

ARAB INTERNATIONAL HOTELS COMPANY

(PUBLIC SHAREHOLDING)

INTERIM CONDENSED FINANCIAL

STATEMENTS (UNAUDITED)

31 MARCH 2021



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

Introduction

We have reviewed the accompanying interim condensed financial statements of Arab International Hotels Public Shareholding Company comprising the interim condensed statements of financial position as at 31 March 2021 and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of a Matter

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

Amman – Jordan
28 April 2021

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	31 March 2021 JD (unaudited)	31 December 2020 JD (audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	5	13,337,287	13,583,901
Financial assets at fair value through other comprehensive income	12	4,847,771	4,359,067
Investment in associates	6	42,639,686	42,770,137
Deferred tax assets		418,409	418,409
		<u>61,243,153</u>	<u>61,131,514</u>
Current assets -			
Inventories		369,867	359,786
Accounts receivable and other current assets		1,373,681	1,009,848
Financial assets amortized cost	9	1,500,000	1,500,000
Cash on hand and at banks	13	3,317,343	4,365,716
		<u>6,560,891</u>	<u>7,235,350</u>
Total Assets		<u>67,804,044</u>	<u>68,366,864</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY -			
Paid-in capital		32,000,000	32,000,000
Share premium		3,644,693	3,644,693
Statutory reserve	4	8,000,000	8,000,000
Voluntary reserve		8,000,000	8,000,000
Fair value reserve		(4,126,991)	(4,314,265)
Company's share from fair value reserve / from investment in associates		(3,348,108)	(3,678,657)
Retained earnings		1,386,642	2,566,762
Total Equity		<u>45,556,236</u>	<u>46,218,533</u>
LIABILITIES -			
Non-current liabilities			
Long-term loans	8	9,226,959	8,456,878
		<u>9,226,959</u>	<u>8,456,878</u>
Current liabilities			
Bonds payable	7	10,000,000	10,000,000
Current portion of long- term loans	8	1,719,443	2,422,534
Accounts payable		570,526	448,167
Provisions and other current liabilities		730,880	820,752
		<u>13,020,849</u>	<u>13,691,453</u>
Total Liabilities		<u>22,247,808</u>	<u>22,148,331</u>
Total Equity and Liabilities		<u>67,804,044</u>	<u>68,366,864</u>

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

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Note	For the three months ended 31	
		March	
		2021	2020
		JD	JD
Operating revenues from Amman Marriott Hotel		807,448	1,843,301
Operating expenses from Amman Marriott Hotel		(801,588)	(1,588,151)
Depreciation of property and equipment		(264,133)	(323,335)
Net operating loss from the hotel		(258,273)	(68,185)
Share of loss of associates	6	(486,004)	(1,058,976)
Other income		3,555	2,572
Depreciation of property and equipment		(9,194)	(9,814)
Interest income		34,121	63,759
Finance costs		(280,613)	(253,269)
Administrative expenses		(183,712)	(211,938)
Loss before income tax		(1,180,120)	(1,535,851)
Income tax expense for the period	10	-	-
Loss for the period		(1,180,120)	(1,535,851)
		JD / Fils	JD / Fils
Basic and diluted loss per share		(0.037)	(0/048)

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

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Note	For the three months ended	
		31 March	
		2021	2020
		JD	JD
Loss for the period		(1,180,120)	(1,535,851)
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial assets at fair value through other comprehensive income	12	187,274	(229,646)
Company's share of net change in fair value reserve from investments in associates	6	330,549	237,754
Total comprehensive loss for the period		(662,297)	(1,527,743)

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

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve*	Company's share from fair value reserve /from investment in associates*	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2021 -								
Balance at 1 January 2021	32,000,000	3,644,693	8,000,000	8,000,000	(4,314,265)	(3,678,657)	2,566,762	46,218,533
Total comprehensive loss for the period	-	-	-	-	187,274	330,549	(1,180,120)	(662,297)
Balance at 31 March 2021	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(4,126,991)</u>	<u>(3,348,108)</u>	<u>1,386,642</u>	<u>45,556,236</u>
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 period	-	-	-	-	(229,646)	237,754	(1,535,851)	(1,527,743)
Balance at 31 March 2020	<u>32,000,000</u>	<u>3,644,693</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>(3,699,198)</u>	<u>(2,249,382)</u>	<u>9,115,546</u>	<u>54,811,659</u>

* It is restricted to use an amount of JD 7,475,099 from retained earnings as at 31 March 2021, which represents the total negative balance of the fair value reserve and Company's share from fair value reserve from investment in associates.

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

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	For the three months ended 31	
	March	
	2021	2020
	JD	JD
	(unaudited)	(unaudited)
<u>OPERATING ACTIVITIES</u>		
Loss before income tax	(1,180,120)	(1,535,851)
Adjustments for:		
Depreciation of property and equipment	273,327	333,149
Finance costs	280,613	253,269
Interest income	(34,121)	(63,759)
Share of loss of associates	6 486,004	1,058,976
Changes in working capital:		
Inventories	(10,081)	19,427
Accounts receivable and other current assets	(363,833)	(348,302)
Accounts payable	122,359	11,241
Provisions and other current liabilities	(183,297)	(159,713)
Income tax paid	-	(65,823)
Net cash flows used in operating activities	(609,149)	(497,386)
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(26,713)	(45,087)
Purchase of financial assets at fair value through other comprehensive income	12 (301,430)	-
Interest income received	34,121	63,759
Decrease in associate capital	-	2,474,080
Accounts receivable and other current assets	-	3,711,112
Dividends income received	6 (25,004)	-
Net cash flows from (used in) investing activities	(319,026)	6,203,864
<u>FINANCING ACTIVITIES</u>		
Repayments of loans	8 (425,400)	-
Proceeds from loans	8 492,390	-
Finance costs paid	(187,188)	(253,269)
Net cash flows from (used in) financing activities	(120,198)	(253,269)
Net (decrease) increase in cash and cash equivalents	(1,048,373)	5,453,209
Cash and cash equivalents on 1 January	4,365,716	2,736,877
Cash and cash equivalents on 31 March	13 3,317,343	8,109,086

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

(1) GENERAL

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

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

The Company's Board of Directors have approved the interim condensed financial statements on 26, April 2021

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION

(2-1) BASIS OF PREPARATION

The interim condensed financial statements for the three-month period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

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

The interim condensed financial statements do not contain all information and disclosures required for financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as of 31 December 2020. In addition, results for the three month period ended 31 March 2021 do not necessarily indicate the expected results for the financial year ending 31 December 2021.

(2-2) CONCEPTUAL ACCOUNTING CONCEPTS

Due to the spread of Corona virus (COID-19) as disclosed in note (16) 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.

(2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Amendments to IFRS 3: Definition of a Business

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

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2021. Consequently, the Company does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

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

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

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

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2021, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

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

Amendments to IAS 1 and IAS 8: Definition of “Material”

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

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

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

(4) LEGAL RESERVES

Statutory reserve

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

(5) PROPERTY AND EQUIPMENT

The Company purchased property and equipment at a cost of JD 26,713 during the three-month period ended 31 March 2021 (31 March 2020: JD 45,087).

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

(6) INVESTMENT IN ASSOCIATES

	% of ownership		Value	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	%	%	JD (unaudited)	JD (audited)
Business Tourism Company	35.516	35.516	16,480,372	16,802,918
Al Dawliyah for Hotels and Malls Company	26.91	26.91	12,499,770	12,701,929
Beaches Company for Hotels and Resorts	48.89	48.89	783,646	763,192
Jordan Investor Center Company	49.34	49.34	11,360,227	10,986,524
Arab International Real Estate Company	42.35	42.35	1,515,671	1,515,574
			<u>42,639,686</u>	<u>42,770,137</u>

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

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

* 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 net results of the Arab International Hotels revaluation amounted to JD 100,562,832, with a fair value of JD 3.140 per share. The results of the revaluation of Beaches Company for Hotels and Resorts, a private shareholding company, amounted to Jod 4,772,854 Jordanian dinars, with a fair value of 2.386 dinars per share. The conversion ratio is .7598 shares in the Arab International Hotels Company. That is, each share of the shares of the Beaches Hotels and Resorts Company, a private shareholding company, is equivalent to .7598 share of the shares of the Arab International Hotels Company. The legal procedures were not completed until the date of preparing these interim condensed financial statements.

Movement on investment in associates is as follows:

	31 March 2021 JD	31 December 2020 JD
Balance at 1 January	42,770,137	49,038,537
Decrease in capital	-	(2,474,080)
Dividends received	-	(163,904)
Share of profit of associates	(486,004)	(3,315,414)
Share of change in fair value reserve	330,549	(1,191,521)
Purchase of additional shares in associate*	25,004	876,519
	<u>42,639,686</u>	<u>42,770,137</u>

* During the period ended 31 March 2021 the Company purchased 25,004 shares from Interior Design Studio Company.

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

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

(8) Loans

	31 March 2021		31 December 2020	
	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)	-	2,316,070	330,866	1,985,204
Jordan Ahli Bank – JD (3)	531,868	1,329,167	531,868	1,329,673
Jordan Ahli Bank – USD (4)	478,575	3,350,025	850,800	3,403,200
Jordan Ahli Bank – JD (5)	-	2,231,697	-	1,738,801
	<u>1,719,443</u>	<u>9,226,959</u>	<u>2,422,534</u>	<u>8,456,878</u>

Jordan Ahli Bank – USD (1)

This represents Jordan Ahli Bank loan amounting to USD 10,000,000 (JD 7,090,000). The Company signed an agreement with Jordan Ahli Bank on 6 August 2015 for a loan, which was granted against the Company's guarantee bearing an interest rate of 4.1%. The loan will be paid in 10 equal semi-annual instalments. The first instalment was due on 30 September 2015, and the interest will be paid every 6 months. During the period ended 31 March 2021, the loan was rescheduled, as the instalment due on March 31, 2021 was postponed to March 31, 2022.

Jordan Ahli Bank – USD (2)

This represents Jordan Ahli Bank loan amounting to USD 4,200,000 (JD 2,977,800). The Company signed an agreement with Jordan Ahli Bank on 15 April 2015 for a loan, which was granted against the Company's guarantee bearing an interest rate of 4%. The loan will be paid in 18 equal semi-annual instalments. The first instalment was due on 30 September 2017. The loan instalments for the years 2017 and 2018 were rescheduled to 2025 and 2026. Interest will be paid every 6 months. During the period ended 31 March 2021, the loan was rescheduled, as the due dates for the instalments of the year 2021 were postponed until the end of the loan life.

Jordan Ahli Bank – JD (3)

On 4 November 2015, the Company signed a loan agreement with Jordan Ahli Bank with a ceiling of JD 4,000,000 bearing an annual interest rate of 4% based on the daily balance utilized. The loan will be paid in 18 semi-annual instalments; the first instalment was due on 1 November 2017, and the last will be due on 1 May 2025. During the period ended 31 March 2021, the loan was rescheduled, as the due dates for the instalments of the year 2021 were postponed until the end of the loan life.

Jordan Ahli Bank – USD (4)

This represents Jordan Ahli Bank loan amounting to USD 6,000,000 (JD 4,254,000). The Company signed an agreement with Jordan Ahli Bank on 26 March 2020 for a loan, which was granted against the Company's guarantee bearing an annual interest rate of 3 months LIBOR plus 2.5% at a minimum of 5%. The loan will be paid in 10 semi-annual instalments. During the period ended 31 March 2021, the loan was rescheduled, as the due dates for the instalments of the year 2021 were postponed until the end of the loan life, the interest will be paid on monthly basis.

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 JD2,231,697 as of 31 March 2021 (JD 1,738,801 as of 31 December 2020). During the period ended 31 March 2021, the loan ceiling has increased by JD 492,390 as of 31 March 2021 therefore the loan balance became 2,231,697, as of March 31 2021.

These loans were granted against the Company's guarantee.

Movement on the loans is as follows:

	31 March 2021	31 December 2020
	JD	JD
	(unaudited)	(audited)
Balance as at 1 January	10,879,412	9,140,611
Proceeds from loans	492,390	1,738,801
Loans repayments	(425,400)	-
	<u>10,946,402</u>	<u>10,879,412</u>

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

Year	JD
2022	4,055,291
2023	1,850,320
2024 - 2028	5,040,791
	<u>10,946,402</u>

(9) FINANCIAL ASSETS AT AMORTIZED COST

On 12 October 2017 Arab International Hotels Company purchased 15 Bonds from Jordan Ahli Bank (sister company) with a variable interest rate where the interest at the beginning of each period equal the re-discount interest rate with Central Bank of Jordan plus a margin of 2%, at the time of issuance the interest rate was 6.75%, 7.5% at the end of the year. The interest is due semi-annually. Bonds are due in one instalment on 12 October 2023. In October 2020 the Board of Directors decided to sell the Jordan Ahli Bank bonds, thus the bonds were classified as current assets.

(10) INCOME TAX

The income tax for the periods ended 31 March 2021 and 2020 has not been calculated due to the excess in expenses over taxable income in accordance with tax law no. (38) of 2018.

The Company obtained a tax clearance letter up to the year 2018 except for the years 2016, 2017 and 2020, for which the income tax department have reviewed the Company's records. However, they did not grant a clearance up to date of these financial statements.

The Company submitted its tax declarations to the Income Tax and Sales Tax departments up to the year 2019.

(11) TRANSACTION WITH RELATED PARTIES

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

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

	31 March 2021	31 December 2020
	JD	JD
	(unaudited)	(audited)
Assets:		
Bank deposit - Jordan Ahli Bank (Shareholder)	1,258,108	2,939,233
Current account at Jordan Ahli Bank (Shareholder)	2,037,735	1,295,098
Financial assets at amortized cost (note 9) (Shareholder)	1,500,000	1,500,000

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

	31 March 2021	31 December 2020
	JD (unaudited)	JD (audited)
Due from Interior Design Studio Company Partner	23,299	23,299
Petra Marriott Hotel	21,743	-
Jordan Valley Marriott Hotel	142,900	-
	<u>187,942</u>	<u>23,299</u>

Amounts due to related parties:

	31 March 2021	31 December 2020
	JD (unaudited)	JD (audited)
Liabilities:		
Loans granted by Jordan Ahli Bank	<u>10,946,402</u>	<u>10,879,412</u>
Bonds payable (note 7)	<u>7,300,000</u>	<u>7,300,000</u>

For the three months ended
31 March 2021

JD

Financial assets at fair value through other comprehensive income:

	(unaudited)	(audited)
The Jordan Worsted Mills Company	<u>2,267,715</u>	<u>1,854,740</u>
El Zay Ready Wear Manufacturing Company	<u>145,396</u>	<u>145,396</u>
Jordan Ahli Bank	<u>1,327,433</u>	<u>1,216,813</u>

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

For the three months ended
31 March 2021

JD

Key management salaries and benefits and Board of Directors remuneration	<u>94,685</u>	<u>132,403</u>
Interest income on deposits - Jordan Ahli Bank	<u>13,778</u>	<u>36,646</u>
Finance costs – Jordan Ahli Bank	<u>144,996</u>	<u>116,146</u>
Finance costs bonds – related parties	<u>99,000</u>	<u>100,100</u>
Interest income on financial assets at amortized cost	<u>20,342</u>	<u>27,113</u>

ARAB INTERNATIONAL HOTELS PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

(12) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE

	31 March 2021	31 December 2020
	JD (unaudited)	JD (audited)
Investment in companies' shares - quoted	4,670,771	4,182,067
Investment in companies' shares– unquoted	177,000	177,000
	<u>4,847,771</u>	<u>4,359,067</u>
	31 March 2021	31 December 2020
	JD (unaudited)	JD (audited)
Balance at the beginning of the period/year	4,359,067	5,202,367
Investment during the year	301,430	1,413
Change in Fair value	187,274	(844,713)
Balance at end of the period/year	<u>4,847,771</u>	<u>4,359,067</u>

(13) CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
	JD (unaudited)	JD (audited)
Short-term deposits*	1,258,108	2,939,233
Cash on hands and at banks	2,059,235	1,426,483
	<u>3,317,343</u>	<u>4,365,716</u>

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

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(14) SEGMENT INFORMATION

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

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

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

	For the three months ended 31 March (Unaudited)		Total
	2021 JD (unaudited)	2020 JD (audited)	
Rooms revenues	414,381	1,118,857	
F & B Revenues	347,242	657,093	
Other revenues	45,825	67,351	
	<u>807,448</u>	<u>1,843,301</u>	

	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
For the three months period ended 31 March 2021 (unaudited)-			
Revenues	807,448	37,676	845,124
Segment results -			
(Loss) profit before income tax	(1,217,796)	37,676	(1,180,120)
Income tax expense	-	-	-
(Loss) profit for the period	(1,217,796)	37,676	(1,180,120)
<u>Other Segment Information</u>			
Capital expenditure	26,713	-	26,713
Depreciation	273,327	-	273,327

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	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
For the three months period ended 31 March 2020 (unaudited)-			
Revenues	1,843,301	66,331	1,909,632
Segment results -			
(Loss) profit before income tax	(1,602,182)	66,331	(1,535,851)
Income tax expense	-	-	-
(Loss) profit for the period	(1,602,182)	66,331	(1,535,851)
<u>Other Segment Information</u>			
Capital expenditure	45,087	-	45,087
Depreciation	333,149	-	333,149
<u>Assets and Liabilities</u>			
31 March 2021			
Assets segment	49,161,350	18,642,694	67,804,044
Liabilities segment	22,247,808	-	22,247,808
31 December 2020			
Assets segment	48,824,098	19,542,766	68,366,864
Liabilities segment	22,148,331	-	22,148,331

The Company's share of loss of associates amounted to JD 486,004 as of 31 March 2021 (31 March 2020 JD 1,058,976).

(15) COMPARATIVE FIGURES

Some of 2020 balances were reclassified to correspond with those of 2021 presentation. The reclassification has no effect on the profit and equity of the year 2020.

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

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

The Cabinet of Jordan decided to cease all flights of travelers to and from the Kingdom from 17 March 2021 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 2021 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.

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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.

	31 March 2021	31 December 2020	Value (decrease) increase
	JD	JD	JD
Percentage of Room occupancy (%)	18.4	50.6	(32.2)
Rate/night (JD)	84.90	84.01	0.89
Revenue per available room (JD)	15.77	42.11	(26.34)
	31 March 2021	31 December 2020	Value (decrease) increase
	JD	JD	JD
Salaries, Social security and other benefits	399,775	772,971	(373,196)

The administration continues to follow up on the impact of the spread of Coronavirus (Covid-19) on the hotel, the tourism sector and the Jordanian economy, as the hotel carries out its activities that may have an impact on the company's business results.