ARAB INTERNATIONAL HOTELS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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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 2021, and the statement of profit and loss, 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 2021, 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 (including International Independence Standards) (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 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.

Key audit matter: Revenue recognition	
Key Audit Matter We have considered revenue recognition as a key audit matter as there is a risk of misstatement when recording and recognizing revenue due to high the volume of revenues resulted from low value transactions. In addition, there is a risk represented in recording services invoices for guests and customers for services that were not rendered, or services rendered but not recorded. Hence, it may result in an overstatement or understatement of revenues. In addition, the Company focuses on revenue as a key performance indicator, which may create an incentive for revenue to be recognized before rendering the service.	**How the key audit matter was addressed** Our audit procedures included assessing the Company's revenue recognition accounting policies in accordance with International Financial Reporting Standards. We tested the Company's internal control system over revenue recognition and key controls in the revenue recognition cycle. We performed analytical procedures for rooms and food and beverages departments gross margin. We also performed objective 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. The revenue related disclosures are disclosed in note (26) to the financial statements in addition to the significant accounting policies applicable to revenue account are disclosed in note (6) to the financial statements.

Other information included in the Company's 2021 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. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

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 Ali Samara; license number 503.

Amman – Jordan
21 February 2022

ERNST & YOUNG
Amman - Jordan

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
ASSETS			
Non-current assets -			
Property and equipment	7	12,799,270	13,583,901
Financial assets at fair value through other comprehensive income	9	5,618,391	4,359,067
Investments in associates	8	42,562,411	42,770,137
Deferred tax assets	19	418,409	418,409
		61,398,481	61,131,514
Current assets -			
Inventories		372,497	359,786
Accounts receivable and other current assets	14	500,435	1,009,848
Financial assets at amortized cost	10	1,500,000	1,500,000
Cash and short-term deposits	11	9,783,618	4,365,716
		12,156,550	7,235,350
Total Assets		73,555,031	68,366,864
EQUITY AND LIABILITIES			
EQUITY-			
Paid-in capital	1 & 15	32,728,881	32,000,000
Share premium	15	3,644,693	3,644,693
Statutory reserve	15	8,000,000	8,000,000
Voluntary reserve	15	8,000,000	8,000,000
Special reserve	3	1,600,562	-
Fair value reserve	9	(3,557,826)	(4,314,265)
Company's share of the fair value reserve from investments in associates		(2,903,414)	(3,678,657)
Retained earnings		2,723,635	2,566,762
Total Equity		50,236,531	46,218,533
Non-current liabilities -			
Long-term loans	12	8,544,365	8,456,878
Bonds payable	13	-	10,000,000
		8,544,365	18,456,878
Current liabilities -			
Current portion of long- term loans	12	3,170,846	2,422,534
Accounts payable		546,199	448,167
Bonds payable	13	10,000,000	-
Provisions and other current liabilities	17	1,057,090	820,752
		14,774,135	3,691,453
Total Liabilities		23,318,500	22,148,331
Total Equity and Liabilities		73,555,031	68,366,864

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

	Notes	2021	2020
		JD	JD
Operational revenues from Amman Marriott Hotel	26	5,447,070	3,170,300
Operational costs from Amman Marriott Hotel		(4,332,039)	(4,069,601)
Depreciation of property and equipment	7	(1,072,907)	(1,170,121)
Operational profit (loss) from the hotel		42,124	(2,069,422)
Company's share of losses from associates and effect of prior years' losses, net	8	(248,236)	(3,315,070)
Investment impairment losses	8	(41,542)	-
Bank interest income		230,398	234,581
Finance costs		(979,912)	(966,228)
Dividends income	21	231,037	162,732
Other income		13,972	184,655
Depreciation of property and equipment	7	(37,112)	(29,120)
Administrative expenses	18	(817,972)	(785,172)
Loss before income tax and non-recurring revenue		(1,607,243)	(6,583,044)
Non-recurring investment income	3	1,764,116	-
Profit (loss) before income tax		156,873	(6,583,044)
Income tax surplus	19	-	418,409
Profit (loss) for the year		156,873	(6,164,635)
		JD / Fils	JD / Fils
Basic and diluted earnings (loss) per share	20	0/005	(0/193)

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

	Notes	2021	2020
		JD	JD
Profit (loss) for the year		156,873	(6,164,635)
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:			
Net change in fair value reserve	9	756,439	(844,713)
Company's share of the net change in fair value reserve from the investments in associates	8	775,243	(1,191,521)
Total comprehensive income for the year		1,688,555	(8,200,869)

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Special 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	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 income for the year	-	-	-	-	-	756,439	775,243	156,873	1,688,555
Capital increase (note 1)	728,881	-	-	-	-	-	-	-	728,881
Reserve resulted from the merger with an associate (note 3)	-	-	-	-	1,600,562	-	-	-	1,600,562
Balance at 31 December 2021	32,728,881	3,644,693	8,000,000	8,000,000	1,600,562	(3,557,826)	(2,903,414)	2,723,635	50,236,531
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 income for the year	-	-	-	-	-	(844,713)	(1,191,521)	(6,164,635)	(8,200,869)
Dividends (note 16)	-	-	-	-	-	-	-	(1,920,000)	(1,920,000)
Balance at 31 December 2020	32,000,000	3,644,693	8,000,000	8,000,000	-	(4,314,265)	(3,678,657)	2,566,762	46,218,533

* It is restricted to use an amount of JD 6,461,240 from retained earnings as at 31 December 2021 (JD 7,992,922 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.

	Notes	2021	2020
OPERATING ACTIVITIES		JD	JD
Profit (loss) before income tax		156,873	(6,583,044)
Adjustments:			
Depreciation on property and equipment	7	1,110,019	1,199,241
Recovered from expected credit losses	14	(2,676)	(6,002)
Finance costs		979,912	966,228
Bank interest income		(230,398)	(234,581)
Company's share of loss from associates, net	8	248,236	3,315,070
Investment impairment losses	8	41,542	-
Dividends income		(231,037)	(162,732)
Non-recurring investment income	3	(1,764,116)	-
Changes in working capital:			
Inventories		(12,711)	24,767
Accounts receivable and other current assets		559,242	(127,952)
Accounts payable		98,032	(429,223)
Provisions and other current liabilities		214,046	(771,669)
		1,166,964	(2,809,897)
Income tax paid	19	-	(186,831)
Net cash flows from (used in) operating activities		1,166,964	(2,996,728)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(325,388)	(279,832)
Purchase of financial assets at fair value through other comprehensive income	9	(502,885)	(1,413)
Decrease in associate capital	8	-	2,474,080
Profit returns on financial assets at fair value through other comprehensive income and investment in associates	21	231,037	162,732
Interest income received		230,398	234,581
Related parties – Beaches Company for Hotels and Resorts receivable		-	3,709,699
Purchase of shares in associates	8	(35,000)	(875,003)
Cash received from the merger	3	4,776,457	-
Net cash flows from investing activities		4,374,619	5,424,844
FINANCING ACTIVITIES			
Dividends paid	16	-	(1,920,000)
Repayments of loans	12	(425,400)	-
Proceeds from loans	12	1,261,199	1,738,801
Finance costs paid		(959,480)	(618,078)
Net cash flows used in financing activities		(123,681)	(799,277)
Net increase in cash and cash equivalents		5,417,902	1,628,839
Cash and cash equivalents on 1 January		4,365,716	2,736,877
Cash and cash equivalents on 31 December	11	9,783,618	4,365,716

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 throughout the years to become JD 32,000,000 with par value of JD 1 per share. During 2021, the Company was merged with Beaches Company for Hotels and Resorts, and 728,811 shares were issued with a nominal par of JD 1 per share, bringing the capital to JD 32,728,881 as at 30 June 2021.

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 10 February 2022. 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 recovery of the Company's operations during the year compared to the year ended December 31, 2020, in addition to the ability of obtaining or scheduling bank facilities.

(3) BUSINESS COMBINATION

The General Assembly decided on their extraordinary meeting held on 28 June 2020 to merge The Company with its associate Beaches Company for Hotels and Resorts. The final approval by the General Assembly was on 9 June 2021 based on the financial position of both Companies as at 30 June 2021.The merger legal procedures were completed at the Ministry of Trade and Finance on 23 June 2021 and on 2 August 2021 at the Securities Depository Centre (SEC) and Jordan Securities Commission (JSC). The Company resulting from the merger shall be considered a legal successor to the merging Company and shall replace it in all its rights and obligations.

Below is a summary of the merger committee decisions:

- Approving the Company's assets and liabilities revaluation results and the opening statement of financial position of the Company resulting from the merger, where it was unanimously approved.

- The conversion factor rate amounted to 0.07598 shares in the Arab International Hotels Company, meaning that each share of Beaches Company for Hotels and Resorts is equivalent to 0.07598 shares in the Arab International Hotels Company.

- Approving the capital of the merging company at 32,728,881 shares, with a par value of 1 JD per share

Below are the details of the statement of financial position as at 30 June 2021:

	Arab International Hotels Company	Beaches Company for Hotels and Resorts	Transactions between the two companies		Total
			Credit	Debit	
ASSETS	JD	JD	JD	JD	JD
Non-current assets -					
Property and equipment	13,331,467	-	-	-	13,331,467
Financial assets at fair value through other comprehensive income	5,369,542	-	-	-	5,369,542
Investments in associates	43,620,624	35,000	783,645	-	42,871,979
Deferred tax assets	418,409	-	110,205	-	308,204
	62,740,042	35,000			61,881,192
Current assets -					
Inventories	372,113	-	-	-	372,113
Accounts receivable and other current assets	899,950	47,153	-	-	947,103
Financial assets at amortized cost	1,500,000	-	-	-	1,500,000
Cash and short-term deposits	3,989,622	4,776,457	-	-	8,766,079
	6,761,685	4,823,610			11,585,295
Total Assets	69,501,727	4,858,610			73,466,487
EQUITY AND LIABILITIES					
EQUITY-					
Paid-in capital	32,000,000	2,000,000	728,881	2,000,000	32,728,881
Share premium	3,644,693	-	-	-	3,644,693
Statutory reserve	8,000,000	2,823,729	-	2,823,729	8,000,000
Voluntary reserve	8,000,000	1,247,280	-	1,247,280	8,000,000
Special reserve	-	-	1,600,562	-	1,600,562
Fair value reserve	(3,606,676)	-	-	-	(3,606,676)
Company's share of the fair value reserve /investments in associates	(2,947,454)	-	-	20,454	(2,967,908)
Retained earnings*	1,584,994	(1,214,259)	2,868,170	-	3,238,905
Total Equity	46,675,557	4,856,750			50,638,457
Non-current liabilities -					
Long-term loans	8,973,326	-	-	-	8,973,326
Current liabilities -					
Bonds payable	10,000,000	-	-	-	10,000,000
Current portion of long- term loans	2,418,498	-	-	-	2,418,498
Accounts payable	524,196	-	-	-	524,196
Provisions and other current liabilities	910,150	1,860	-	-	912,010
Total Liabilities	22,826,170	1,860			22,828,030
Total Equity and Liabilities	69,501,727	4,858,610			73,466,487

* The merger process resulted in a non-recurring investment income of JD 1,764,116, which was recorded in the statement of profit and loss for the year ended on 31 December 2021.

(4) 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 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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. 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. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(5) 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.

The Company's management believes that its estimates in the financial statements are reasonable and detailed as follows:

- Provision for expected credit losses on receivables: Provision for expected credit losses 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 general condition and 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.

(6) 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:

	%
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 not 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 and 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 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 Reporting 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 on hand and at banks and short-term deposits with maturities of three months or less.

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 23).

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

After initial recognition, interest bearing loans 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 its amendments 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 loses 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.

(7) PROPERTY AND EQUIPMENT

	Lands	Hotel's building renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Work in progress	Solar System	Total
2021-	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
At 1 January 2021	2,094,168	19,010,113	8,889,694	7,769,130	352,175	424,782	20,179	2,640,629	41,200,870
Additions	-	840	18,574	79,602	7,500	-	115	218,757	325,388
Transfers	-	7,419	12,875	-	-	-	(20,294)	-	-
At 31 December 2021	2,094,168	19,018,372	8,921,143	7,848,732	359,675	424,782	-	2,859,386	41,526,258
Accumulated depreciation*									
At 1 January 2021	-	12,360,314	7,950,083	6,300,752	250,914	424,782	-	330,124	27,616,969
Depreciation for the year**	-	380,107	203,027	354,818	33,564	-	-	138,503	1,110,019
At 31 December 2021	-	12,740,421	8,153,110	6,655,570	284,478	424,782	-	468,627	28,726,988
Net book value									
At 31 December 2021	2,094,168	6,277,951	768,033	1,193,162	75,197	-	-	2,390,759	12,799,270

* The total cost of fully depreciated assets as at 31 December 2021 is JD 12,739,221 (31 December 2020: JD 12,178,425).

** The depreciation expense at 31 December 2021 is divided between depreciation of operating property and equipment of JD 1,072,907 (JD 1,170,121 for the year ended 31 December 2020) and depreciation of general and administrative property and equipment of JD 37,112 (JD 29,120 for the year ended 31 December 2020).

	Lands	Hotel's building and renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Work in progress*	Solar System	Total
2020-	JD	JD	JD	JD	JD	JD	JD	JD	JD
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

(8) INVESTMENT IN ASSOCIATES

	Percentage of ownership		Value	
	2021	2020	2021	2020
	%	%	JD	JD
Business Tourism Company	35.516	35.516	16,388,356	16,802,918
Al Dawliyah for Hotels and Malls Company	26.91	26.91	12,426,320	12,701,929
Interior Design Studio Company	25	25	28,458	-
Beaches Company for Hotels and Resorts*	-	49.815	-	763,191
Jordan Investor Center Company	49.34	49.34	12,203,858	10,986,525
Arab International Real Estate Company	42.35	42.35	1,515,419	1,515,574
			42,562,411	42,770,137

* The General Assembly approved in their extraordinary meeting held on 28 June 2020 merging the Company with its associate "Beaches Company for Hotels and Resorts" (note 3).

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

Company	Company's operation
Business Tourism Company – private shareholding	Owning Company of Jordan Valley Marriot and Petra Marriott Hotel
Al Dawliyah for Hotels and Malls Company - PLC	Owning company of Sheraton Amman Hotel
Interior Design Studio Company LLC.	Hotels decorations and interior designs
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:

	2021	2020
	JD	JD
Balance at 1 January	42,770,137	49,038,537
Decrease in associate capital	-	(2,474,080)
Disposal of investment in Beaches Company for Hotels and Resorts resulting from merger (note 3)	(763,191)	-
Dividends paid	-	(162,732)
Share of loss from associates, net	(238,991)	(3,315,070)
Effect of prior years' losses	(9,245)	-
Investment impairment - Interior Design Studio Company LLC.	(41,542)	-
Company's share of fair value reserve from investment in associates	775,243	(1,191,521)
Purchase of additional shares in associate*	35,000	875,003
Acquisition of shares in associate resulting from the merger	35,000	-
	42,562,411	42,770,137

* During 2021 the Company purchased 35,000 shares from Interior Design Studio Company LLC, and acquired additional 35,000 shares as a result of the merger with Beaches Company for Hotels and Resorts.

Movement on investment in associates is as follows:

	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
2021 -	JD	JD	JD	JD	JD	JD	JD
Investment in associates							
Current assets	2,605,871	3,829,952	6,520,852	406,131	-	94,486	13,457,292
Non-current assets	58,473,165	53,954,459	24,033,259	4,693	-	3,482,598	139,948,174
Current liabilities	(6,057,489)	(5,149,068)	(9,082,407)	(253,991)	-	(2,523)	(20,545,478)
Non-current liabilities	(5,371,525)	(2,818,130)	(850,000)	(43,000)	-	-	(9,082,655)
Equity	49,650,022	49,817,213	20,621,704	113,833	-	3,574,561	123,777,333
Ownership %	26.91	35.516	49.34	25	-	42.35	
Investments carrying amount	12,426,320	16,388,356	12,203,858	79,245	-	1,515,419	42,613,198
Effect of prior years' losses	-	-	-	(9,245)	-	-	(9,245)
Investment impairment loss	-	-	-	(41,542)	-	-	(41,542)
Investments net carrying amount	12,426,320	16,388,356	12,203,858	28,458	-	1,515,419	42,562,411
Revenues							
Operating (losses) revenues	(363,307)	77,918	1,924,431	149,000	-	1,095	1,789,137
Administrative expenses	(700,434)	(598,505)	(438,979)	(100,473)	-	(1,464)	(1,839,855)
Finance costs	(272,951)	(256,342)	(699,968)	(11,546)	-	-	(1,240,807)
(Loss) profit for the year	(1,336,692)	(776,929)	785,484	36,981	-	(369)	(1,291,525)
The Company's share of (loss) profit for the year	(359,704)	(275,934)	387,558	9,245	-	(156)	(238,991)

	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	49.815	42.35	-
Investment carrying amount	12,701,929	16,802,918	10,986,524	-	763,192	1,515,574	42,770,137
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	(3,379,102)	(3,812,562)	(1,843,507)	(98,636)	(236,022)	405	(9,369,424)
The Company's share of (loss) profit for the year	(909,316)	(1,354,070)	(909,623)	(24,659)	(117,574)	172	(3,315,070)

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

	2021	2020
	JD	JD
Investment in companies' shares – quoted in Amman Stock Exchange	5,441,391	4,182,067
Investment in companies' shares– unquoted in Amman Stock Exchange	177,000	177,000
	5,618,391	4,359,067

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

	2021	2020
	JD	JD
At 1 January	4,359,067	5,202,367
Investment during the year	502,885	1,413
Change in fair value	756,439	(844,713)
At 31 December	5,618,391	4,359,067

Movement on fair value reserve is as follows:

	2021	2020
	JD	JD
At 1 January	(4,314,265)	(3,469,552)
Change in fair value	756,439	(844,713)
At 31 December	(3,557,826)	(4,314,265)

(10) 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 5.5% 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. The Company did not sell the bonds until the date of these financial statements.

(11) CASH AND SHORT-TERM DEPOSITS

	2021	2020
	JD	JD
Short-term deposits (note 21)*	8,578,889	2,939,233
Cash on hands and at banks	1,204,729	1,426,483
	9,783,618	4,365,716

* Short term deposits as at 31 December 2021 represent deposits held with local banks in Jordanian Dinar with maturities not exceeding three months or less, bearing an interest rate 4% (31 December 2020: 4%).

(12) Loans

Loans are categorized according to their maturity date as follows:

	2021		2020	
	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)	385,696	1,930,374	330,866	1,985,204
Jordan Ahli Bank – JD (3)	744,000	1,117,541	531,868	1,329,673
Jordan Ahli Bank – USD (4)	957,150	2,871,450	850,800	3,403,200
Jordan Ahli Bank – JD (5)	375,000	2,625,000	-	1,738,801
	3,170,846	8,544,365	2,422,534	8,456,878

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 4.1%. 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 2021 the Company rescheduled the loan, the instalment due on 31 March 2021 amounting to JD 709,000 was postponed to 31 March 2022. The utilized loan balance amounted to JD 709,000 as at 31 December 2021 (31 December 2020: JD 709,000).

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 the loan 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. 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 2021 the Company rescheduled the loan, in which those instalments that were due in 2021 were postponed until the end of the loan life. The utilized loan balance amounted to JD 2,316,070 as at 31 December 2021 (31 December 2020: JD 2,316,070).

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 daily 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 2021, the Company rescheduled the loan, in which those instalments that were due in 2021 were postponed until the end of the loan life. The utilized loan balance amounted to JD 1,861,541 as at 31 December 2021 (31 December 2020: JD 1,861,541).

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. During 2021, the Company rescheduled the loan, in which those instalments that were due in 2021 were postponed until the end of the loan life. The utilized loan balance amounted to JD 3,828,600 as at 31 December 2021 (31 December 2020: JD 4,254,000).

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 daily 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 utilized loan balance amounted to JD 3,000,000 as at 31 December 2021 (31 December 2020: JD 1,738,801).

Movement on the loans is as follows:

	2021	2020
	JD	JD
Balance at 1 January	10,879,412	9,140,611
Proceeds from loans	1,261,199	1,738,801
Loans repayments	(425,400)	-
	11,715,211	10,879,412

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

Year	JD
2022	3,170,846
2023	2,461,846
2024	2,091,387
2025	1,717,846
2026 and thereafter	2,273,286
	11,715,211

(13) BONDS PAYABLE

On 22 January 2017, Arab International Hotels Company Public Shareholding Company 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%. paid semi-annually. The bond principal became due and was paid in full on 29 January 2022.

(14) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2021	2020
	JD	JD
Trade receivables	406,372	363,842
Provision for expected credit losses*	(30,612)	(33,288)
	375,760	330,554
Amounts due from related parties (note 21)	23,299	23,299
Other current assets	101,376	655,995
	500,435	1,009,848

* Movement on expected credit losses provision is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	33,288	39,290
Recovered from expected credit losses	(2,676)	(6,002)
Balance as at 31 December	30,612	33,288

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

	1 - 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
	JD	JD	JD	JD	JD	JD
2021	368,245	6,609	906	-	-	375,760
2020	261,269	39,930	4,561	6,000	18,794	330,554

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

(15) EQUITY

Paid-in capital

The Company authorized paid-in capital amounted to JD 32,728,881 divided to 32,728,881 shares with par value of JD 1 per share as at 31 December 2021 (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.

(16) 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 operations. The General Assembly did not hold such a meeting during 2021.

(17) PROVISIONS AND OTHER CURRENT LIABILITIES

	2021	2020
	JD	JD
Due to shareholders and dividends payable	340,372	358,660
Accrued expenses	716,718	462,092
	1,057,090	820,752

(18) ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Salaries, wages and other benefits	358,274	315,314
Prior years income tax	-	43,167
Social security	17,704	11,863
Board of Directors travel and transportation expenses	93,600	97,293
Chairman office expenses	3,576	5,171
Insurance expenses	55,482	56,726
Governmental fees	83,081	27,420
Donations	1,000	19,200
Rent	19,350	19,350
Professional fees	58,032	12,950
Advertisement expenses	5,203	3,296
Vehicles expenses	14,481	13,977
Bank expenses	5,075	20,313
Property tax expenses	28,883	45,724
Stationery and publications	1,130	6,483
Hospitality expenses	5,746	3,263
Solar System	55,092	69,337
Others	12,263	14,325
	817,972	785,172

(19) INCOME TAX

The income tax for the years ended 31 December 2021 and 2020 has not been calculated due to the excess of deductible expenses over taxable income in accordance with income tax law no (34) of 2014 and its amendments.

The Company submitted its tax declarations to the Income and Sales Tax departments up to the year 2020.

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

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

	2021	2020
	JD	JD
Balance as at 1 January	-	186,831
Income tax paid	-	(186,831)
Balance as at 31 December	-	-

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

	2021	2020
	JD	JD
Accounting profit (accounting loss)	156,873	(6,583,044)
Non-taxable income	(1,995,153)	3,478,146
Non-deductible expenses	805,066	1,012,856
Taxable loss	(1,033,214)	(2,092,042)
Income tax expense for the year	-	-
Statutory income tax rate	20%	20%
National contribution tax	1%	1%
Effective income tax rate	-	-

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

	2021	2020
	JD	JD
Income tax surplus (deferred tax assets)	-	418,409

The movement on deferred tax assets is as follow:

	2021	2020
	JD	JD
Balance as at 1 January	418,409	-
Income tax surplus (deferred tax assets)	-	418,409
Balance as at 31 December	418,409	418,409

(20) BASIC AND DILUTED EARNING (LOSS) PER SHARE

	2021	2020
Profit (loss) for the year (JD)	156,873	(6,164,635)
Weighted average number of shares at end of year (share)	32,728,881	32,000,000
	JD/ Fils	JD/ Fils
Basic earning (loss) per share	0/005	(0/193)

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

(21) 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:

	2021	2020
	JD	JD
Assets		
Bank deposit - Jordan Ahli Bank (shareholder) – (note 11)	8,578,889	2,939,233
Current account at Jordan Ahli Bank (shareholder)	1,183,229	1,295,098
Financial assets at amortized cost (shareholder) - (note 10)	1,500,000	1,500,000
The other debit balances include due from related parties broken down as follows:		
Due from Interior Design Studio Company Partner (note 14)	23,299	23,299
	23,299	23,299

Financial assets at fair value through other comprehensive income:

	2021	2020
	JD	JD
The Joradan Worsted Mills Company	2,311,387	1,854,410
El Zay Ready Wear Manufacturing Company	482,622	145,396
Jordan Ahli Bank	1,532,869	1,216,813

Liabilities:

	2021	2020
	JD	JD
Loans granted by Jordan Ahli Bank (shareholder) – (note 12)	11,715,211	10,879,412
Bonds payable (sister companies) - (note 13)	7,300,000	7,300,000

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

	2021	2020
	JD	JD
Interest income on deposits - Jordan Ahli Bank	147,672	21,721
Dividends income	231,037	162,732
Interest income on financial assets at amortized cost	82,726	90,134
Key management salaries and benefits and Board of Directors remuneration	372,566	302,698
Finance costs – Jordan Ahli Bank	429,912	414,708
Finance costs bonds – related parties	401,500	401,500

(22) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank deposit 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.

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.

2021- Currency	Increase in interest rate Basis point	Effect on profit for the year JD
JD	100	37,173
USD	100	(68,537)

Currency	Decrease in interest rate Basis point	Effect on profit for the year JD
JD	100	(37,173)
USD	100	68,537

2020- Currency	Increase in interest rate Basis point	Effect on loss for the year JD
JD	100	(65,396)
USD	100	(72,791)

Currency	Decrease in interest rate Basis point	Effect on loss for the year JD
JD	100	65,396
USD	100	72,791

Stock price risk

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

2021-	Change in index	Effect on equity
Index	%	JD
Amman Stock Exchange	5	280,920
	(5)	(280,920)

2020 -	Change in index	Effect on equity
Index	%	JD
Amman Stock Exchange	5	217,953
	(5)	(271,953)

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.

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 December 2021	JD	JD	JD	JD	JD
Bonds payable	10,275,000	-	-	-	10,275,000
Accounts payable and other current liabilities	1,603,289	-	-	-	1,603,289
Loans	1,232,703	2,058,635	8,090,551	778,500	12,160,389
Total	13,110,992	2,058,635	8,090,551	778,500	24,038,678
31 December 2020					
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	2,089,232	2,197,224	20,920,116	-	25,206,572

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.

(23) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist 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.

The following table shows the analysis of financial instruments at fair value, according to the above mentioned hierarchy:

	Level 1	Level 2	Level 3	Total
2021-	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	5,441,391	-	177,000	5,618,391
2020-				
Financial assets at fair value through other comprehensive income	4,182,067	-	177,000	4,359,067

(24) 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, retained earnings, statutory reserve, voluntary reserve, special reserve, share premium, change in fair value reserve, Company's share from change in fair value reserve from investment in associates, and is measured at JD 50,236,531 as of 31 December 2021 (31 December 2020: JD 46,218,533).

(25) CONTINGENCIES AND COMMITMENTS

Lawsuits -

The Company is a defendant in a number of lawsuits amounting JD 4,069 representing legal claims related to its activities (2020: JD 6,634).

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

(26) 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:

	2021	2020
	JD	JD
Rooms Revenues	2,958,624	1,594,033
Food and Beverage Revenues	2,249,803	1,330,082
Other Revenues	238,643	246,185
	5,447,070	3,170,300

The following table summarizes the Segment results:

	Hotel sector	Investment in financial assets	Total
31 December 2021 -	JD	JD	JD
Revenues	5,447,070	185,629	5,632,699
Segment results -			
Profit before income tax	42,124	114,749	156,873
Income tax	-	-	-
Profit for the year	42,124	114,749	156,873
Other Segment Information			
Capital expenditure	325,388	-	325,388
Depreciation	1,110,019	-	1,110,019
31 December 2020 -			
Revenues (losses)	3,170,300	(2,733,446)	436,854
Segment results -			
Loss before income tax	(2,069,422)	(4,513,622)	(6,583,044)
Income tax surplus	418,409	-	418,409
Loss for the year	(1,651,013)	(4,513,622)	(6,164,635)
Other Segment Information			
Capital expenditure	279,832	-	279,832
Depreciation	1,199,241	-	1,199,241
Assets and liabilities			
31 December 2021 -			
Sector assets	52,717,364	20,837,667	73,555,031
Sector liabilities	23,318,500	-	23,318,500
31 December 2020 -			
Sector assets	49,242,507	19,124,357	68,366,864
Sector liabilities	22,148,331	-	22,148,331

The Company's net share from associates' losses and impairment amounted to 289,778 JD for the year ended 31 December 2021 (2020: JD 3,315,414).

(27) 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

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 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. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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,
- That a 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,
- 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 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to 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.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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

The Coronavirus had an impact on the global economy and caused disruption in global markets. 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.

During the previous year, the Jordanian Prime Minister issued the following defence orders under which have directly or indirectly affected the Hotel's operations and performance:

1. Defence Order No. (14) on 14 June 2020 under Defence Law No. (13) for the year 1992, to introduce Hemayeh and Tamkeen programs (1) and Tamkeen (2) to protect the national economy and help it withstand its burdens, especially with regard to the sectors and economic activities most adversely affected and to support the recovery phase.

2. Defence Order No. (24) on 13 December 2020 under Defence Law No. (13) for the year 1992, to introduce Istidameh program in order to preserve job opportunities in the private sector through a collaboration between the Government of Jordan and the Social Security Corporation.

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.

The Hotel implemented some programs offered by the Social Security Corporation, such as Estidameh, Hemayeh, Tamkeen and Ta'afi enabling it to realize operational savings during the period.

Amman Marriott Hotel witnessed a start of recovery in operations and revenue generation especially in the second half of the year when compared with the previous year. The recovery positively impacted the Hotel's operations and net results as shown in the below summery of the Hotel's current year results against previous year:

	2021	2020	Increase
Revenue:			
Room occupancy rate (%)	34.36	21.33	13.03
Average room rate for the day	80.79	69.91	10.88
Revenue per available room	27.76	14.92	12.84
Net operating profit (operating loss)	521,819	(1,206,614)	1,728,433

Management continues to monitor the impact of COVID-19 pandemic on the Hotel, tourism sector and the Jordanian economy where the Hotel operates, due to the ongoing developments of the Corona Virus which may have a future impact on the Hotel's results and its financial position.