=====	=====	=====	=====

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