ARAB INTERNATIONAL HOTELS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better
working world

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

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 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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 Ethics Standards Board for 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.

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 year ended 31 December 2023. 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 Matters: Revenue Recognition	
Key Audit Matter Revenue recognition has been considered as a key audit matter as there is a probability of misstatements when recording and recognizing revenues due to high volume of revenues with low value transactions. In addition, We focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenues. Moreover, the Company focuses on revenues as a key performance measure, which may create an incentive for revenues to be recognized before rendering the service.	**How the key audit matter was addressed in the audit** We considered the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable International Financial Reporting Standards. We tested the Company's controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures on the gross margin for rooms and food and beverages departments. Having built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts. Refer to Note (24) to the financial statements for more details about revenues and to note (5) for the material accounting policy information related to revenue account.

Other information included in the Company's 2023 annual report

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company 2023 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 safeguards applied.

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 Hassan Samara; license number 503.

Amman – Jordan
19 February 2024

ERNST & YOUNG
Amman - Jordan

ARAB INTERNATIONAL HOTELS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
ASSETS			
Non-current assets -			
Property and equipment	6	11,227,446	12,006,307
Financial assets at fair value through other comprehensive income	8	6,353,603	5,938,017
Investments in associates	7	43,586,243	42,338,180
Deferred tax assets		418,409	418,409
		61,585,701	60,700,913
Current assets -			
Inventories		272,389	431,753
Receivables and other debit balances	12	498,619	633,195
Cash and short-term deposits	9	1,464,819	3,096,459
		2,235,827	4,161,407
Total Assets		63,821,528	64,862,320
EQUITY AND LIABILITIES			
Equity-			
Paid-in capital	1 & 13	32,728,881	32,728,881
Share premium	13	3,644,693	3,644,693
Statutory reserve	13	8,118,170	8,026,338
Voluntary reserve	13	4,000,000	4,000,000
Fair value reserve	8	(3,478,652)	(3,584,080)
Company's share of the fair value reserve from investments in associates		(2,423,399)	(2,888,568)
Retained earnings		7,388,937	7,252,080
Total Equity		49,978,630	49,179,344
Non-current liabilities -			
Long-term loans	10	3,991,639	6,082,519
Bonds payable	11	4,680,000	4,680,000
		8,671,639	10,762,519
Current liabilities -			
Current portion of long-term loans	10	3,388,350	2,842,934
Accounts payable		622,764	893,690
Provisions and other credit balances	15	1,160,145	1,183,833
		5,171,259	4,920,457
Total Liabilities		13,842,898	15,682,976
Total Equity and Liabilities		63,821,528	64,862,320

The accompanying notes from 1 to 25 form part of these financial statements

	Notes	2023	2022
		JD	JD
Operational revenues of Amman Marriott Hotel	24	9,880,409	8,543,206
Operational costs of Amman Marriott Hotel		(7,321,037)	(6,646,007)
Depreciation of property and equipment	6	(982,881)	(1,056,159)
Operational profit of the hotel		1,576,491	841,040
Administrative expenses	16	(853,432)	(871,931)
Company's share of profit from associates and effect of prior years' losses, net	7	519,494	607,982
Investment impairment losses	7	(25,630)	-
Bank interest income		7,174	135,402
Finance costs		(648,244)	(723,339)
Dividends income	19	343,363	291,981
Depreciation of property and equipment	6	(14,883)	(29,444)
Other income		13,990	11,685
Profit before income tax		918,323	263,376
Income tax for the year	17	(35,056)	-
Profit for the year		883,267	263,376
		Fils / JD	Fils / JD
Basic earnings per share	18	0/027	0/008

The accompanying notes from 1 to 25 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Profit for the year		883,267	263,376
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:			
Net change in fair value reserve	8	105,428	(26,254)
Company's share of the net change in fair value reserve from the investments in associates	7	465,169	14,846
Total comprehensive income for the year		1,453,864	251,968

The accompanying notes from 1 to 25 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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
2023 -									
Balance at 1 January 2023	32,728,881	3,644,693	8,026,338	4,000,000	-	(3,584,080)	(2,888,568)	7,252,080	49,179,344
Total comprehensive income for the year	-	-	-	-	-	105,428	465,169	883,267	1,453,864
Transferred to statutory reserve	-	-	91,832	-	-	-	-	(91,832)	-
Dividends distribution (note 14)	-	-	-	-	-	-	-	(654,578)	(654,578)
Balance at 31 December 2023	32,728,881	3,644,693	8,118,170	4,000,000	-	(3,478,652)	(2,423,399)	7,388,937	49,978,630
2022 -									
Balance at 1 January 2022	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
Total comprehensive income for the year	-	-	-	-	-	(26,254)	14,846	263,376	251,968
Transferred to statutory reserve	-	-	26,338	-	-	-	-	(26,338)	-
Transferred to retained earnings	-	-	-	(4,000,000)	(1,600,562)	-	-	5,600,562	-
Dividends distribution (note 14)	-	-	-	-	-	-	-	(1,309,155)	(1,309,155)
Balance at 31 December 2022	32,728,881	3,644,693	8,026,338	4,000,000	-	(3,584,080)	(2,888,568)	7,252,080	49,179,344

* It is restricted to use an amount of JD 5,902,051 from retained earnings as at 31 December 2023 (JD 6,472,648 as at 31 December 2022), which represents the total negative balance of the fair value reserve and Company's share of fair value reserve from investment in associates.

ARAB INTERNATIONAL HOTELS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
OPERATING ACTIVITIES		JD	JD
Profit before income tax		918,323	263,376
Adjustments:			
Depreciation on property and equipment	6	997,764	1,085,603
Expected credit losses provision	12	2,658	425
Loss on sale of property and equipment		-	11,160
Finance costs		648,244	723,339
Bank interest income		(7,174)	(135,402)
Company's share from associates profit and effect of prior years' losses, net	7	(519,494)	(607,982)
Investment impairment losses	7	25,630	-
Dividends income		(343,363)	(291,981)
Changes in working capital:			
Inventories		159,364	(59,256)
Receivables and other debit balances		131,918	(133,185)
Accounts payable		(270,926)	347,491
Provisions and other credit balances		(50,584)	47,143
Income tax paid	17	(8,160)	-
Net cash flows from operating activities		1,684,200	1,250,731
INVESTING ACTIVITIES			
Purchase of property and equipment and project under construction	6	(218,903)	(336,736)
Purchase of financial assets at fair value through other comprehensive income	8	(310,158)	(345,880)
(Increase) decrease in an associate's capital	7	(289,030)	847,059
Profit returns on financial assets at fair value through other comprehensive income and investment in associated received	19	343,363	291,981
Interest income received		7,174	135,402
Proceeds from financial assets at amortized cost		-	1,500,000
Proceeds from sale of property and equipment		-	32,936
Net cash flows (used in) from investing activities		(467,554)	2,124,762
FINANCING ACTIVITIES			
Dividends paid	14	(654,578)	(1,257,820)
Repayments of loans	10	(2,842,925)	(4,314,108)
Proceeds from loans	10	1,297,461	1,524,350
Finance costs paid		(648,244)	(695,074)
Repayments of bonds payable		-	(10,000,000)
Proceeds from bonds payable		-	4,680,000
Net cash flows used in financing activities		(2,848,286)	(10,062,652)
Net decrease in cash and cash equivalents		(1,631,640)	(6,687,159)
Cash and cash equivalents on 1 January		3,096,459	9,783,618
Cash and cash equivalents on 31 December	9	1,464,819	3,096,459

(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 728,881 shares were issued with a nominal par of JD 1 per share, bringing the capital to JD 32,728,881 as at 31 December 2023 and 31 December 2022.

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 12 February 2024, and 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.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

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 has been applied retrospectively on 1 January 2023. 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.

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 from 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.

These amendments had no impact on the financial statements of 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 are effective from 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.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 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.

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

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

(4) USE OF ESTIMATES

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

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 profit or loss (if any).

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

(5) MATERIAL ACCOUNTING POLICY INFORMATION

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 fixtures	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 and recording impairment loss in the statement of comprehensive income.

The assets useful life and depreciation methods are reviewed on a periodic basis to ensure that the depreciation methods and periods are proportionate to the future economic benefits from property and equipment.

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 profit or loss resulted of 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 profit or loss.

- These assets are not subject to impairment testing.
- Dividends received are recognized in the statement of profit or loss when declared.

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.

Under the equity method, investments in associates are stated at cost. The book value of the investments in the associate company is adjusted to record the company's share in the changes in the net assets of the associate company on the date of acquistion. The goodwill generated by the associate company is recorded as part of the investment account and is not amortized nor is an impairment test conducted for it individually.

The profit or loss statement reflects the company's share of the results of the affiliate company's business. Any changes in the other comprehensive income of this investment are classified within the statement of comprehensive income.In the event that there is a change in the equity of the affiliate company. If any changes occurs it will be shown in the statement of changes in equity. Profit and losses resulting from transacations between the Company and its affilitates are excluded of the Company's share in the affiliate company.

The company's share of the profits and losses of the affiliate company is shown in the consolidated statement of profit or loss outside the operating activites, which the profit or loss net of tax and non-controlling interest in the subsidiary of the affiliate company.

The financial statement of the associate company are preprared for the same financial period and same accounting policies.

After applying the equity method, the Company determines whether there is a need to calculate an impairment loss on its investment in the affiliate company. At the end of teach fiscal year, the company determines whether there is objective evidence of impairment in investment in the affiliate company. By calculating the value of that impairment as the difference between the recoverable amount of the associated and its book value, which the loss is recognised in the statement of profit or loss.

When the loss of significant influence over the associate, the Group measures and recognize the return on investment at fair value. Any differences between the book value of the investment and the fair value are recorded in the profit or loss statement.

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 22).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability In the principal market for the asset or liability.

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 profit or loss.

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.

(6) PROPERTY AND EQUIPMENT

	Lands	Hotel's building renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Solar System	Project in progress***	Total
2023 -	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -									
At 1 January 2023	2,094,168	19,088,479	8,962,271	7,991,115	353,440	424,782	2,868,504	-	41,782,759
Additions	-	7,107	30,620	84,513	6,375	-	11,000	79,288	218,903
At 31 December 2023	2,094,168	19,095,586	8,992,891	8,075,628	359,815	424,782	2,879,504	79,288	42,001,662
Accumulated depreciation -									
At 1 January 2023	-	13,121,370	8,332,185	7,001,300	285,028	424,782	611,787	-	29,776,452
Depreciation for the year	-	383,472	155,896	303,589	11,102	-	143,705	-	997,764
At 31 December 2023	-	13,504,842	8,488,081	7,304,889	296,130	424,782	755,492	-	30,774,216
Net book value as at 31 December 2023	2,094,168	5,590,744	504,810	770,739	63,685	-	2,124,012	79,288	11,227,446
2022 -									
Cost -									
At 1 January 2022	2,094,168	19,018,372	8,921,143	7,848,732	359,675	424,782	2,859,386	-	41,526,258
Additions	-	70,107	41,128	142,383	74,000	-	9,118	-	336,736
Disposals	-	-	-	-	(80,235)	-	-	-	(80,235)
At 31 December 2022	2,094,168	19,088,479	8,962,271	7,991,115	353,440	424,782	2,868,504	-	41,782,759
Accumulated depreciation -									
At 1 January 2022	-	12,740,421	8,153,110	6,655,570	284,478	424,782	468,627	-	28,726,988
Depreciation for the year	-	380,949	179,075	345,730	36,689	-	143,160	-	1,085,603
Disposals	-	-	-	-	(36,139)	-	-	-	(36,139)
At 31 December 2022	-	13,121,370	8,332,185	7,001,300	285,028	424,782	611,787	-	29,776,452
Net book value as at 31 December 2022	2,094,168	5,967,109	630,086	989,815	68,412	-	2,256,717	-	12,006,307

* The total cost of fully depreciated property and equipment as at 31 December 2023 is JD 13,960,421 (31 December 2022: JD 13,631,630).

** The depreciation expense at 31 December 2023 is divided between depreciation of operating property and equipment of JD 982,881 (JD 1,056,159 for the year ended 31 December 2022) and depreciation of administrative property and equipment of JD 14,883 (JD 29,444 for the year ended 31 December 2022.

*** The Project in progress include a project to rennovate skylights, bathrooms, and hotel rooms. The total estimated cost to complete the projects is JD 3,500,000, and they are expected to be completed on 12 December 2025.

(7) INVESTMENT IN ASSOCIATES

	Percentage of ownership		Value	
	2023	2022	2023	2022
	%	%	JD	JD
Business Tourism Company	35.516	35.516	17,005,050	16,557,087
Al Dawliyah for Hotels and Malls Company	26.91	26.91	12,656,261	12,486,914
Jordan Investor Center Company	49.99	49.34	13,160,221	12,650,844
Al Marasi Development and Management Company	21.43	-	121,755	-
Interior Design Studio Company	25	25	-	-
Arab International Real Estate Company	42.35	42.35	642,956	643,335
			43,586,243	42,338,180

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
Al Marasi Development and Management Company	Managing energy projects for companies
Arab International Real Estate Company – private shareholding	Investments in lands and real estate

Movement on investment in associates is as follows:

	2023	2022
	JD	JD
Balance at 1 January	42,338,180	42,562,411
Decrease in an associate's capital	-	(847,059)
Share of associates profits, net	519,494	648,191
Effect of prior years' losses	-	(40,209)
Investment impairment - Interior Design Studio Company	(25,630)	-
Company's share of fair value reserve from investment in associates	465,169	14,846
Increase in an associate's capital	289,030	-
Balance at 31 December	43,586,243	42,338,180

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	Arab International Real Estate Company	Al Marasi Development and Management Company	Total
2023 -	JD	JD	JD	JD	JD	JD	JD
Investment in associates							
Current assets	1,807085	5,259,138	2,413,258	381,481	96,354	486,150	10,443,466
Non-current assets	57,341,898	51,332,405	26,810,129	4,791	1,362,399	981,648	137,833,270
Current liabilities	(6,611,915)	(4,198,286)	(6,039,749)	(343,427)	(1,095)	(649,700)	(17,844,172)
Non-current liabilities	(2,129,223)	(782,967)	-	(26,153)	-	(249,900)	(3,188,243)
Equity	50,407,845	51,610,290	23,183,638	16,692	1,457,658	568,198	127,244,321
Ownership %	%26.91	%35.516	%49.99	%34	%42.35	%21.43	
Investments carrying amount	12,656,261	17,005,050	13,046,821	-	642,956	150,000	43,501,088
Capital increase in an associate	-	-	113,400	25,630	-	150,000	289,030
Impairment loss	-	-	-	(25,630)	-	-	(25,630)
Investment's net carrying amount	12,656,261	17,005,050	13,160,221	-	642,956	121,755	43,586,243
Revenues							
Operating revenues	1,678,989	2,032,514	1,133,738	98,908	2,240	(59,445)	4,886,944
Administrative expenses	(996,317)	(703,294)	(404,706)	(79,022)	(3,135)	(42,590)	(2,229,064)
Finance costs	(283,389)	(104,011)	(717,978)	(18,732)	-	(29,767)	(1,153,877)
Profit (loss) for the year	399,283	1,225,209	11,054	1,154	(895)	(131,802)	1,504,003
The Company's share of profit (loss) for the year	107,447	435,145	5,526	-	(379)	(28,245)	519,494

	Al Dawliyah for Hotels and Malls Company	Business Tourism Company	Jordan Investor Center Company	Interior Design Studio Company	Arab International Real Estate Company	Total
2022 -	JD	JD	JD	JD	JD	JD
Investment in associates						
Current assets	1,876,779	5,011,783	1,489,189	331,281	98,037	8,807,069
Non-current assets	57,764,861	51,924,640	25,802,969	6,137	1,362,399	136,861,006
Current liabilities	(6,636,057)	(4,588,050)	(5,764,523)	(270,760)	(1,882)	(17,261,272)
Non-current liabilities	(3,138,193)	(1,949,760)	-	(29,562)	-	(5,117,515)
Equity	49,867,390	50,398,613	21,527,635	37,096	1,458,554	123,289,288
Ownership %	%26.91	%35.516	%49.34	%25	%42.35	
Investments carrying amount	12,486,914	16,597,174	12,650,844	-	1,490,516	43,225,448
Effect of prior years' losses	-	(40,087)	-	-	(122)	(40,209)
Capital decrease in an associate	-	-	-	-	(847,059)	(847,059)
Investment's net carrying amount	12,486,914	16,557,087	12,650,844	-	643,335	42,338,180
Revenues						
Operating revenues	1,314,275	1,345,032	1,854,090	(16,953)	1,049	4,497,493
Administrative expenses	(711,124)	(448,245)	(399,760)	(121,091)	(59,853)	(1,740,073)
Finance costs	(271,199)	(268,733)	(665,590)	(12,420)	-	(1,217,942)
Profit (loss) for the year	331,952	628,054	788,740	(150,464)	(58,804)	1,539,478
The Company's share of profit (loss) for the year	89,328	223,060	389,164	(28,458)	(24,903)	648,191

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

	2023	2022
	JD	JD
Investment in companies' shares – quoted in Amman Stock Exchange	6,282,137	5,861,597
Investment in companies' shares– unquoted in Amman Stock Exchange	71,466	76,420
	6,353,603	5,938,017

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

	2023	2022
	JD	JD
Balance at 1 January	5,938,017	5,618,391
Investment during the year	310,158	345,880
Change in fair value	105,428	(26,254)
Balance at 31 December	6,353,603	5,938,017

Movement on fair value reserve is as follows:

	2023	2022
	JD	JD
Balance at 1 January	(3,584,080)	(3,557,826)
Change in fair value	105,428	(26,254)
Balance at 31 December	(3,478,652)	(3,584,080)

(9) CASH AND SHORT-TERM DEPOSITS

	2023	2022
	JD	JD
Short-term deposits* (note 19)	182,668	1,848,600
Cash on hands and at banks	1,282,151	1,247,859
	1,464,819	3,096,459

* Short term deposits as at 31 December 2023 represent deposits held with local banks in Jordanian Dinar with maturities not exceeding three months, bearing an average interest rate of 3.875% (31 December 2022: 3%).

(10) Loans

Loans are categorized according to their maturity date as follows:

	2023		2022	
	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)	385,696	1,158,982	385,696	1,544,678
Jordan Ahli Bank – JD (2)	373,043	507	744,000	373,541
Jordan Ahli Bank – USD (3)	957,150	957,150	957,150	1,914,300
Jordan Ahli Bank – JD (4)	375,000	1,875,000	375,000	2,250,000
Jordan Ahli Bank – USD (5)	-	-	381,088	-
Jordan Ahli Bank – USD (6)	1,297,461	-	-	-
	3,388,350	3,991,639	2,842,934	6,082,519

Jordan Ahli Bank – USD (1)
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 average 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. Based on the instructions of the Central Bank of Jordan, the interest rate was raised during the year 2023 to 6.082%. The utilized loan balance amounted to JD 1,544,678 as at 31 December 2023 (31 December 2022: JD 1,930,374).

Jordan Ahli Bank – JD (2)
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 2024. 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 373,550 as at 31 December 2023 (31 December 2022: JD 1,117,541).

Jordan Ahli Bank – USD (3)
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 maximum 5%. The loan will be paid in 10 equal semi-annual the first instalment was due on 28 February November 2021. 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 interest rate has increased during 2023 to be 6.85%, according to Central Bank of Jordan instructions. The utilized loan balance amounted to JD 1,914,300 as at 31 December 2023 (31 December 2022: JD 2,871,450).

Jordan Ahli Bank – JD (4)
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 2029. The utilized loan balance amounted to JD 2,250,000 as at 31 December 2023 (31 December 2022: JD 2,625,000).

Jordan Ahli Bank – USD (5)
On 4 May 2016 the Company signed a revolving loan agreement with Jordan Ahli Bank for the purpose of funding operating expenses with a ceiling of JD 2,127,000 with an interest rate (LIBOR 3 months plus 1.5% with a minimum of 4.1%) on the daily utilized balance. The loan balance was utilized on 24 January 2022. The loan will be paid in 4 quarterly instalments The first instalment was due on 24 April 2022, and last instalment will be paid on 31 January 2023. The interest rate has increased during 2023 to be 5%, according to Central Bank of Jordan instructions. The loan has been fully settled during the year 2023.

Jordan Ahli Bank – USD (6)
On 28 December 2023, the company signed a loan agreement with the Jordan ahli Bank for the purpose of funding operating expenses with a a ceiling of JD 1,297,470 at an interest rate of 6.85% based on the daily utilized balance. The loan balance was utilized for the first time on 28 December 2023. The loan is repaid in 4 quarterly instalments, with the first instalment due on 28 March 2024, and the last instalment due on 28 December 2024. The utilized loan balance amounted to JD 1,297,461 as at 31 December 2023.

Movement on the loans is as follows:

	2023 JD	2022 JD
Balance at 1 January	8,925,453	11,715,211
Proceeds from loans	1,297,461	1,524,350
Loans repayments	(2,842,925)	(4,314,108)
Balance at 31 December	7,379,989	8,925,453

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

Year	JD
2025	1,717,846
2026	760,696
2027	762,590
2028 and thereafter	750,507
	3,991,639

(11) BONDS PAYABLE

On 6 February 2022, Arab International Hotels Company Public Shareholding Company issued 7,000 bonds through Jordan Ahli Bank with a par value of JD 1,000 and a total value of JD 7,000,000 for five years at a fixed interest rate of 5.5%. paid semi-annually. The subscribed bond balance reached to JD 4,680,000 at 31 December 2023 and 2022.

(12) RECEIVABLES AND OTHER DEBIT BALANCES

	2023	2022
	JD	JD
Trade receivables	355,274	521,217
Provision for expected credit losses*	(33,695)	(31,037)
	321,579	490,180
Amounts due from related parties (note 19)	23,299	23,299
Other debit balances	153,741	119,716
	498,619	633,195

* Movement on expected credit losses provision is as follows:

	2023	2022
	JD	JD
Balance as at 1 January	31,037	30,612
Provision for expected credit losses	2,658	425
Balance as at 31 December	33,695	31,037

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	More than 121 days	Total
	JD	JD	JD	JD	JD	JD
2023	271,643	23,762	6,224	14,731	5,219	321,579
2022	490,180	-	-	-	-	490,180

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.

(13) EQUITY

Paid-in capital
The Company authorized and 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 2023 and 2022.

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.

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. The General Assembly approved in its meeting held on 12 April 2022 to transfer an amount of JD 4,000,000 from voluntary reserve to retained earnings.

Special reserve
This item represents the special reserve due from the merge of the Company with the associate company - Beaches Company for Hotels and Resorts. The General Assembly approved in its meeting held on 12 April 2022 to transfer the full balance from the special reserve to retained earnings.

(14) Dividends

The General Assembly approved in its meeting held on 28 March 2023, the distribution of cash dividends in the amount of JD 654,578 from the retained earnings as profit for investors representing 2% of the paid in capital as a result of 2022 operations (31 December 2022: 1,257,820 as a result of 2021 operations).

(15) PROVISIONS AND OTHER CREDIT BALANCES

	2023	2022
	JD	JD
Due to shareholders and dividends payable	325,332	352,979
Accrued expenses	807,917	830,854
Income tax provision (note 17)	26,896	-
	1,160,145	1,183,833

(16) ADMINISTRATIVE EXPENSES

	2023	2022
	JD	JD
Salaries, wages and other benefits	438,852	432,804
Board of Directors travel and transportation expenses	92,134	86,400
Solar System	77,415	91,535
Insurance expenses	49,183	50,020
Property tax expenses	45,724	34,776
Governmental fees	28,658	36,127
Social security	19,392	17,704
Rent	19,350	19,350
Professional fees	16,398	13,822
Chairman office expenses	16,215	3,473
Vehicles expenses	15,589	14,693
Hospitality expenses	9,331	2,502
Donations	7,546	39,092
Bank expenses	4,612	5,181
Advertisement expenses	3,795	11,377
Stationery and publications	1,945	4,539
Others	7,293	8,536
	853,432	871,931

(17) INCOME TAX

Income tax has been calculated for the year ended 31 December 2023 in accordance with Income Tax Law no. (34) of 2014 and its amendments.

No income tax for the year ended 31 December 2022 has 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 Department for the years 2019 up to 2022. The submitted tax declarations have not been audited up to the date of these financial statements.

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

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

	2023	2022
	JD	JD
Accounting profit	918,323	263,376
Non-taxable income	(837,227)	(899,963)
Non-deductible expenses	85,841	72,995
Taxable Income (loss)	166,937	(563,592)
Income tax expense for the year	35,056	-
Statutory income tax rate	20%	20%
National contribution tax	1%	1%
Effective income tax rate	4%	-

Movement on income tax provision is as follows:

	2023	2022
	JD	JD
Balance as at 1 January	-	-
Income tax for the year	35,056	-
Income tax paid	(8,160)	-
Balance as at 31 December	26,896	-

(18) BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
Profit for the year (JD)	883,267	263,376
Weighted average number of shares at end of year (share)	32,728,881	32,728,881
	Fils / JD	Fils / JD
Basic earnings per share*	0/027	0/008

* The diluted earnings per share of the profit for the year returned to the shareholders of the Company is equal to the basic earnings per share of profit for the year.

(19) RELATED PARTIES

Related parties represent Shareholders, siter companies, directors and key management personnel of the Company, companies in which they have major shareholders, and affiliate companies. Pricing policies and terms of these transactions are approved by the Company's management.

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

	2023	2022
	JD	JD
Assets:		
Bank deposit - Jordan Ahli Bank (shareholder) – (note 9)	182,668	1,848,600
Current accounts at Jordan Ahli Bank (shareholder)	1,260,651	1,226,359
Liabilities:		
Loans granted by Jordan Ahli Bank (shareholder) – (note 10)	7,379,989	8,925,453
Bonds portion owned from related parties (sister companies) - (note 11)	4,650,000	4,650,000

The other debit balances include a due from related party as follows:

Due from Interior Design Studio Company (note 12)	23,299	23,299

Financial assets at fair value through other comprehensive income:

The Jordan Worsted Mills Company – Public Shareholding Company	2,494,893	2,258,616
El-Zay for Ready Wear Manufacturing Company	472,970	386,098
Jordan Ahli Bank	2,170,800	2,054,400

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

	2023 JD	2022 JD
Interest income on deposits - Jordan Ahli Bank	7,174	69,330
Dividends income	301,360	258,379
Interest income on financial assets at amortized cost	-	66,072
Key management salaries and benefits and Board of Directors remuneration	404,453	375,290
Finance costs – Jordan Ahli Bank	390,844	454,071
Bonds finance costs – related parties	256,421	269,268

(20) 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 profit or loss 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 profit or loss to reasonably possible changes in interest rates as 31 December, with all other variables held constant.

2023- Currency	Increase in interest rate Basis point	Effect on profit for the year JD
JD	100	(24,409)
USD	100	(47,564)

Currency	Decrease in interest rate Basis point	Effect on profit for the year JD
JD	100	24,409
USD	100	47,564

2022-

Currency	Increase in interest rate Basis point	Effect on profit for the year JD
JD	100	(18,939)
USD	100	(51,829)

Currency	Decrease in interest rate Basis point	Effect on profit for the year JD
JD	100	18,939
USD	100	51,829

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.

2023-

Index	Change in index %	Effect on equity JD
Amman Stock Exchange	5	314,107
	(5)	(314,107)

2022 -

Index	Change in index %	Effect on equity JD
Amman Stock Exchange	5	293,080
	(5)	(293,080)

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 ma rket interest rates.

.	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	JD	JD	JD	JD	JD
As at 31 December 2023					
Bonds payable	128,700	257,400	5,097,129	-	5,483,229
Accounts payable and other credit balances	1,782,909	-	-	-	1,782,909
Loans	616,840	3,084,200	4,317,857	-	8,018,897
Total	2,528,449	3,341,600	9,414,986	-	15,285,035
As at 31 December 2022					
Bonds payable	-	257,400	5,709,600	-	5,967,000
Accounts payable and other credit balances	2,077,523	-	-	-	2,077,523
Loans	902,646	2,082,435	5,992,364	394,281	9,371,726
Total	2,980,169	2,339,835	11,701,964	394,281	17,416,249

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).

(21) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of cash on hand and at banks, short term deposit, account receivable, financial assets at fair value and some other debit balances. Financial liabilities consist of accounts payable, bonds payable, due to banks, loans, and some other credit balances.

there is no material differences between the fair value of the financial assets and their book value.

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
2023 -	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	6,282,137	-	71,466	6,353,603
2022 -				
Financial assets at fair value through other comprehensive income	5,861,597	-	76,420	5,938,017

(22) 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, fair value reserve, Company’s share from change in fair value reserve from investment in associates, and is measured at JD 49,978,630 as at 31 December 2023 (31 December 2022: JD 49,179,344).

(23) CONTINGENT LIABILITIES

Lawsuits -

The Company is a defendant in a number of lawsuits amounting JD 47,044 representing legal claims related to its activities (2022: JD 14,562). The management and legal consultant believe that the provision booked is sufficient to meet the obligations that may result from these cases and claims. The Company filed a number of lawsuits amounting JD 29,460 representing legal claims related to its activities (2022: JD 32,264).

(24) SEGMENT INFORMATION

A business segment is the Company’s assets and operations engaged in providing products and services 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 represents Marriott Amman operating revenues:

	2023	2022
	JD	JD
Rooms Revenues	5,783,826	4,778,814
Food and Beverage Revenues	3,809,493	3,486,052
Other Revenues	287,090	278,340
	9,880,409	8,543,206

The following table summarizes the Segment results:

	Hotel sector	Investment in financial assets	Total
2023 -	JD	JD	JD
Revenues, net	9,880,409	858,391	10,738,800
Segment results -			
Profit before income tax	24,876	893,447	918,323
Income tax	-	(35,056)	(35,056)
Profit for the year	24,876	858,391	883,267
Other Segment Information			
Capital expenditures	218,903	-	218,903
Depreciation	997,764	-	997,764
2022 -			
Revenues, net	8,543,206	1,047,050	9,590,256
Segment results -			
Profit before income tax	(783,674)	1,047,050	263,376
Profit for the year	(783,674)	1,047,050	263,376
Other Segment Information			
Capital expenditures	336,736	-	336,736
Depreciation	1,085,603	-	1,085,603
Assets and liabilities			
31 December 2023 -			
Sector assets	44,418,860	19,402,668	63,821,528
Sector liabilities	13,842,898	-	13,842,898
31 December 2022 -			
Sector assets	45,630,124	19,232,196	64,862,320
Sector liabilities	15,682,976	-	15,682,976

The Company’s net share from associates’ profit amounted to JD 519,494 for the year ended 31 December 2023 (2022: losses in the amount of JD 607,982).

(25) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.