

**ARAB INTERNATIONAL HOTELS COMPANY**

**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2020**



Building a better  
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Ernst & Young Jordan

P.O.Box 1140

Amman 11118

Jordan

Tel : 00 962 6580 0777/00 962 6552 6111

Fax: 00 962 6553 8300

www.ey.com/me

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

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Arab International Hotels Company (a public shareholding Company) comprising the interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statement of profit or loss, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and Interim condensed statement of cash flows for the six months period then ended and explanatory information. 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 (18) to the interim condensed financial statements, which describes the potential effect of COVID-19 pandemic on the Company's operating environment.

Amman – Jordan

6 August 2020

*Ernst & Young*

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Notes	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>ASSETS</b>			
<b>Non-current assets -</b>			
Property and equipment	5	13,973,092	14,503,310
Financial assets at fair value through other comprehensive income	13	4,605,609	5,202,367
Investment in associates	6	43,239,200	49,038,537
		<u>61,817,901</u>	<u>68,744,214</u>
<b>Current assets -</b>			
Inventories		348,990	384,553
Accounts receivable and other current assets		1,928,947	4,584,180
Financial assets at amortized cost	10	1,500,000	1,500,000
Cash and short term deposits	14	7,658,643	2,736,877
		<u>11,436,580</u>	<u>9,205,610</u>
<b>Total Assets</b>		<u><u>73,254,481</u></u>	<u><u>77,949,824</u></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	4	8,000,000	8,000,000
Fair value reserve		(4,079,977)	(3,469,552)
Company's share from associates fair value reserve		(3,726,278)	(2,487,136)
Retained earnings		5,663,363	10,651,397
<b>Total Equity</b>		<u>49,501,801</u>	<u>56,339,402</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities -</b>			
Loans - Long-term	9	7,967,564	7,656,301
Bonds payable	8	10,000,000	10,000,000
		<u>17,967,564</u>	<u>17,656,301</u>
<b>Current liabilities -</b>			
Current portion of long- term loans	9	1,565,767	1,484,310
Accounts payable		1,002,519	877,390
Provisions and other current liabilities		3,216,830	1,592,421
		<u>5,785,116</u>	<u>3,954,121</u>
<b>Total Liabilities</b>		<u>23,752,680</u>	<u>21,610,422</u>
<b>Total Equity and Liabilities</b>		<u><u>73,254,481</u></u>	<u><u>77,949,824</u></u>

The accompanying notes from 1 to 18 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		JD	JD	JD	JD
Operating revenues from Amman Marriott Hotel	16	455,208	2,754,050	2,298,509	5,218,880
Operating expenses from Amman Marriott Hotel		(844,754)	(2,081,278)	(2,432,905)	(3,971,194)
Depreciation of property and equipment		(264,233)	(336,809)	(587,568)	(661,344)
<b>Net operating (loss) profit from the hotel</b>		(653,779)	335,963	(721,964)	586,342
Share of profit from associates	6	(849,561)	481,858	(1,908,537)	344,176
Dividends income		162,732	295,938	162,732	371,543
Other income		174,301	42,191	176,873	43,717
Depreciation on property and equipment		(9,597)	(4,907)	(19,411)	(13,758)
Interest income		75,258	46,858	139,017	74,290
Finance costs		(242,659)	(272,723)	(495,928)	(502,711)
Administrative expenses		(188,878)	(211,149)	(400,816)	(417,488)
<b>(Loss) profit before income tax</b>		(1,532,183)	714,029	(3,068,034)	486,111
Income tax expense	11	-	-	-	-
<b>(Loss) profit for the period</b>		(1,532,183)	714,029	(3,068,034)	486,111
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
<b>Basic and diluted (losses) earnings per share</b>	15	(0/048)	0/022	(0/096)	0/015

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**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	For the three months ended 30		For the six months ended 30	
	June		June	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>(Loss) profit for the year</b>	(1,532,183)	714,029	(3,068,034)	486,111
<b>Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:</b>				
Change in fair value of financial assets at fair value through other comprehensive income	(380,778)	(323,242)	(610,425)	(516,677)
Company's share of net change in fair value reserve of associates'	(1,476,896)	(523,561)	(1,239,142)	(619,277)
<b>Total comprehensive income for the period</b>	<b>(3,389,857)</b>	<b>(132,774)</b>	<b>(4,917,601)</b>	<b>(649,843)</b>

The accompanying notes from 1 to 18 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Paid-in capital		Share premium		Statutory reserve		Voluntary reserve		Fair value reserve*		Company's share from associates' fair value reserve		Retained earnings		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2020 -</b>																
<b>Balance at 1 January 2020</b>	32,000,000	3,644,693	8,000,000	8,000,000	8,000,000	(3,469,552)	(2,487,136)	10,651,397	56,339,402							
Total comprehensive income for the period	-	-	-	-	-	(610,425)	(1,239,142)	(3,068,034)	(4,917,601)							
Dividends paid (Note 7)	-	-	-	-	-	-	-	(1,920,000)	(1,920,000)							
<b>Balance at 30 June 2020</b>	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(4,079,977)</u>	<u>(3,726,278)</u>	<u>5,663,363</u>	<u>49,501,801</u>							
<b>2019 -</b>																
<b>Balance at 1 January 2019</b>	32,000,000	3,644,693	8,000,000	8,000,000	13,000,000	(2,707,922)	(1,433,085)	3,361,947	55,865,633							
Total comprehensive income for the period	-	-	-	-	-	(516,677)	(619,277)	486,111	(649,843)							
Transfers	-	-	-	-	(5,000,000)	-	-	5,000,000	-							
Dividends paid	-	-	-	-	-	-	-	(1,920,000)	(1,920,000)							
<b>Balance at 30 June 2019</b>	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(3,224,599)</u>	<u>(2,052,362)</u>	<u>6,928,058</u>	<u>53,295,790</u>							

\* It is restricted to use an amount of JD 7,806,255 from retained earnings as of 30 June 2020, which represents the total negative balance of the fair value reserve and Group's share from associates' fair value reserve.

The accompanying notes from 1 to 18 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	For the six months ended 30	
	June	
	2020	2019
Note	JD	JD
<b><u>OPERATING ACTIVITIES</u></b>		
(Loss) profit before income tax	(3,068,034)	486,111
<b>Adjustments for:</b>		
Depreciation of property and equipment	606,979	675,102
Finance costs	495,928	502,711
Gain from sale of property and equipment	-	(41,534)
Interest income	(139,017)	(74,290)
Share of profit from associates	1,908,537	(344,176)
Dividends income	(162,732)	(371,543)
<b>Changes in working capital:</b>		
Accounts receivable and other current assets	(1,055,879)	(93,706)
Inventories	35,563	(1,413)
Accounts payable	1,624,409	68,082
Provisions and other current liabilities	125,129	(30,238)
Income tax paid	(65,823)	(71,350)
<b>Net cash flows from operating activities</b>	<b>305,060</b>	<b>703,756</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Interest income received	139,017	74,290
Dividends received from associates	177,578	556,997
Decrease in associate capital	2,474,080	-
Dividends income received	-	371,543
Purchase of financial assets at fair value through other comprehensive income	-	(1,927)
Purchase of property and equipment	(76,761)	(648,558)
Proceeds from the sale of property and equipment	-	49,842
<b>Net cash flows from investing activities</b>	<b>6,425,026</b>	<b>402,187</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Dividends paid	(1,920,000)	(1,920,000)
Repayments of loans	-	(1,096,655)
Proceeds from loans	392,720	4,254,000
Finance cost paid	(281,040)	(502,711)
<b>Net cash flows (used in) from financing activities</b>	<b>(1,808,320)</b>	<b>734,634</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,921,766</b>	<b>1,840,577</b>
Cash and cash equivalents on 1 January	2,736,877	1,829,151
<b>Cash and cash equivalents on 30 June</b>	<b>7,658,643</b>	<b>3,669,728</b>
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The accompanying notes from 1 to 18 form part of these interim condensed financial statements

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 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 a 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. Marriott International Corporation manages the Hotel 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 approved the interim condensed financial statements on 26 July 2020.

**(2) BASIS OF PREPARATION**

The interim condensed financial statements for the six months period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

The financial statements are prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income, which are presented at fair value as of the date of the financial statements.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company annual financial statements as of 31 December 2019. In addition, results for the six months period ended 30 June 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 consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 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 are 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 did not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

These amendments do not have any impact on the Company's financial statements.

**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 was 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.

These amendments do not have any impact on the Company's financial statements.

**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 decided not to transfer any additional amount to statutory reserve.

**Voluntary reserve**

The General Assembly approved on their meeting held on 22 April 2019 to transfer 5,000,000 JD from the voluntary reserve to the retained earnings.

**(5) PROPERTY AND EQUIPMENT**

The Company purchased property and equipment at a cost of JD 76,761 during the six months period ended 30 June 2020 (30 June 2019: JD 648,558).

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020 (UNAUDITED)**

**(6) INVESTMENT IN ASSOCIATES**

	% of ownership		Value	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	%	%	JD (Unaudited)	JD (Audited)
Business Tourism Company	35.516	35.516	17,061,152	18,393,353
Al Dawliyah for Hotels and Malls Company*	26.91	26.91	13,302,238	13,790,409
Interior Design Studio Company	25	25	-	-
Beaches Company for Hotels and Resorts*	30.93	30.93	-	2,503,328
Jordan Investor Center Company	49.34	49.34	11,360,042	12,836,044
Arab International Real Estate Company	42.35	42.35	1,515,768	1,515,403
			<u>43,239,200</u>	<u>49,038,537</u>

\* The General Assembly approved on their extraordinary meeting held on 28 June 2020 the merger of the Company with the associate "Beaches Company for Hotels and Resorts ". The legal procedures were not completed until the date of preparing these financial statements.

The schedule below includes a summary of the associate's main operations:

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

Movement on investment in associates is as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at 1 January	49,038,537	49,918,942
Decrease in associate capital	(2,474,080)	-
Dividends received	(177,578)	(4,268,109)
Share of (loss) profit from associates	(1,908,537)	4,441,755
Share of change in fair value reserve	(1,239,142)	(1,054,051)
	<u>43,239,200</u>	<u>49,038,537</u>

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020 (UNAUDITED)**

**(7) DIVIDENDS**

The General Assembly approved in its meeting held on 28 April 2020, the distribution of cash dividends amounted to JD 1,920,000 representing 6% of the paid in capital and related of 2019 results.

**(8) 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.

**(9) Loans**

	30 June 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
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Jordan Ahli Bank – USD (1)	709,000	-	709,000	-
Jordan Ahli Bank – USD (2)	165,433	2,150,637	330,866	1,985,204
Jordan Ahli Bank – JD (3)	265,934	1,595,607	444,444	1,417,097
Jordan Ahli Bank – USD (4)	425,400	3,828,600	-	4,254,000
Jordan Ahli Bank – JD (5)	-	392,720	-	-
	<u>1,565,767</u>	<u>7,967,564</u>	<u>1,484,310</u>	<u>7,656,301</u>

**Jordan Ahli Bank – USD (1)**

This item 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. The loan was granted against the Company's guarantee and 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. The interest will be paid every 6 months. During the period ended 30 June 2020, the loan was rescheduled, where the instalment due on 31 March 2020 was postponed to 31 March 2021.

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2020 (UNAUDITED)**

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**Jordan Ahli Bank – USD (2)**

This item 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. The loan was granted against the Company's guarantee and bearing an interest rate of 4%. The loan will be paid in 18 equal in semi-annual instalments. The first instalment was due on 30 September 2017, and the interest will be paid every 6 months. The loan instalments for the years 2017 and 2018 were rescheduled to 2025 and 2026. During the period ended 30 June 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 and bearing an annual interest rate of 4% on the daily utilized balance. The loan will be paid in 18 semi-annual instalments; the first instalment was due on 1 November 2017 and the last instalment will be due on 1 May 2025. During the period ended 30 June 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 item 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 2020. The loan was granted against the Company's guarantee bearing annual interest rate of 3 months LIBOR 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.

**Jordan Ahli Bank – JD (5)**

On 15 June 2020 the Company signed a loan agreement with Jordan Ahli Bank to finance the Company's operations and salaries with a ceiling of JD 3,000,000 and bearing an annual interest rate of 3% based on the daily balanced utilized. The loan will be paid in 16 semi-annual instalments; the first instalment will be due on 30 November 2020. and the last instalment will be due on 31 December 2028.

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

On 12 October 2017 Arab International Hotels Company Limited 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%, 5.5% at the end of the period. The interest is due semi-annually. Bonds due in one instalment on 12 October 2023. During October 2018, the Board of Directors of the Company decided to sell the Jordan Ahli Bank Bonds, so that the balance of these bonds was classified as current assets.

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(11) INCOME TAX**

The income tax for the periods ended 30 June 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 submitted its tax declarations to the Income Tax and Sales Tax departments up to the year 2019.

The Company obtained clearance from the Income Tax Department up to the year 2018.

**(12) TRANSACTION WITH RELATED PARTIES**

Related parties represent associated 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 follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
<b>Due from related parties</b>		
Bank deposits - Jordan Ahli Bank	3,572,171	689,458
Current accounts - Jordan Ahli Bank	3,719,279	2,025,919
Financial assets at amortized cost	1,500,000	1,500,000

**ARAB INTERNATIONAL HOTELS COMPANY PSC**  
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Accounts receivable and other current assets include balances due from related parties as follow:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Due from Interior Design Studio Company Partner	23,299	23,299
Marriott Petra Hotel	-	16,494
Marriott Dead Sea Hotel	-	40,195
Marriot Amman Hotel	131,823	-
Marriot International	121,948	-
The Jordan Worsted Mills Company	162,732	-
Al Dawliyah for hotels and malls	-	4,582
Business Tourism Company	178,579	1,000
Beaches Company for Hotel and Resorts	2,000	3,711,112
Jordan investor company	1,692	3,225
	<u>622,073</u>	<u>3,799,907</u>

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Due to related parties</b>		
Loans from Jordan Ahli Bank	<u>9,533,331</u>	<u>9,140,611</u>
Bonds payable owned from related parties (note 8)	<u>7,300,000</u>	<u>7,300,000</u>

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Financial assets at fair value through other comprehensive Income</b>		
Jordan Worsted Mills	<u>2,043,185</u>	<u>2,079,347</u>
El Zay for Ready Wear Manufacturing Company	<u>245,396</u>	<u>176,006</u>
Jordan Ahli Bank	<u>1,248,419</u>	<u>1,501,263</u>

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

	For the six months ended 30	
	June	
	2020	2019
	JD	JD
	(Unaudited)	(Unaudited)
Key management salaries and benefits and Board of Directors remuneration	187,068	211,910
Interest income on deposits - Jordan Ahli Bank	90,472	17,999
Finance costs – Jordan Ahli Bank	295,178	229,971
Interest on bonds issued to related parties	200,750	200,750
Interest income on financial assets at amortised cost	48,545	56,291
Dividends income	-	294,584

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

	30 June	31 December
	2020	2019
	JD	JD
	(Unaudited)	(Audited)
Investment in companies shares - quoted	4,428,609	5,025,367
Investment in companies shares – unquoted	177,000	177,000
	4,605,609	5,202,367

Movement on fair value reserve for financial assets at fair value through other comprehensive:

	30 June	31 December
	2020	2019
	JD	JD
	(Unaudited)	(Audited)
Balance at 1 January	4,428,609	5,025,367
Company's share of associates' fair value reserve	177,000	177,000
	4,605,609	5,202,367



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**(14) CASH ON HAND AND AT BANKS**

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Short-term deposits*	3,572,171	689,458
Cash on hands and at banks	4,086,472	2,047,419
	<u>7,658,643</u>	<u>2,736,877</u>

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

**(15) EARNING PER SHARE**

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
(Loss) profit for the period attributable to shareholders of the Company	(3,068,034)	486,111
Weighted average number of outstanding shares	32,000,000	32,000,000
Basic and diluted (losses) earnings per share	<u>(0/096)</u>	<u>0/015</u>

**(16) SEGMENT INFORMATION**

A business segment is the Company's assets and 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:

	For the six months ended 30 June (Unaudited)	
	2020	2019
	JD	JD
Rooms revenues	1,394,173	3,203,314
F & B Revenues	761,122	1,862,229
Other revenues	143,214	153,337
	<u>2,298,509</u>	<u>5,218,880</u>

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	<u>Hotel sector</u>	<u>Investment in</u> <u>financial assets</u>	<u>Total</u>
	JD	JD	JD
<b>For the six months period ended 30 June 2020 (unaudited)-</b>			
Revenues	1,570,473	(850,710)	719,763
<b>Segment results -</b>			
<b>loss before income tax</b>	(2,217,324)	(850,710)	(3,068,034)
Income tax expense	-	-	-
Loss for the period	(2,217,324)	(850,710)	(3,068,034)
<b><u>Other Segment Information</u></b>			
Capital expenditure	76,761	-	76,761
Depreciation	606,979	-	606,979
	<u>Hotel sector</u>	<u>Investment in</u> <u>financial assets</u>	<u>Total</u>
	JD	JD	JD
<b>For the six months period ended 30 June 2019 (unaudited)-</b>			
Revenues	5,515,744	536,862	6,052,606
<b>Segment results -</b>			
<b>Profit before income tax</b>	(50,751)	536,862	486,111
Income tax expense	-	-	-
Profit for the period	(50,751)	536,862	486,111
<b><u>Other Segment Information</u></b>			
Capital expenditure	648,558	-	648,558
Depreciation	675,102	-	675,102
<b><u>Assets and Liabilities</u></b>			
<b>As of 30 June 2020 -(unaudited)</b>			
Assets	54,273,062	18,981,419	73,254,481
Liabilities	23,752,680	-	23,752,680
<b>31 December 2019 (audited)</b>			
Assets	54,392,682	23,557,142	77,949,824
Liabilities	21,610,422	-	21,610,422

The Company's share of losses from of associates amounted to JD 1,908,537 as of 30 June 2020 (30 June 2020 profit: JD 344,176).

**(17) 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.

**(18) 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.

Defense Order No. 6 was further amended on 31 May 2020 as follows:

- In the most affected economic sectors and based on mutual agreement, the amendment allows to deduct up to 30% of the worker's monthly wages for each of the months of May and June of the year 2020 for the worker present at the workplace or working remotely and without coercion or pressure by the employer under penalty of liability and the penalties stated in the Defense Order. This is provided that the worker receives not less than the minimum wage and that the reduction begins with the wages of the higher management employees in the institution.
- Reduction from workers' monthly wages without requiring the approval of the worker or the Ministry of Labor, due to the economic circumstances of the employer and at the same time the need to maintain the minimum wage of workers who are not required to work so that the rate of reduction does not exceed 50% for the months of May and June of the year 2020. This is provided that the worker's wage after the reduction is not less than the minimum wage, all of this in sectors in general, other than those classified as more adversely affected.
- In the most affected economic sectors, the employer can deduct up to 60% of the monthly wage of the worker. This is provided that the worker's wage after the reduction is not less than JD 150 per month without requiring the approval of the Ministry of Labor or the worker.
- The employer can deduct 50% of the annual leave balance for the year 2020 for workers who are not assigned to work on the site of the institution or remotely for a period of thirty days or more during the period extending from the mandate of the Defense Law.

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.

Some of the Company's investments and operating activities were affected by the current conditions, which had a negative impact on the Company's operating results for the period compared to the same period of the previous year. 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.