

**ARAB INTERNATIONAL HOTELS COMPANY**  
**(PUBLIC SHAREHOLDING)**

**INTERIM CONDENSED FINANCIAL**  
**STATEMENTS (UNAUDITED)**

**31 MARCH 2020**



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENT  
TO THE BOARD OF DIRECTORS OF ARAB INTERNATIONAL HOTELS COMPANY  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Arab International Hotels Public Shareholding Company comprising the interim condensed statements of financial position as at 31 March 2020 and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Emphasis of a Matter**

Without qualifying our conclusion, we draw attention to note (16) to the interim condensed financial statements, which describes the potential effect of COVID-19 pandemic on the Company's operating environment.

Amman – Jordan

21 July 2020

*Ernst + Young*

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	31 March 2020 JD	31 December 2019 JD
<b>ASSETS</b>			
<b>Non-current assets -</b>			
Property and equipment	5	14,215,248	14,503,310
Financial assets at fair value through other comprehensive income	12	4,972,721	5,202,367
Investment in associates	6	45,743,235	49,038,537
		<u>64,931,204</u>	<u>68,744,214</u>
<b>Current assets -</b>			
Inventories		365,126	384,553
Accounts receivable and other current assets		1,221,370	4,584,180
Financial assets amortized cost	9	1,500,000	1,500,000
Cash on hand and at banks	13	8,190,086	2,736,877
		<u>11,276,582</u>	<u>9,205,610</u>
<b>Total Assets</b>		<u>76,207,786</u>	<u>77,949,824</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Paid-in capital		32,000,000	32,000,000
Share premium		3,644,693	3,644,693
Statutory reserve	4	8,000,000	8,000,000
Voluntary reserve		8,000,000	8,000,000
Fair value reserve		(3,699,198)	(3,469,552)
Company's share from fair value reserve / from investment in associates		(2,249,382)	(2,487,136)
Retained earnings		9,115,546	10,651,397
<b>Total Equity</b>		<u>54,811,659</u>	<u>56,339,402</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities -</b>			
Long-term loans	8	8,431,611	7,656,301
Bonds payable	7	10,000,000	10,000,000
		<u>18,431,611</u>	<u>17,656,301</u>
<b>Current liabilities -</b>			
Current portion of long-term loans	8	709,000	1,484,310
Accounts payable		888,631	877,390
Provisions and other current liabilities		1,366,885	1,592,421
		<u>2,964,516</u>	<u>3,954,121</u>
<b>Total Liabilities</b>		<u>21,396,127</u>	<u>21,610,422</u>
<b>Total Equity and Liabilities</b>		<u>76,207,786</u>	<u>77,949,824</u>

The accompanying notes from 1 to 16 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Note	For the three months ended 31	
		March	
		2020	2019
		JD	JD
Operating revenues from Amman Marriott Hotel		1,843,301	2,464,830
Operating expenses from Amman Marriott Hotel		(1,588,151)	(1,889,916)
Depreciation on property and equipment		(323,335)	(324,535)
<b>Net operating revenues from the hotel</b>		<b>(68,185)</b>	<b>250,379</b>
Share of loss of associates		(1,058,976)	(137,682)
Dividends income		-	75,605
Other income		2,572	1,526
Depreciation on property and equipment		(9,814)	(8,851)
Interest income		63,759	27,432
Finance costs		(253,269)	(229,988)
Administrative expenses		(211,938)	(206,339)
<b>Loss before income tax</b>		<b>(1,535,851)</b>	<b>(227,918)</b>
Income tax expense	9	-	-
<b>Loss for the period</b>		<b>(1,535,851)</b>	<b>(227,918)</b>
		JD / Fils	JD / Fils
<b>Basic and diluted earnings per share</b>		<b>(0/048)</b>	<b>(0/007)</b>

The accompanying notes from 1 to 16 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY  
 INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	For the three months ended	
	31 March	
	2020	2019
	JD	JD
<b>Loss for the period</b>	(1,535,851)	(227,918)
<b>Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:</b>		
Change in fair value of financial assets at fair value through other comprehensive income	(229,646)	(193,435)
Company's share of net change in fair value reserve from investments in associates	237,754	(95,716)
<b>Total comprehensive income for the period</b>	<b>(1,527,743)</b>	<b>(517,069)</b>

The accompanying notes from 1 to 16 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Paid-in capital JD	Share premium JD	Statutory reserve JD	Voluntary reserve JD	Fair value reserve* JD	Company's share from fair value reserve /from investment in associates* JD	Retained earnings JD	Total JD
<b>2020 -</b>								
Balance at 1 January 2020	32,000,000	3,644,693	8,000,000	8,000,000	(3,469,552)	(2,487,136)	10,651,397	56,339,402
Total comprehensive income for the period	-	-	-	-	(229,646)	237,754	(1,535,851)	(1,527,743)
<b>Balance at 31 March 2020</b>	<b>32,000,000</b>	<b>3,644,693</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>(3,699,198)</b>	<b>(2,249,382)</b>	<b>9,115,546</b>	<b>54,811,659</b>
<b>2019 -</b>								
Balance at 1 January 2019	32,000,000	3,644,693	8,000,000	13,000,000	(2,707,922)	(1,433,085)	3,361,947	55,865,633
Total comprehensive income for the period	-	-	-	-	(193,435)	(95,716)	(227,918)	(517,069)
<b>Balance at 31 March 2019</b>	<b>32,000,000</b>	<b>3,644,693</b>	<b>8,000,000</b>	<b>13,000,000</b>	<b>(2,901,357)</b>	<b>(1,528,801)</b>	<b>3,134,029</b>	<b>55,348,564</b>

\* It is restricted to use an amount of JD 5,948,580 from retained earnings as at 31 March 2020, which represents the total negative balance of the fair value reserve and Company's share from fair value reserve from investment in associates.

The accompanying notes from 1 to 16 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	For the three months ended 31	
	March	
	2020	2019
	JD	JD
<b><u>OPERATING ACTIVITIES</u></b>		
Loss before income tax	(1,535,851)	(227,918)
<b>Adjustments for:</b>		
Depreciation on property and equipment	333,149	333,386
Finance costs	253,269	229,988
Interest income	(63,759)	(27,432)
Share of loss (profit) of associates	1,058,976	137,682
Dividend income	-	(75,605)
<b>Changes in working capital:</b>		
Inventories	19,427	3,377
Accounts receivable and other current assets	(348,302)	(312,072)
Accounts payable	11,241	(72,202)
Provisions and other current liabilities	(159,713)	(207,847)
Income tax paid	(65,823)	(11,825)
<b>Net cash flows used in operating activities</b>	<b>(497,386)</b>	<b>(230,468)</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(45,087)	(343,530)
Purchase of financial assets at fair value through other comprehensive income	-	(1,926)
Interest income received	63,759	27,432
Decrease in associate capital	2,474,080	
Dividends income received	-	75,605
Accounts receivable and other current assets	3,711,112	-
<b>Net cash flows from (used in) investing activities</b>	<b>6,203,864</b>	<b>(242,419)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Repayments of loans	-	(709,000)
Proceeds from loans	-	4,254,000
Finance costs paid	(253,269)	(229,988)
<b>Net cash flows from (used in) financing activities</b>	<b>(253,269)</b>	<b>3,315,012</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,453,209</b>	<b>2,842,125</b>
Cash and cash equivalents on 1 January	2,736,877	1,829,151
<b>Cash and cash equivalents on 31 March</b>	<b>8,109,086</b>	<b>4,671,276</b>

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The accompanying notes from 1 to 16 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2020 (UNAUDITED)**

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**(1) GENERAL**

The Arab International Hotels Company (the "Company") was registered as a Public Shareholding Company in 1975 with paid-in capital of JD 3,000,000. The paid in capital was increased several times throughout the years to become JD 32,000,000 with par value of JD 1 per share.

The Company owns Amman Marriott Hotel which commenced its operations during 1982. The Hotel is managed by Marriott International Corporation in accordance with a management agreement signed during 1976 and its subsequent amendments the latest of which was in 2014 and is valid until 2041.

The Company's Board of Directors have approved the interim condensed financial statements on 28 June 2020.

**(2) BASIS OF PREPARATION**

The interim condensed financial statements for the three-month period ended 31 March 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements have been presented in Jordanian Dinar, which is the functional currency of the Company.

The interim condensed financial statements are prepared under the historical cost convention except for the financial assets at fair value which are presented at fair value date of the financial statements.

The interim condensed financial statements do not contain all information and disclosures required for financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as of 31 December 2019. In addition, results for the three month period ended 31 March 2020 do not necessarily indicate the expected results for the financial year ending 31 December 2020.



**(3) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

**Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

**Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Company has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

**Amendments to IAS 1 and IAS 8: Definition of "Material"**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

**(4) LEGAL RESERVES**

**Statutory reserve**

The accumulated amounts in this account represent cumulative appropriations of 10% of the profit before income tax. The statutory reserve is not available for distribution to the shareholders. The Company is permitted to stop the yearly transfer when the reserve balance reaches 25% of the share capital. Hence, the Company did not transfer any additional amount to statutory reserve

**(5) PROPERTY AND EQUIPMENT**

The Company purchased property and equipment at a cost of JD 45,087 during the three-month period ended 31 March 2020 (31 March 2019: JD 343,530).

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(6) INVESTMENT IN ASSOCIATES**

	% of ownership		Value	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	%	%	JD	JD
Business Tourism Company	35.516	35.516	18,138,233	18,393,353
Al Dawliyah for Hotels and Malls Company	26.91	26.91	13,624,785	13,790,409
Interior Design Studio Company	25	25	-	-
Beaches Company for Hotels and Resorts	30.93	30.93	618,520	2,503,328
Jordan Investor Center Company	49.34	49.34	11,845,942	12,836,044
Arab International Real Estate Company	42.35	42.35	1,515,755	1,515,403
			<u>45,743,235</u>	<u>49,038,537</u>

The schedule below includes a summary of the associates main operations:

<u>Company</u>	<u>Main operation</u>
Business Tourism Company	Owning Company of J Valley Marriot and Petra Marriott Hotels
Al Dawliyah for Hotels and Malls Company	Owning Company of Sheraton Amman Hotel
Interior Design Studio Company	Interior Designs for hotels
Beaches Company for Hotels and Resorts	Owning Company of Marriot Aqaba Hotel under construction
Jordan Investor Centre Company	Investments in stocks and companies
Arab International Real Estate Company	Investments in lands and real estate

Movement on investment in associates is as follows:

	31 March 2020 JD	31 December 2019 JD
Balance at 1 January	49,038,537	49,918,942
Decrease in capital	(2,474,080)	-
Dividends received	-	(4,268,109)
Share of profit of associates	(1,058,976)	4,441,755
Share of change in fair value reserve	237,754	(1,054,051)
	<u>45,743,235</u>	<u>49,038,537</u>

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(7) BONDS PAYABLE**

On 22 January 2017, The Arab International Hotels Company PSC issued 10,000 bonds through Jordan Ahli Bank with a par value of JD 1,000 and a total value of JD 10,000,000 for five years at a fixed interest rate of 5.5% payable semi-annually. The bonds are due in one instalment on 22 January 2022.

**(8) Loans**

	31 March 2020		31 December 2019	
	Current portion of long-term loans	Long term loans	Current portion of long-term loans	Long term loans
	JD	JD	JD	JD
Jordan Ahli Bank – USD (1)	709,000	-	709,000	-
Jordan Ahli Bank – USD (2)	-	2,316,070	330,866	1,985,204
Jordan Ahli Bank – JD (3)	-	1,861,541	444,444	1,417,097
Jordan Ahli Bank – USD (4)	-	4,254,000	-	4,254,000
	<u>709,000</u>	<u>8,431,611</u>	<u>1,484,310</u>	<u>7,656,301</u>

**Jordan Ahli Bank – USD (1)**

This represents Jordan Ahli Bank loan amounting to USD 10,000,000 (JD 7,090,000). The Company signed an agreement with Jordan Ahli Bank on 6 August 2015 for a loan, which was granted against the Company's guarantee bearing an interest rate of 4.1%. The loan will be paid in 10 equal semi-annual instalments. The first instalment was due on 30 September 2015, and the interest will be paid every 6 months. During the period ended 31 March 2020, the loan was rescheduled, as the instalment due on March 31, 2020 was postponed to March 31, 2021.

**Jordan Ahli Bank – USD (2)**

This represents Jordan Ahli Bank loan amounting to USD 4,200,000 (JD 2,977,800). The Company signed an agreement with Jordan Ahli Bank on 15 April 2015 for a loan, which was granted against the Company's guarantee bearing an interest rate of 4%. The loan will be paid in 18 equal semi-annual instalments. The first instalment was due on 30 September 2017. The loan instalments for the years 2017 and 2018 were rescheduled to 2025 and 2026. Interest will be paid every 6 months. During the period ended 31 March 2020, the loan was rescheduled, as the due dates for the instalments of the year 2020 were postponed until the end of the loan life.

**Jordan Ahli Bank – JD (3)**

On 4 November 2015, the Company signed a loan agreement with Jordan Ahli Bank with a ceiling of JD 4,000,000 bearing an annual interest rate of 4% based on the daily balance utilized. The loan will be paid in 18 semi-annual instalments; the first instalment was due on 1 November 2017, and the last will be due on 1 May 2025. During the period ended 31 March 2020, the loan was rescheduled, as the due dates for the instalments of the year 2020 were postponed until the end of the loan life.

**Jordan Ahli Bank – USD (4)**

This represents Jordan Ahli Bank loan amounting to USD 6,000,000 (JD 4,254,000). The Company signed an agreement with Jordan Ahli Bank on 26 March 2019 for a loan, which was granted against the Company's guarantee bearing an annual interest rate of 3 months LIBOR plus 2.5% at a minimum of 5%. The loan will be paid in 10 semi-annual instalments. The first instalment will be due on 28 February 2021, the interest will be paid on monthly basis.

**(9) FINANCIAL ASSETS AT AMORTIZED COST**

On 12 October 2017 Arab International Hotels Company purchased 15 Bonds from Jordan Ahli Bank (sister company) with a variable interest rate where the interest at the beginning of each period equal the re-discount interest rate with Central Bank of Jordan plus a margin of 2%, at the time of issuance the interest rate was 6.75%, 7.5% at the end of the year. The interest is due semi-annually. Bonds are due in one instalment on 12 October 2023. In October 2019 the Board of Directors decided to sell the Jordan Ahli Bank bonds, thus the bonds were classified as current assets.

**(10) INCOME TAX**

The income tax for the periods ended 31 March 2020 and 2019 has not been calculated due to the excess in expenses over taxable income in accordance with income tax law no. (34) of 2014 amended by tax law no. (38) of 2018.

The Company obtained a tax clearance letter up to the year 2018 except for the years 2016, 2017 and 2019, for which the income tax department have reviewed the Company's records. However, they did not grant a clearance up to date of these financial statements.

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
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**(11) TRANSACTION WITH RELATED PARTIES**

Related parties represent associated companies, sister companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related parties balances included in the statement of financial position is as follow:

	31 March 2020	31 December 2019
	JD	JD
<b>Assets:</b>		
Bank deposit - Jordan Ahli Bank	5,821,248	689,458
Current account at Jordan Ahli Bank	2,339,483	2,025,919
Financial assets at amortized cost (note 9)	1,500,000	1,500,000

Accounts receivable and other current assets include balances due from related parties as follow:

Due from Interior Design Studio Company Partner	23,299	23,299
Petra Marriott Hotel	27,201	16,494
Jordan Valley Marriott Hotel	90,018	40,195
Business Tourism Company	1,527	1,000
Al Dawliyah for hotels and malls	1,828	4,582
Beaches Company for Hotel and Resorts	-	3,711,112
Jordan investor company	1,452	3,225
	<u>145,325</u>	<u>3,799,907</u>

**Amounts due to related parties:**

	31 March 2020	31 December 2019
	JD	JD
<b>Liabilities:</b>		
Loans granted by Jordan Ahli Bank	9,140,611	9,140,611
Bonds payable (note 7)	7,300,000	7,300,000

For the three months ended  
31 March 2020

JD

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

The Jordan Worsted Mills Company	2,205,916	2,079,347
El Zay Ready Wear Manufacturing Company	168,354	176,006
Jordan Ahli Bank	1,327,433	1,501,263

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Transactions with related parties included in the statement of profit or loss are as follows:

	For the three months ended 31 March 2020	
	JD	
Interest income on deposits - Jordan Ahli Bank	36,646	-
Dividends income from investments in financial assets at fair value	-	75,605
Interest income on financial assets at amortized cost	27,113	27,432
Key management salaries and benefits and Board of Directors remuneration	132,403	112,304
Finance costs – Jordan Ahli Bank	116,146	94,371
Finance costs bonds – related parties	100,100	99,000

**(12) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE**

	31 March 2020	31 December 2019
	JD	JD
Investment in companies' shares - quoted	4,795,721	5,025,367
Investment in companies' shares– unquoted	177,000	177,000
	<u>4,972,721</u>	<u>5,202,367</u>

**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(13) CASH AND CASH EQUIVALENTS**

	31 March 2020	31 December 2019
	JD	JD
Short-term deposits*	5,821,248	689,458
Cash on hands and at banks	2,368,838	2,047,419
	<u>8,190,086</u>	<u>2,736,877</u>

\* Short term deposits represent deposits with local banks in Jordanian Dinar maturing within a period not exceeding three months at an interest rate of 4%.

**(14) SEGMENT INFORMATION**

A business segment is the Company's assets, operations engaged in providing products together or are subject to risks, and returns services differ from those of other business segments.

Geographical segment is associated in providing products or services in a particular economic environment subject to risks and rewards that are different from those in other segments operating in other economic environments. Segment results are as follows:

The following table summarizes the operating revenue of Amman Marriott Hotel:

	For the three months ended 31 March (Unaudited)	
	2020	2019
	JD	JD
Rooms revenues	1,118,857	1,557,609
F & B Revenues	657,093	840,760
Other revenues	67,351	66,461
	<u>1,843,301</u>	<u>2,464,830</u>



**ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**31 MARCH 2020 (UNAUDITED)**

	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
<b>For the three months period ended 31 March 2020 (unaudited)-</b>			
Revenues	1,590,868	(740,212)	850,656
<b>Segment results -</b>			
(Loss) profit before income tax	(795,639)	(740,212)	(1,535,851)
Income tax expense	-	-	-
(Loss) profit for the period	(795,639)	(740,212)	(1,535,851)
<b><u>Other Segment Information</u></b>			
Capital expenditure	45,087	-	45,087
Depreciation	333,149	-	333,149

	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
<b>For the three months period ended 31 March 2019 (unaudited)-</b>			
Revenues	2,411,892	19,819	2,431,711
<b>Segment results -</b>			
(Loss) profit before income tax	(247,737)	19,819	(227,918)
Income tax expense	-	-	-
(Loss) profit for the period	(247,737)	19,819	(227,918)
<b><u>Other Segment Information</u></b>			
Capital expenditure	343,530	-	343,530
Depreciation	333,386	-	333,386

The Company's share of loss of associates amounted to JD 1,058,976 as of 31 March 2020 (31 March 2019 JD 137,682).

**(15) COMPARATIVE FIGURES**

Some of 2019 balances were reclassified to correspond with those of 2020 presentation. The reclassification has no effect on the profit and equity of the year 2019.

**(16) THE OUTBREAK OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE COMPANY**

The coronavirus had an impact on the global economy, caused imbalances in global markets and low demand from guests. This led to a negative impact on the tourism and hospitality sector as a result of the restrictions put in place, also resulting in cancellations of conferences and reservations for guests.

The Cabinet of Jordan decided to cease all flights of travelers to and from the Kingdom from 17 March 2020 until further notice and to tighten travel procedures, in addition to the quarantine of arrivals to the Kingdom. The Jordanian Prime Minister issued the following defense orders that directly or indirectly affected the Company's operations and performance:

1. Defense Order No. 1 issued under Defense Law No. 13 of 1992, which suspends certain provisions of Social Security Law No. 1 of 2014 and its amendments and the regulations applied by the Social Security Corporation. This including the suspension of the application of old-age insurance for the months of March, April and May 2020 for all those subject to the Jordanian Labor Law in the private sector.
2. Defense Order No. 6 issued under Defense Law No. 13 of 1992, determining the wages of workers in private sector and any other organization subject to the Jordanian Labor Law.
  - Workers who perform their work in the workplace deserve their full wages, provided that it is permissible to agree, on the will of the worker, to reduce his/her wages, provided that the amount of the reduction does not exceed 30% of the wage and that this option is not used unless the reduction includes the salaries of the key management of the institution.
  - Workers who perform their work "full time" remotely at the institutions and establishments that are authorized to work, institutions covered by the suspension decision or not authorized to work deserve to receive their salaries.
  - Workers who perform their work "part-time" remotely at the authorized establishments and facilities, those covered by the suspension decision or institutions that are not authorized to work deserve to receive their wages according to the actual working hours and should not be less than the minimum wage per hour or according to the wages stipulated in the defense law.
  - The employers of the establishments and institutions that are authorized to work "part-time", institutions covered by the suspension decision and those that are not authorized to work, have the right to submit a request to the Minister of Labor to allow them to pay to the workers who are not assigned at least 50% of the value of the normal wage for these workers, provided that it is not less than the minimum wage.

Other decisions were also issued by various Government agencies to assist in the continuity of various sectors of the Jordanian economy by reducing the financial burden to these sectors. Examples include the following:

1. The Central Bank of Jordan's resolution to compel all operating Jordanian banks to postpone loan installments payable by companies and individuals without imposing any penalties or additional financial burdens.
2. The Central Bank of Jordan's resolution to reduce the interest rates on credit facilities.
3. The Central Bank of Jordan's resolution to provide the financing needs for the public and private sectors at low interest rates to finance its operations.
4. The Central Bank of Jordan's resolution to reduce the costs associated with its sponsored programs to support the economic sectors.

Management has prepared a preliminary study to determine the impact of the coronavirus on the Company's activities and its financial performance in order to be able to take appropriate measures to carry out its activities under the current circumstances. Management is also preparing a detailed study to determine the impact of the coronavirus on the Company's operations, its ability to recover its assets and meeting its obligations for both the medium and long terms.