

ARAB INTERNATIONAL HOTELS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2020



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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Arab International Hotels Company Public Shareholding Company
Amman – Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab International Hotels Company Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter

Without qualifying our opinion, we draw attention to note (28) to the financial statements, which describes the potential effect of COVID-19 pandemic on the Company's operating environment.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. 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. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition	
Key Audit Matter	How the key audit matter was addressed
<p>We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue due to high volume of revenues with low value transactions. In addition, we focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenue. The Company focuses on revenue as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service.</p>	<p>Our audit procedures include considering the appropriateness of the Company’s revenue recognition accounting policies and assessed compliance with the policies in terms of applicable International Financial Reporting Standards. We tested the Company’s controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures for the gross margin for rooms and food and beverages departments.</p> <p>We performed also analytical procedures that was based on building expectations about the revenue figures for the year using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts.</p> <p>Refer to note (25) to the financial statements for more details about revenues and note (5) for significant accounting policies applicable to revenue account.</p>

Other information included in the Company's 2020 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 exist. 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, 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 exist, we are required to draw attention in our auditor's 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 auditor's 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.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

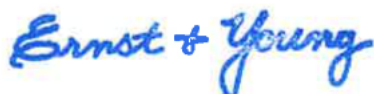
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barqawi; license number 591.

Amman – Jordan
28 February 2021



ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
ASSETS			
Non-current assets -			
Property and equipment	6	13,583,901	14,503,310
Financial assets at fair value through other comprehensive income	7	4,359,067	5,202,367
Investments in associates	8	42,770,137	49,038,537
Deferred tax assets	18	418,409	-
		61,131,514	68,744,214
Current assets -			
Inventories		359,786	384,553
Accounts receivable and other current assets	11	1,009,848	4,584,180
Financial assets at amortized cost	9	1,500,000	1,500,000
Cash and short term deposits	12	4,365,716	2,736,877
		7,235,350	9,205,610
Total Assets		68,366,864	77,949,824
EQUITY AND LIABILITIES			
EQUITY-			
Paid-in capital	13	32,000,000	32,000,000
Share premium	13	3,644,693	3,644,693
Statutory reserve	13	8,000,000	8,000,000
Voluntary reserve	13	8,000,000	8,000,000
Fair value reserve	7	(4,314,265)	(3,469,552)
Company's share of the fair value reserve / investments in associates		(3,678,657)	(2,487,136)
Retained earnings		2,566,762	10,651,397
Total Equity		46,218,533	56,339,402
Non-current liabilities -			
Long-term loans	15	8,456,878	7,656,301
Bonds payable	10	10,000,000	10,000,000
		18,456,878	17,656,301
Current liabilities -			
Current portion of long- term loans	15	2,422,534	1,484,310
Accounts payable		448,167	877,390
Provisions and other current liabilities	16	820,752	1,592,421
		3,691,453	3,954,121
Total Liabilities		22,148,331	21,610,422
Total Equity and Liabilities		68,366,864	77,949,824

The accompanying notes from 1 to 28 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
Operational revenues from Amman Marriott Hotel		3,170,300	10,822,183
Operational costs from Amman Marriott Hotel		(4,069,601)	(8,183,363)
Depreciation of property and equipment	6	(1,170,121)	(1,328,015)
Operational (loss) profits from the hotel		(2,069,422)	1,310,805
Share of (losses) profits from associates	8	(3,315,414)	4,441,755
Interest income		234,581	154,857
Finance costs		(966,228)	(1,044,148)
Dividends income		162,732	371,543
Other income		184,655	50,684
Depreciation of property and equipment	6	(29,120)	(34,095)
Administrative expenses	17	(784,828)	(894,136)
(Loss) profit before income tax		(6,583,044)	4,357,265
Income tax (expense) surplus	18	418,409	(140,776)
National contribution tax		-	(7,039)
(Loss) profit for the year		(6,164,635)	4,209,450
		JD / Fils	JD / Fils
Basic and diluted (loss) earnings per share	19	(0/193)	0/132

The accompanying notes from 1 to 28 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> JD	<u>2019</u> JD
(Loss) profit for the year		(6,164,635)	4,209,450
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:			
Net change in fair value reserve	7	(844,713)	(761,630)
Company's share of the net change in fair value reserve from the investments in associates	8	<u>(1,191,521)</u>	<u>(1,054,051)</u>
Total comprehensive (loss) income for the year		<u><u>(8,200,869)</u></u>	<u><u>2,393,769</u></u>

The accompanying notes from 1 to 28 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve*	Company's share from the fair value reserve /of the investment in associates*	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2020 -								
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 loss for the year	-	-	-	-	(844,713)	(1,191,521)	(6,164,635)	(8,200,869)
Dividends (note 14)	-	-	-	-	-	-	(1,920,000)	(1,920,000)
Balance at 31 December 2020	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(4,314,265)</u>	<u>(3,678,657)</u>	<u>2,566,762</u>	<u>46,218,533</u>
2019 -								
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 loss for the year	-	-	-	-	(761,630)	(1,054,051)	4,209,450	2,393,769
Transfers	-	-	-	(5,000,000)	-	-	5,000,000	-
Dividends (note 14)	-	-	-	-	-	-	(1,920,000)	(1,920,000)
Balance at 31 December 2019	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(3,469,552)</u>	<u>(2,487,136)</u>	<u>10,651,397</u>	<u>56,339,402</u>

* It is restricted to use an amount of JD 7,992,922 from retained earnings as at 31 December 2020, which represents the total negative balance of the fair value reserve and Company's share of fair value reserve / investment in associates.

The accompanying notes from 1 to 28 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
<u>OPERATING ACTIVITIES</u>			
(Loss) profit before income tax		(6,583,044)	4,357,265
Adjustments for:			
Depreciation on property and equipment	6	1,199,241	1,362,110
Gain on sale of property and equipment		-	(46,412)
Recovered from expected credit losses		(6,002)	-
Finance costs		966,228	1,044,148
Interest income		(234,581)	(154,857)
Share of loss (profit) from associates	8	3,315,414	(4,441,755)
Dividends income		(162,732)	(371,543)
Changes in working capital:			
Inventories		24,767	13,114
Accounts receivable and other current assets		(130,778)	(3,487,786)
Accounts payable		(429,223)	(6,353)
Provisions and other current liabilities		(771,669)	(204,332)
Income tax paid	18	(2,812,379)	(1,936,401)
		(186,831)	(80,113)
Net cash flows used in operating activities		(2,999,210)	(2,016,514)
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	6	(279,832)	(1,019,608)
Purchase of financial assets at fair value through other comprehensive income		-	(1,926)
Decrease in associate capital (note 8)		2,474,080	-
Dividends received from associates	8	163,904	4,268,109
Interest income received		234,581	154,857
Dividends received		-	371,543
Related parties – Beaches Company for Hotels and Resorts receivable		3,711,112	-
Purchase of shares in associates	8	(876,519)	-
Proceed from sale of property and equipment		-	54,723
Net cash flows from investing activities		5,427,326	3,827,698
<u>FINANCING ACTIVITIES</u>			
Dividends paid	14	(1,920,000)	(1,920,000)
Repayments of loans	15	-	(2,193,310)
Proceeds from loans		1,738,801	4,254,000
Finance costs paid		(618,078)	(1,044,148)
Net cash flows used in financing activities		(799,277)	(903,458)
Net increase (decrease) in cash and cash equivalents		1,628,839	907,726
Cash and cash equivalents on 1 January		2,736,877	1,829,151
Cash and cash equivalents on 31 December	12	4,365,716	2,736,877

The accompanying notes from 1 to 28 form part of these financial statements

(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. 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 financial statements were approved by the Company’s Board of Directors on 9 February 2021. These financial statements require the approval of the General Assembly of the shareholders of the Company.

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION

(2-1) BASIS OF PREPARATION

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 at the date of the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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

(2-2) CONCEPTUAL ACCOUNTING CONCEPTS

Due to the spread of Corona virus (COVID-19) as disclosed in note (28) which may cast significant doubt on the Company’s ability to continue as a going concern. The Company’s management believes that it is appropriate to use the going concern basis for the financial statements based on the future business of the Company, in addition to its ability to obtain or reschedule banking facilities.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual 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 amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

The amendments have been applied to transactions that are either a business merger or the acquisition of assets which its acquisition date is on or after the beginning of the first annual reporting period that began on or after January 1, 2020. Consequently, the company did not have to reconsider these transactions that occurred on Earlier periods. Early application is permitted and must be disclosed.

These amendments had no impact on the financial statements of the Company.

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.

These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

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.

These amendments have no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The amendment s did not have a material impact on the financial statements of the company.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Allowance for expected credit losses: Allowance for expected credit loss on receivables is reviewed and under the principles and assumptions approved by the Company's management to estimate the allowance amount and in accordance with IFRS requirements.

Income Tax provision: The fiscal year shall be charged in respect of the income tax expense in accordance with the regulations, laws and accounting standards. The needed income tax provision is calculated accordingly.

Useful life of properties and equipment: The Company's management estimates the useful life for its tangible assets for the purpose of calculating depreciation by depending on the expected useful life of these assets. Impairment loss is recorded in the statement of income (if any).

Legal Provision: To meet any legal obligations, provisions are made for these obligations based on the opinion of the Company's legal advisor.

(5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses (except lands).

Property and equipment depreciation is calculated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	<u>%</u>
Hotel's building, renovations, and improvements	2-20
Furniture and fixture	8-12
Machinery and equipment	6-20
Vehicles	15
Fire extinguishing system	4
Solar System	5

The assets carrying values of property and equipment are reviewed whenever indications arise or events incur that indicates that the carrying value is non recoverable. The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property and equipment. All other expenditures are recognised in the statement of profit or loss as the expense is incurred.

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments for the purpose of maintaining them over the long term.

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the statement of other comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gains or losses is recorded at the statement of comprehensive income and in the statement of equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings and not through statement of income. These assets are not subject to impairment testing and dividends received are recognized in the statement of profit and loss when declared.

Financial assets at amortized cost

Financial assets at amortized cost are the financial assets that the Company's management, in accordance with its business model, intends to maintain in order to collect contractual cash flows which consist of payments of principal and interest on the outstanding debt balance.

These assets are recognized at cost, plus acquisition costs, and the allowance / discount is amortized using the effective interest method, restricted or credited to the interest, and any impairment charge is removed and the original or part of the asset cannot be recovered. Their value in the statement of income.

The amount of impairment in value of these assets represents the difference between the carrying value of the records and the present value of the expected cash flows discounted at the original effective interest rate.

Investments in associates

An associate is an entity in which the Company has significant influence on the financial and operating decision-making (the Company does not control) which the company owns 20% to 50% from the voting rights. The Company's investments in its associates are accounted for using the equity method.

Income and expenses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision expected credit losses. The Company applies the simplified approach in calculating the expected credit loss in accordance with the international financial accounting standard number (9).

Inventories

Inventories are valued at cost (weighted average costing) or net realizable value whichever is lower.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with maturities of three months or less, net of outstanding bank overdrafts.

Fair value

The Company measures financial instruments such as financial assets at fair value through other comprehensive income at fair value on the date of the financial statements as disclosed in (note 22).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and the cost to settle the obligation is both probable and able to be reliably measured.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments which are measured based on the reporting to management and the decision makers in the Company.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Company's activity consists of three economic sectors the revenues and expenses of the Marriott Amman Hotel, investments in financial assets through other comprehensive income and investments in associates.

Revenue and expenses recognition

Revenue is recognized based on the five-step model framework derived from the international financial reporting standard number (15) which includes the identification of the contract, price, allocating the contract price to the performance obligation in the contract and recognizing revenue when the company satisfies the performance obligation. Whereby revenue is recognized when selling goods to the customers and issuing the invoice to the customer at a point in time.

Interest revenue is recognised on accrual basis using effective interest rate.

Profits of associates is recognised by using the equity method when the associates declare their results.

Other income is recognised on accrual basis.

Expenses are recognised on accrual basis.

Foreign currency

Foreign currency transactions during the year are recorded using exchange rates that are in effect at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the statement of income.

Income Taxes

Income tax is accounted for in accordance with the Income Tax Law No. (34) of 2014 and International Accounting Standard No. (12) which states that deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Current tax is calculated based on taxable profits, which may differ from accounting profits appearing in the statement of profit or loss. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent applicable years.

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences such as unused tax expenses and losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

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(6) PROPERTY AND EQUIPMENT

	Lands	Hotel's building and renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Work in progress*	Solar System	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020- Cost									
At 1 January 2020	2,094,168	17,497,244	8,789,331	7,512,299	352,175	424,782	1,630,831	2,620,208	40,921,038
Additions	-	17,664	83,563	132,204	-	-	25,980	20,421	279,832
Transfers	-	1,495,205	16,800	124,627	-	-	(1,636,632)	-	-
At 31 December 2020	2,094,168	19,010,113	8,889,694	7,769,130	352,175	424,782	20,179	2,640,629	41,200,870
Accumulated depreciation									
At 1 January 2020	-	11,994,009	7,683,996	5,897,381	219,142	424,782	-	198,418	26,417,728
Depreciation for the year	-	366,305	266,087	403,371	31,772	-	-	131,706	1,199,241
At 31 December 2020	-	12,360,314	7,950,083	6,300,752	250,914	424,782	-	330,124	27,616,969
Net book value									
At 31 December 2020	2,094,168	6,649,799	939,611	1,468,378	101,261	-	20,179	2,310,505	13,583,901

* The estimated cost to complete the projects as at 31 December 2020 is approximately JD 80,000, and it is expected to complete these projects during the year 2021.

** The total cost of fully depreciated assets as at 31 December 2020 is JD 12,178,425 (2019: JD 9,605,357).

*** The depreciation expenses at 31 December 2020 is divided between depreciation of operating property and equipment (JD 1,170,212) and depreciation of general and administrative property and equipment (JD 29,120).

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	Lands	Hotel's building and renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Work in progress*	Solar System	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2019- Cost									
At 1 January 2019	2,094,168	16,926,786	8,721,333	7,603,209	409,550	424,782	2,134,590	2,437,715	40,752,133
Additions	-	-	67,864	363,369	80,235	-	416,152	91,988	1,019,608
Transfers	-	570,458	-	-	-	-	(570,458)	-	-
Returns from contractors	-	-	-	-	-	-	-	(437,210)	(437,210)
Disposals	-	-	-	(275,883)	(137,610)	-	-	-	(413,493)
At 31 December 2019	2,094,168	17,497,244	8,789,197	7,690,695	352,175	424,782	1,980,284	2,092,493	40,921,038
Accumulated depreciation									
At 1 January 2019	-	11,646,688	7,248,269	5,770,698	319,373	420,944	-	54,828	25,460,800
Depreciation for the year	-	347,320	437,112	401,167	29,084	3,838	-	143,589	1,362,110
Disposal	-	-	-	(275,882)	(129,300)	-	-	-	(405,182)
At 31 December 2019	-	11,994,008	7,685,381	5,895,983	219,157	424,782	-	198,417	26,417,728
Net book value									
At 31 December 2019	2,094,168	5,503,236	1,103,816	1,794,712	133,018	-	1,980,284	1,894,076	14,503,310

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2020</u>	<u>2019</u>
	JD	JD
Investment in companies' shares – quoted in Amman Stock Exchange	4,182,067	5,025,367
Investment in companies' shares– unquoted in Amman Stock Exchange	177,000	177,000
	<u>4,359,067</u>	<u>5,202,367</u>

Movement on the financial assets at fair value is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
At 1 January	5,202,367	5,962,071
Investment during the year	1,413	1,926
Change in fair value	<u>(844,713)</u>	<u>(761,630)</u>
At 31 December	<u>4,359,067</u>	<u>5,202,367</u>

Movement on fair value reserve is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
At 1 January	(3,469,552)	(2,707,922)
Change in fair value	<u>(844,713)</u>	<u>(761,630)</u>
At 31 December 2020	<u>(4,314,265)</u>	<u>(3,469,552)</u>

(8) INVESTMENT IN ASSOCIATES

	Percentage of ownership		Value	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	%	%	JD	JD
Business Tourism Company	35.516	35.516	16,802,918	18,393,353
Al Dawliyah for Hotels and Malls Company	26.91	26.91	12,701,929	13,790,409
Interior Design Studio Company	25	25	-	-
Beaches Company for Hotels and Resorts*	48.89	30.93	763,192	2,503,328
Jordan Investor Center Company	49.34	49.34	10,986,524	12,836,044
Arab International Real Estate Company	42.35	42.35	<u>1,515,574</u>	<u>1,515,403</u>
			<u>42,770,137</u>	<u>49,038,537</u>

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

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

Company	Main operation
Business Tourism Company – private shareholding	Owning company of Jordan Valley Marriot and Petra Marriott Hotels
Al Dawliyah for Hotels and Malls Company - PLC	Owning company of Sheraton Amman Hotel
Interior Design Studio Company LLC.	Interior designs projects for hotels
Beaches Company for Hotels and Resorts – private shareholding	Owning company of Marriot Aqaba Hotel
Jordan Investor Center Company – private shareholding	Investments in stocks and companies
Arab International Real Estate Company – private shareholding	Investments in lands and real estate

Movement on investment in associates is as follows:

	2020	2019
	JD	JD
Balance at 1 January	49,038,537	49,918,942
Decrease in associate capital	(2,474,080)	-
Dividends paid	(163,904)	(4,268,109)
Share of (loss) profit from associates	(3,315,414)	4,441,755
Share of change in fair value reserve	(1,191,521)	(1,054,051)
Purchase of additional shares in associate*	876,519	-
	<u>42,770,137</u>	<u>49,038,537</u>

* During 2020 the Company purchased 876,519 shares from Beaches Company for Hotels and Resorts – private shareholding.

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	Al Dawliyah for Hotels and Malls Company	Business Tourism Company	Jordan Investor Center Company	Interior Design Studio Company	Beaches Company for Hotels and Resorts	Arab International Real Estate Company	Total
2020 -	JD	JD	JD	JD	JD	JD	JD
Investment in associates							
Current assets	1,712,941	3,164,608	1,310,631	-	4,791,868	93,991	11,074,039
Non-current assets	58,563,453	54,628,713	24,114,666	-	-	3,482,598	140,789,430
Current liabilities	(6,008,612)	(3,509,818)	(7,270,106)	-	-	(1,759)	(16,790,295)
Non-current liabilities	(4,260,463)	(3,245,960)	-	-	(3,020)	-	(7,509,443)
Equity	(50,007,319)	(51,037,543)	(18,155,191)	-	(4,788,848)	(3,574,830)	(127,563,731)
Ownership %	26.91	35.516	49.34	25	48.89	42.35	-
Investment carrying amount	<u>12,701,929</u>	<u>16,802,918</u>	<u>10,986,524</u>	<u>-</u>	<u>763,192</u>	<u>1,515,574</u>	<u>42,770,137</u>
Revenues							
Operating (losses) Revenues	(2,386,696)	(3,012,005)	(910,633)	-	161,390	1,439	(6,146,505)
Administrative expenses	(727,566)	(599,268)	(262,708)	(98,636)	(397,412)	(926)	(2,086,516)
Finance costs	(264,840)	(201,289)	(670,166)	-	-	-	(1,136,295)
(Loss) Income before tax	(3,379,102)	(3,812,562)	(1,843,507)	(98,636)	(236,022)	513	(9,369,316)
Income tax expense	-	-	-	-	-	(108)	(108)
(Loss) profit for the year	<u>(3,379,102)</u>	<u>(3,812,562)</u>	<u>(1,843,507)</u>	<u>(98,636)</u>	<u>(236,022)</u>	<u>405</u>	<u>(9,369,424)</u>
The Company's share of (loss) profit for the year	<u>(909,316)</u>	<u>(1,354,070)</u>	<u>(909,623)</u>	<u>(24,659)</u>	<u>(117,574)</u>	<u>(172)</u>	<u>(3,315,414)</u>

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	Al Dawliyah for Hotels and Malls Company	Business Tourism Company	Jordan Investor Center Company	Interior Design Studio Company	Beaches Company for Hotels and Resorts	Arab Internation al Real Estate Company	Total
	JD	JD	JD	JD	JD	JD	JD
2019 -							
Investment in associates							
Current assets	2,469,140	6,691,889	9,619,902	310,897	26,445,896	95,001	45,632,725
Non-current assets	61,052,267	56,543,069	25,234,079	14,553	2,600,000	3,482,598	148,926,566
Current liabilities	(5,778,067)	(1,989,189)	(11,177,016)	(285,904)	(13,416,039)	-	(32,646,215)
Non-current liabilities	(3,438,017)	(6,056,188)	-	(90,430)	-	(1,988)	(9,586,623)
Equity	54,305,323	55,189,581	23,676,965	(50,883)	15,629,857	3,575,611	152,326,453
Ownership %	26,91	35,516	49,342	25	30,926	42,353	
Investment carrying amount	13,790,409	18,393,353	12,836,044	-	2,503,328	1,515,403	49,038,537
Revenues							
Operating Revenues	11,439,137	18,239,116	2,572,425	377,458	19,519,106	2,732	52,149,974
Administrative expenses	(10,578,867)	(15,578,499)	(1,320,996)	(573,180)	(6,057,084)	(110)	(34,108,736)
Finance costs	(274,619)	(315,242)	(816,936)	(16,242)	-	-	(1,423,039)
Income (loss) before tax	585,651	2,345,375	434,493	(211,964)	13,462,022	2,622	16,618,199
Income tax expense	(95,571)	(160,000)	-	-	-	-	(255,571)
Profit (loss) for the year	490,080	2,185,375	434,493	(211,964)	13,462,022	2,622	16,362,628
The Company's share of profit (loss) for the year	131,880	776,158	214,388	(40,970)	3,359,189	1,110	4,441,755

(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 rate at the beginning of each period equals to the discount rate of the Central Bank of Jordan plus 2% margin which amounted to 6.75% at issuance date. The interest at year end was 7.5% and the interest is paid semi-annually. The Bond is due in one instalment on 12 October 2023. In October 2018 the Board of Directors decided to sell Jordan Ahli Bank bonds, thus the bonds were classified as current assets.

(10) BONDS PAYABLE

On 22 January 2017, Arab International Hotels Company Public Shareholding Company issued a 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%. paid semi-annually. The bond principal is due in one instalment on 22 January 2022.

(11) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	<u>2020</u>	<u>2019</u>
	JD	JD
Trade receivables	363,842	525,163
Provision for expected credit losses	(33,288)	(39,290)
	<u>330,554</u>	<u>485,873</u>
Amounts due from related parties (note 20)	23,299	3,799,907
Other current assets	655,995	298,400
	<u>1,009,848</u>	<u>4,584,180</u>

Expected credit losses provision amounted to JD 33,288 as at 31 December 2020 (2019: JD 39,290).

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Movement on expected credit losses provision is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance as at 1 January	39,290	38,977
Provision of the year	-	313
Recovered from expected credit losses	<u>(6,002)</u>	<u>-</u>
Balance as at 31 December	<u><u>33,288</u></u>	<u><u>39,290</u></u>

As at 31 December, the ageing of unimpaired receivables net of expected credit losses provision is as follows:

	<u>1 - 30</u> days	<u>31 – 60</u> days	<u>61 – 90</u> days	<u>91 – 120</u> days	<u>>120</u> days	<u>Total</u>
	JD	JD	JD	JD	JD	JD
2020	261,269	39,930	4,561	6,000	18,794	330,554
2019	287,005	155,870	12,295	5,703	25,000	485,873

The management expects to collect all unimpaired receivables balances. It is not the practice of the Company to obtain collateral against the receivable, therefore they are unsecured.

(12) CASH AND SHORT TERM DEPOSITS

	<u>2020</u>	<u>2019</u>
	JD	JD
Short-term deposits*	2,939,233	689,458
Cash on hands and at banks	<u>1,426,483</u>	<u>2,047,419</u>
	<u><u>4,365,716</u></u>	<u><u>2,736,877</u></u>

* Short term deposits represent deposits held with local banks in Jordanian Dinar with maturities of three months or less, bearing an interest rate 4%.

(13) EQUITY

Paid-in capital

The Company authorized paid-in capital amounted to JD 32,000,000 divided to 32,000,000 shares with par value of JD 1 per share as at 31 December 2020.

Share premium

The amount accumulated in this account represents the difference between the proceeds of share issuances and the par value of the issued shares.

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 allowed to stop the transfer to this account when the reserve amount reaches 25% of the share capital. In reference to that the Company decided not to transfer any additional amounts to the statutory reserve.

Voluntary reserve

The accumulated amounts in this account represent cumulative appropriations of 20% of the profit before income tax. The statutory reserve is available for distribution to the shareholders. At its meeting held on 22 April 2019, the General Assembly approved the transfer of JD 5,000,000 from voluntary reserve to retained earnings.

(14) 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 as a result of 2019's operations (2019: JD1,920,000).

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(15) Loans

	2020		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)	330,866	1,985,204	330,866	1,985,204
Jordan Ahli Bank – JD (3)	531,868	1,329,673	444,444	1,417,097
Jordan Ahli Bank – USD (4)	850,800	3,403,200	-	4,254,000
Jordan Ahli Bank – JD (5)	-	1,738,801	-	-
	<u>2,422,534</u>	<u>8,456,878</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 and with an interest rate of 4.10%. The loan will be repaid 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 December 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 in 31 March 2021.

Jordan Ahli Bank – USD (2)

This balance 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. this loan was granted against the Company's guarantee and with 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, and the interest will be paid every 6 months. The loan instalments for the years 2018 and 2017 were rescheduled to 2025 and 2026 while the interest will be paid every 6 months. During the period ended 31 December 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 on October 2027.

Jordan Ahli Bank – JD (3)

On 4 November 2015 the Company signed an energy loan agreement with Jordan Ahli Bank with a ceiling of JD 4,000,000 with an annual interest rate of 4% on utilized balance. The loan will be paid in 18 semi annual instalments, the first instalment was due on 1 November 2017. The last instalment will be due on 1 May 2025. During the period ended 31 December 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 on May 2024.

Jordan Ahli Bank – USD (4)

This balance 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 and with an interest equivalent to LIBOR 2.5% and minimum 5%. The loan will be paid in 10 equal semi - annual instalments. The first instalment was due on 28 February 2021, and the interest will be paid monthly.

Jordan Ahli Bank – JD (5)

On 15 June 2020 the Company signed a funding operating expenses and salaries agreement with Jordan Ahli Bank with a ceiling of JD 3,000,000 with an annual interest rate of 3% on utilized balance. The loan will be paid in 16 semi annual instalments, the first instalment will be due on 30 June 2022. The last instalment will be due on 31 December 2028. The Company utilized an amount of JD1,738,801 as of 31 December 2020.

These loans were granted against the Company's guarantee.

Movement on the loans is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance as at 1 January	9,140,611	7,079,921
Proceeds from loans	1,738,801	4,254,000
Loans repayments	-	(2,193,310)
	<u>10,879,412</u>	<u>9,140,611</u>

- The amount of annual payments and maturities of the loans are as follows:

<u>Year</u>	<u>JD</u>
2021	2,422,534
2022	1,565,767
2023	1,850,320
2024 - 2028	5,040,791
	<u>10,879,412</u>

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(16) PROVISIONS AND OTHER CURRENT LIABILITIES

	<u>2020</u>	<u>2019</u>
	JD	JD
Due to share holders and dividends payable	358,660	337,278
Board of Directors' benefits	-	65,000
Accrued expenses	462,092	653,506
Income tax provision (note 18)	-	186,831
Other credit balances	-	342,767
National contribution taxes provision	-	7,039
	<u>820,752</u>	<u>1,592,421</u>

(17) ADMINISTRATIVE EXPENSES

	<u>2020</u>	<u>2019</u>
	JD	JD
Salaries, wages and other benefits	315,314	405,280
Prior years income tax	43,167	-
Social security	11,863	14,660
Board of Directors travel and transportation expenses	97,293	101,682
Chairman office expenses	5,171	5,208
BOD remuneration	-	65,000
Insurance expenses	56,726	74,141
Governmental fees	27,420	26,747
Donations	19,200	19,200
Rent	19,350	19,350
Professional fees	12,950	10,000
Advertisement expenses	3,296	6,910
Vehicles expenses	13,977	17,900
Bank expenses	20,313	23,629
Property tax expenses	45,724	46,368
Stationery and publications	6,483	8,715
Hospitality expenses	3,263	6,175
Solar System expenses	69,337	33,266
Others	13,981	9,905
	<u>784,828</u>	<u>894,136</u>

(18) INCOME TAX

The income tax for the years ended 31 December 2020 has not been calculated due to the excess in expenses over taxable income in accordance with income tax law no (38) of 2018.

The income tax for the year ended 31 December 2019 is calculated in accordance with the Income 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.

A- The movement on income tax provision is as follow:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance as at 1 January	186,831	126,168
Income tax expense for the year	-	140,776
Income tax paid	(186,831)	(80,113)
Balance as at 31 December	<u>-</u>	<u>186,831</u>

B- The reconciliation between the accounting profit and taxable income is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Accounting (loss) profit	(6,583,044)	4,357,265
Non-taxable income	3,478,146	(4,813,299)
Non-deductible expenses	1,012,856	1,159,913
Taxable (loss) income	<u>(2,092,042)</u>	<u>703,879</u>
Income tax expense for the year	-	140,776
Statutory income tax rate	20%	20%
Effective income tax rate	-	3.23%

The income tax expense at it appears on the statement of profit and loss is as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Current year income tax expense	-	(140,776)
Deferred tax assets	418,409	-
Income tax surplus (expense)	<u>418,409</u>	<u>(140,776)</u>

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(19) BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

	<u>2020</u>	<u>2019</u>
(Loss) Profit for the year (JD)	(6,164,635)	4,209,450
Weighted average number of shares (share)	<u>32,000,000</u>	<u>32,000,000</u>
	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic (loss) earnings per share	<u>(0/193)</u>	<u>0/132</u>

The diluted earnings per share of the (loss) profit for the year to shareholders of the Company is equal to the basic earnings per share of (loss) profit for the year.

(20) 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:

	<u>2020</u>	<u>2019</u>
	JD	JD
Assets		
Bank deposit - Jordan Ahli Bank	<u>2,939,233</u>	<u>689,458</u>
Current account at Jordan Ahli Bank	<u>1,295,098</u>	<u>2,025,919</u>
Financial assets at amortized cost (note 9)	<u>1,500,000</u>	<u>1,500,000</u>
The other debit balances includes due from related parties broken down as follows:		
Due from Interior Design Studio Company Partner	23,299	23,299
Petra Marriott Hotel	-	16,494
Jordan Valley Marriott Hotel	-	40,195
Due from Business Tourism Company	-	1,000
Due from Al Dawliyah for hotels and malls	-	4,582
Due from Beaches Company for Hotel and Resorts	-	3,711,112
Due from Jordan investor company	-	3,225
	<u>23,299</u>	<u>3,799,907</u>

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Liabilities:

	<u>2020</u>	<u>2019</u>
	JD	JD
Loans granted by Jordan Ahli Bank	<u>10,879,412</u>	<u>9,140,611</u>
Due to banks - Jordan Ahli Bank	<u>-</u>	<u>-</u>
Bonds payable (note 10)	<u>7,300,000</u>	<u>7,300,000</u>

Financial assets at fair value through other comprehensive income:

	<u>2020</u>	<u>2019</u>
	JD	JD
The Joradan Worsted Mills Company	<u>1,854,410</u>	<u>2,079,347</u>
El Zay Ready Wear Manufacturing Company	<u>145,396</u>	<u>176,006</u>
Jordan Ahli Bank	<u>1,216,813</u>	<u>1,501,263</u>

Transactions with related parties included in the statement of income are as follows:

	<u>2020</u>	<u>2019</u>
	JD	JD
Interest income on deposits - Jordan Ahli Bank	<u>21,721</u>	<u>46,501</u>
Dividends income	<u>162,732</u>	<u>294,584</u>
Interest income on financial assets at amortized cost	<u>90,134</u>	<u>113,250</u>
Key management salaries and benefits and Board of Directors remuneration	<u>302,698</u>	<u>347,630</u>
Finance costs – Jordan Ahli Bank	<u>414,708</u>	<u>494,148</u>
Finance costs bonds – related parties	<u>401,500</u>	<u>401,500</u>

(21) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits and bank overdraft and term loans. There is no interest rate risk associated with interest rate on bonds as it bears fixed interest rates.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

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The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates as 31 December, with all other variables held constant.

	<u>Increase in basis points</u>	<u>Effect on profit for the year</u> JD
2020- Currency		
JD	100	(65,396)
USD	100	(72,791)
	<u>Decrease in basis points</u>	<u>Effect on profit for the year</u> JD
Currency		
JD	100	65,396
USD	100	72,791
	<u>Increase in basis points</u>	<u>Effect on profit for the year</u> JD
2019- Currency		
JD	100	(11,721)
USD	100	(72,791)
	<u>Decrease in basis points</u>	<u>Effect on profit for the year</u> JD
Currency		
JD	100	11,721
USD	100	72,791

Equity price risk

The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in equity prices, with all other variables held constant.

2020- Equity price	<u>Change in equity price</u> %	<u>Effect on equity</u> JD
Amman Stock Exchange	5 (5)	217,953 (271,953)

2019 - Equity price	<u>Change in equity price</u> %	<u>Effect on equity</u> JD
Amman Stock Exchange	5 (5)	260,118 (260,118)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Company's (undiscounted) financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

31 December 2020	Less than	3 to 12	1 to 5	Total
	3 months	months	years	
	JD	JD	JD	JD
Bonds payable	-	550,000	11,100,000	11,650,000
Accounts payable and other current liabilities	1,268,919	-	-	1,268,919
Loans	820,313	1,647,224	9,820,116	12,287,653
Total	<u>2,089,232</u>	<u>2,197,224</u>	<u>20,920,116</u>	<u>25,206,572</u>

31 December 2019

Bonds payable	-	550,000	11,100,000	11,650,000
Accounts payable and other current liabilities	2,469,811	-	-	2,469,811
Loans	820,313	1,094,406	8,634,133	10,548,852
Total	<u>3,290,124</u>	<u>1,644,406</u>	<u>19,734,133</u>	<u>24,668,663</u>

Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollar. The Jordanian Dinar is fixed against US Dollar (1.41 USD / 1JD). Accordingly, the effect of currency risk is not material to the financial statements.

(22) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consists of cash on hand and at banks, account receivable, and some other debit balances. Financial liabilities consist of accounts payable, due to banks, loans, and some other current liabilities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

2020-	<u>Level 1</u> JD	<u>Level 2</u> JD	<u>Level 3</u> JD	<u>Total</u> JD
Financial assets at fair value through other comprehensive income	4,182,067	-	177,000	4,359,067
2019-				
Financial assets at fair value through other comprehensive income	5,025,367	-	177,000	5,202,367

(23) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes for the current year and previous year.

Capital comprises of paid-in capital, share premium, statutory reserve, voluntary reserve , change in fair value reserve, company's share from change in fair value reserve /from investment in associates, and retained earnings and is measured at JD 46,218,533 as of 31 December 2020 (2019: JD 56,339,402).

(24) CONTINGENCIES AND COMMITMENTS

Lawsuits

The Company is a defendant in a number of lawsuits amounting JD 6,634 representing legal claims related to its activities (2019: JD 43,385).

The Company filed a number of lawsuits amounting JD 29,459 representing legal claims related to its activities.

Capital commitments

Expected cost to complete the projects in progress as of 31 December 2019 is approximately JD 5,000,000 and it is expected to complete such projects during the year 2021.

(25) 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:

The following table represent Marriott Amman operating revenues:

	<u>2020</u>	<u>2019</u>
	JD	JD
Rooms Revenues	1,594,033	6,470,310
F&B Revenues	1,330,082	4,013,850
Other Revenues	246,185	338,023
	<u>3,170,300</u>	<u>10,822,183</u>

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The following table summarizes the Segment results:

	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
31 December 2020 -			
Revenues	1,488,882	(1,052,028)	436,854
Segment results -			
(Loss) profit before income tax	(5,531,016)	(1,052,028)	(6,583,044)
Income tax surplus	418,409	-	418,409
National contribution tax	-	-	-
Loss for the year	(5,112,607)	(1,052,028)	(6,164,635)
<u>Other Segment Information</u>			
Capital expenditure	279,832	-	279,832
Depreciation	1,199,241	-	1,199,241
31 December 2019 -			
Revenues	15,181,700	659,322	15,841,022
Segment results -			
Profit before income tax	3,697,943	659,322	4,357,265
Income tax expense	(119,474)	(21,302)	(140,776)
National contribution tax	(7,039)	-	(7,039)
Profit for the year	3,571,430	638,020	4,209,450
<u>Other Segment Information</u>			
Capital expenditure	1,019,608	-	1,019,608
Depreciation	1,362,110	-	1,362,110
<u>Assets and Liabilities</u>			
31 December 2020			
Assets segment	48,824,098	19,124,357	68,366,864
Liabilities segment	22,148,331	-	1,362,110
31 December 2019			
Assets segment	54,392,682	23,557,142	77,949,824
Liabilities segment	21,610,422	-	21,610,422

The Company share from associates (losses) profits amounted to 3,315,414 JD for the year ended 31 December 2020 (2019: JD 4,441,755).

(26) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement,
 - the right to defer must exist at the end of the reporting period,
 - that classification is unaffected by the likelihood,
 - that an entity will exercise its deferral right,
-
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

IBOR reform Phase 2

IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

(27) COMPARATIVE FIGURES

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

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

The coronavirus has had an impact on the global economy and caused disruption in global markets together with travel restrictions which has adversely impacted the tourism and hospitality sector as a result of cancellations of conferences and hotel reservations. Further to the above, the Cabinet of Jordan decided to cease all commercial travel to and from the Kingdom effective 17 March 2020 until 4 September 2020 and tightened travel procedures, in addition to the quarantine of arrivals to the Kingdom.

The Jordanian Prime Minister issued the following defense orders under Defense Law No. 13 for the year 1992 which have directly or indirectly affected the Company's operations and performance:

1. Defense Order No. 1 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 which sets the wages of workers in private sector and any other organization subject to the Jordanian Labor Law as follows:
 - Workers who perform their work in the workplace are entitled to their full wages. It is permissible for the employer to agree with the employees to reduce wages up to 30% of the employees' wage granted that this policy is applied across the entire entity including the salaries of top management personnel.
 - Full time workers who perform their work remotely at the entities which are authorized to work remotely or those included in the suspension decision are entitled to receive their full wages.
 - Part time workers who perform their work remotely at the entities which are authorized to work remotely or those included in the suspension decision are entitled to receive their wages based on the actual hours worked granted that the wages received are no less than the minimum wage in place or as stated in the Defense Order.
 - Employers who are authorized to operate at a lower capacity or those who are included in the suspension decision may request from the Minister of Labor the authorization to pay employees wages equaling no less than 50% of the ordinary wages provided that the wages paid are no less than the minimum wage in place.

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 the employer 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 no 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 no 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 no 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.

During September 2020, the Government stopped institutional quarantine procedures for travelers arriving from all destinations and replaced it with home-based quarantine procedures. This has further adversely impacted the operating environment of the Tourism and Hospitality sector.

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 year compared to prior 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.