JORDAN HOTELS AND TOURISM COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Hotels and Tourism Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Hotels and Tourism Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2021, and 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 Ethics Standards Board for Accountants' *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

We draw attention to note (24) of to the financial statements, which describes the effect of Covid-19 pandemic outbreak on the Company's performance and its operating environment. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year financial statements . 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.

<table>
<tr><td colspan="2">Key Audit Matter 1: Revenue Recognition

Refer to note (15) to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How the key audit matter was addressed in the audit</td></tr>
<tr><td>Revenue recognition was considered a key audit matter for the year 2021 due to the risk of errors in revenue recording and recognition as a result of the high volume of relatively low value transactions. A risk is also present in invoices that may be issued for services that are rendered but are not fully recorded and hence may result in an overstatement or understatement of revenues.

The Company focuses on revenues as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service. Operating revenues for the year ended 31 December 2021 amounted to JD 7,622,787 (2020: JD 5,868,806).</td><td>Audit procedures included testing the Company's controls around revenue recognition and key manual controls in the revenue recognition process. We performed detailed analytical procedures for the gross margin on a monthly basis for all types of revenue (rooms, food and beverages, and other 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 daily reports based on which revenues are recorded to ensure proper revenue recognition. We selected a sample before and after 2021 year-end to assess whether the revenue was recognized in the correct period.</td></tr>
</table>

<table>
<tr><td colspan="2">Key Audit Matter 2: Impairment of property and equipment

Refer to note (3) to the financial statements</td></tr>
<tr><td>Key Audit Matter

We have considered impairment of property and equipment a key audit matter due to the following reasons:

• The net book values of the property and equipment as of 31 December 2021 amounted to JD 23,323,179, representing 73% of the Company's total assets.
• Assessment of the existence of indicators of impairment and estimation of recoverable amount by the Company involves judgement and estimation uncertainty, especially in the current circumstances arising from the outbreak of Covid-19 and its impact on the Company's performance and operating environment.</td>
<td>How the key audit matter was addressed in the audit

Our audit procedures included the following:

• Involvement of our own valuation specialist in:
- Reviewed the Company's process of identifying possible indicators of impairment of the property and equipment.
- Reviewed the parameters used by the Company to identify indicators of impairment to ensure that these are reasonable.
- Reviewed the appropriateness of the impairment assessment methodology used by the Company.
- Challenged the reasonableness of key assumptions and inputs used in estimating the recoverable amount of the assets.
• Reviewed the adequacy of the Company's disclosure related to impairment of property and equipment in the financial statements by reference to the requirements of the relevant accounting standards.</td></tr>
</table>

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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 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 will 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.

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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 exists. 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 Waddah Issam Barkawi; license number 591.

Amman – Jordan
24 March 2022

ERNST & YOUNG
Amman - Jordan

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021	2020
ASSETS		JD	JD
Non-current assets -			
Land		751,011	751,011
Property and equipment	3	23,323,179	24,617,871
Projects in progress	4	151,027	11,300
Financial assets at fair value through other comprehensive income	5	1,400	100
Deferred tax assets	6	1,142,826	724,837
Right-of-use assets – lease contract	7	2,085,965	749,185
		27,455,408	26,854,304
Current assets -			
Inventories		68,828	67,518
Accounts receivable	8	389,490	257,331
Due from related party	9	-	1,103
Other current assets	10	180,717	158,930
Cash on hand and at banks	11	3,828,888	1,785,782
		4,467,923	2,270,664
TOTAL ASSETS		31,923,331	29,124,968
EQUITY AND LIABILITIES			
Equity -			
Paid in capital	12	10,000,000	10,000,000
Share premium	12	505,173	505,173
Statutory reserve	12	2,569,247	2,569,247
Voluntary reserve	12	3,800,824	3,800,824
Fair value reserve	5	(30,000)	(30,000)
Retained earnings		7,424,733	9,230,889
Total Equity		24,269,977	26,076,133
Liabilities -			
Non-current liabilities -			
Long term loans	13	1,156,530	-
Deferred tax liabilities	6	83,580	72,923
Long term lease obligations	7	1,686,954	577,187
Other current liabilities	14	1,462,286	192,929
		4,389,350	843,039
Current liabilities -			
Short term portion of long-term loans	13	162,592	-
Accounts payable		1,277,514	699,420
Due to related parties	9	76,999	217,844
Other current liabilities	14	1,346,665	1,134,837
Short term lease obligations	7	400,234	153,695
		3,264,004	2,205,796
Total Liabilities		7,653,354	3,048,835
TOTAL EQUITY AND LIABILITIES		31,923,331	29,124,968

The accompanying notes from 1 to 24 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Operating revenues		7,622,787	5,868,806
Operating expenses		(7,136,789)	(6,951,838)
Net operating revenues	15	485,998	(1,083,032)
Rental revenues		46,693	86,337
Interest revenues		21,249	51,089
Other revenues		3,050	5,356
Depreciation of property and equipment	3	(1,757,174)	(2,241,251)
Depreciation of right-of-use assets	7	(146,639)	(97,191)
Finance costs		(16,577)	(15)
Interest expense on lease obligations	7	(149,831)	(68,244)
Gain on sale of property and equipment		20,652	13,000
Administrative expenses	16	(661,509)	(381,990)
Board of Directors' transportations and remunerations	9	(59,400)	(50,400)
Loss before income tax		(2,213,488)	(3,766,341)
Income tax benefit, net	6	407,332	755,915
Loss for the year		(1,806,156)	(3,010,426)
Add: Other comprehensive income items			
Change in fair value reserve		-	(30,000)
Total comprehensive income for the year		(1,806,156)	(3,040,426)
		JD / Fils	JD / Fils
Basic and diluted loss per share	17	(0/181)	(0/301)

The accompanying notes from 1 to 24 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total Equity
	JD	JD	JD	JD	JD	JD	JD
2021-							
Balance at 1 January	10,000,000	505,173	2,569,247	3,800,824	(30,000)	9,230,889	26,076,133
Total comprehensive income for the year	-	-	-	-	-	(1,806,156)	(1,806,156)
Balance at 31 December	10,000,000	505,173	2,569,247	3,800,824	(30,000)	7,424,733	24,269,977
2020-							
Balance at 1 January	10,000,000	505,173	2,569,247	3,800,824	-	12,241,315	29,116,559
Total comprehensive income for the year	-	-	-	-	(30,000)	(3,010,426)	(3,040,426)
Balance at 31 December	10,000,000	505,173	2,569,247	3,800,824	(30,000)	9,230,889	26,076,133

The accompanying notes from 1 to 24 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Operating Activities			
Loss for the year before income tax		(2,213,488)	(3,766,341)
Adjustments:			
Depreciation of property and equipment	3	1,757,174	2,241,251
Depreciation of right-of-use assets	7	146,639	97,191
Finance costs		16,577	15
Interest expense on lease obligations	7	149,831	68,244
Interest revenue		(21,249)	(51,089)
Reversal of provision for expected credit losses	8	(276)	(8,525)
Provision for expected credit losses	8	20,176	18,316
Gain on sale of property and equipment		(20,652)	(13,000)
Changes in working capital:			
Inventories		(1,310)	13,713
Accounts receivable		(152,059)	625,551
Other current assets		(21,787)	78,317
Accounts payable		578,094	(454,910)
Related parties		(139,742)	86,854
Other current liabilities		205,763	(808,466)
Income tax paid	6	-	(322,768)
Net cash flows from (used in) operating activities		303,691	(2,195,647)
Investing Activities			
Purchase of property and equipment	3	(181,265)	(179,185)
Projects in progress	4	(420,944)	(301,543)
Proceeds from sale of property and equipment		20,652	13,000
Purchase of financial assets at fair value	5	(1,300)	-
Interest received		21,249	55,892
Net cash flows used in investing activities		(561,608)	(411,836)
Financing Activities			
Dividends paid to shareholders		(29,421)	(3,075)
Proceeds from loans	13	1,319,122	-
Other current liabilities		1,269,357	-
Finance costs paid		(16,577)	(15)
Payment of lease liabilities	7	(241,458)	(135,000)
Cash flows from (used in) financing activities		2,301,023	(138,090)
Net increase (decrease) in cash and cash equivalents		2,043,106	(2,745,573)
Cash and cash equivalents at the beginning of the year		1,785,782	4,531,355
Cash and cash equivalents at the end of the year	11	3,828,888	1,785,782

The accompanying notes from 1 to 24 form part of these financial statements

1. GENERAL

Jordan Hotels and Tourism Company (the "Company") was registered in 1955 as a public shareholding company located in Amman – Jordan. The Company increased its capital throughout the years to reach JD 10,000,000 divided into 10,000,000 shares at par value of JD 1 per share. The Company's main objectives are to invest in real estate and tourism activities.

The Company owns Intercontinental Hotel Jordan (the "Hotel") which is operated and managed by the Intercontinental Hotel Corporation (IHC) in accordance with the Operating and Management Agreement (the "Agreement") that became effective in 1972. This agreement was then replaced with another agreement effective on 1 January 2008 and was valid until 31 December 2017. The Board of Directors approved the novation, extension and amendment of the Agreement with Intercontinental Hotels Corporation effective 1 January 2018 for a period of five years.

The financial statements were approved by the Company's Board of Directors on 21 March 2022. These financial statements require the approval of the General Assembly of the shareholders of the Company.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The financial statements have been prepared on a historical cost convention except for the financial assets at fair value through other comprehensive income which are stated at fair value on the date of the financial statements.

The financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Company.

2.2 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 material 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Land

Land is stated at cost less impairment losses, if any, and is not depreciated.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on a straight-line basis, the depreciation rates are estimated according to the estimated useful lives and using the following rates:

	%
Buildings	2
Electromechanical works	15
Elevators	10
Decorations	15
Equipment and machinery	15-20
Furniture and fixtures	15
Tools	15
Computer hardware and software	20-50
Vehicles	15
Buildings improvements	7

When events or changes in circumstances indicate that the assets are recorded at values exceed the estimated recoverable amount, consequently, the assets are written down to their recoverable amount, and impairment losses are recognized in the statement of comprehensive income.

The assets useful lives and methods of depreciation are reviewed at each financial year end and to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Projects in progress

Projects in progress are stated at cost less impairment losses, if any. Projects in progress represent the costs of construction, equipment and direct costs. Projects in progress are not depreciated until they are ready for use and transferred to property and equipment.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease cotract (i.e., the date the underlying asset is available for use). Right-of-use assets are recognized at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date of the lease contract less any lease incentives received. Unless the Company is certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment test.

Lease obligations
At the commencement date of the lease, the Company recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Financial assets at fair value through other comprehensive income
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 change in 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 gain or loss is recorded in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings and not the statement of profit or loss.

These assets are not subject to impairment testing and dividends received are recognized in the statement of comprehensive income.

Inventories
Inventories are valued at the lower of cost (weighted average) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

Accounts receivable
Accounts receivable are stated at original invoice amount less provision for expected credit losses using the simplified approach. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss provision based on lifetime ECLS at each reporting date. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash on hand and at banks
Cash on hand and at banks in the statement of financial position comprise cash on hand and at banks and short-term deposits with an original maturity date of three months or less as they are not subject to the risk of changes in value.

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

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for services or goods received, whether billed by the supplier or not.

Loans
All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are settled.

Amortized cost is calculated by taking into consideration any discount or premium on acquisition in addition to fees and costs, which are a part of the effective interest rate. Finance costs are recognized in the statement of comprehensive income.

Deferred grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Loans received from a government at a rate that appears to be below-market are considered government grants. The benefit of a below-market rate loan which is the excess of the consideration received from loan's proceeds over the initial carrying amount of the loan calculated as the net present value of the future cash flows at prevailing market interest rates is recorded as a government grant in the statement of financial position in accordance with International Accounting Standard IAS 20 - Government Grants.

Subsequently, interest will be imputed to the loan using the effective interest method. The grant is amortized in the statement of comprehensive income on a systematic basis that matches the related costs incurred (finance cost).

Revenue and expense recognition

Revenues are recognized according to the five-step model (IFRS 15), which includes the identification of the contract and price, the performance obligation within the contract and that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

Revenues are recognized upon rendering services and issuance of invoices.

Dividends are recognized when the shareholders' right to receive payment is established.

Interest income is recognized using effective interest rate method.

Other revenues are recognized using the accrual basis of accounting.

Expenses are recognized using the accrual basis of accounting.

Income taxes

Accrued income tax is calculated in accordance with the Income Tax Law in Hashemite Kingdom of Jordan, and in accordance with IAS (12).

Tax expense comprises current tax and deferred tax. Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date. The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Impairment of financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

The Company has established a provision calculation that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences resulting from the retranslation are taken to the statement of comprehensive income.

Fair value measurement

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 is used. 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 categorized 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Current versus non-current classification -

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statement and applying of accounting policies demand estimates from the management that impact on the assets and liabilities and disclosure of contingent liabilities. These estimates impact on revenue, expense and provisions and it impact specially on amount and time of future cash flow and resulting time of circumstances of these future estimates. Such estimates are based on assumptions and necessarily multiple factors with varying degrees of appreciation and uncertainty and that actual results may differ from estimates and as a result of changes in future conditions and circumstances of the provision.

The significant judgements, estimates and assumptions used in the financial statements are as follows:

- A provision is established for receivables based on the basis and assumptions approved by the Company's management to estimate the required allowance for expected credit losses in accordance with IFRS 9 "Financial Instruments".
- Income tax expense is calculated and charged for the year in accordance with laws, regulations and accounting standards. Deferred tax assets and liabilities and income tax provision are calculated accordingly.
- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly.
- A provision is established against court cases where the Company is the defendant, based on a legal study provided by the Company's legal advisor which determines the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.
- The application of IFRS 16 requires the Company to make judgements and estimates affect the measurement of right-of-use assets and lease obligations. In determining the lease term, all facts and circumstances must be considered which create an economic incentive to exercise renewal options. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure the lease obligations.

3. PROPERTY AND EQUIPMENT

	Buildings	Electro-Mechanical works	Elevators	Decorations	Equipment and machinery	Furniture and fixtures	Tools	Computers hardware and software	Vehicles	Buildings improvements	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2021-											
Cost -											
At 1 January	30,727,352	19,007,110	1,437,640	769,188	8,114,916	16,275,414	1,620,560	2,026,340	282,934	760,565	81,022,019
Additions	15,286	6,249	-	-	76,559	66,729	-	16,442	-	-	181,265
Transfer from projects in progress	-	33,720	-	-	32,180	33,124	-	19,276	-	162,917	281,217
Disposals	-	(18,800)	-	(1,790)	(86,666)	(169,640)	(34,444)	(29,305)	-	-	(340,645)
At 31 December	30,742,638	19,028,279	1,437,640	767,398	8,136,989	16,205,627	1,586,116	2,032,753	282,934	923,482	81,143,856
Accumulated depreciation -											
At 1 January	11,560,727	18,394,184	1,435,561	769,187	6,849,187	13,598,713	1,620,559	1,926,965	191,745	57,320	56,404,148
Depreciation for the year	619,720	123,084	2,078	-	378,766	515,754	-	43,271	20,176	54,325	1,757,174
Disposals	-	(18,800)	-	(1,790)	(86,666)	(169,640)	(34,444)	(29,305)	-	-	(340,645)
At 31 December	12,180,447	18,498,468	1,437,639	767,397	7,141,287	13,944,827	1,586,115	1,940,931	211,921	111,645	57,820,677
Net book value-											
At 31 December 2021	18,562,191	529,811	1	1	995,702	2,260,800	1	91,822	71,013	811,837	23,323,179

The cost of fully depreciated property and equipment as at 31 December 2021 is JD 42,700,629 (2020: JD 42,226,673).

	Buildings	Electro-Mechanical works	Elevators	Decorations	Equipment and machinery	Furniture and fixtures	Tools	Computers hardware and software	Vehicles	Buildings improvements	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020-											
Cost -											
At 1 January	30,705,250	18,550,646	1,437,640	769,188	7,578,373	14,276,556	1,620,560	2,004,460	277,934	101,001	77,321,608
Additions	22,102	18,658	-	-	28,631	56,556	-	3,238	50,000	-	179,185
Transfer from projects in progress	-	437,806	-	-	507,912	1,942,302	-	18,642	-	659,564	3,566,226
Disposals	-	-	-	-	-	-	-	-	(45,000)	-	(45,000)
At 31 December	30,727,352	19,007,110	1,437,640	769,188	8,114,916	16,275,414	1,620,560	2,026,340	282,934	760,565	81,022,019
Accumulated depreciation -											
At 1 January	10,949,687	18,145,692	1,414,098	769,187	6,152,909	13,070,832	1,620,559	1,859,872	218,445	6,616	54,207,897
Depreciation for the year	611,040	248,492	21,463	-	696,278	527,881	-	67,093	18,300	50,704	2,241,251
Disposals	-	-	-	-	-	-	-	-	(45,000)	-	(45,000)
At 31 December	11,560,727	18,394,184	1,435,561	769,187	6,849,187	13,598,713	1,620,559	1,926,965	191,745	57,320	56,404,148
Net book value-											
At 31 December 2020	19,166,625	612,926	2,079	1	1,265,729	2,676,701	1	99,375	91,189	703,245	24,617,871

4. PROJECTS IN PROGRESS

This item represents renovation costs at the Hotel. Movement on this account during the year is as follows:

	2021	2020
	JD	JD
Beginning balance	11,300	3,275,983
Additions	420,944	301,543
Transfer to property and equipment	(281,217)	(3,566,226)
Ending balance	151,027	11,300

The estimated cost to complete the undergoing projects is JD 206,453 as at 31 December 2021. Management expects to complete these projects during the first quarter of the year 2022.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	JD	JD
Unquoted shares / Local		
Himmeh Solar Power	1,400	100

Movement on financial assets at fair value through other comprehensive income is as follows:

	2021	2020
	JD	JD
Beginning balance	100	30,100
Purchase of financial assets at fair value	1,300	-
Change in fair value	-	(30,000)
Ending balance	1,400	100

6. INCOME TAX

No income tax provision was calculated for the Company for the years 2021 and 2020, due to the excess of deductible expenses over taxable revenues, in accordance with Income Tax Law No. (34) of 2014 and its amendments.

Income tax, net -

The income tax expense appearing on the statement of comprehensive income represents the following:

	2021	2020
	JD	JD
Prior years' income tax expense	-	27,644
Deferred tax assets	(417,989)	(724,837)
Deferred tax liabilities	10,657	(58,722)
	(407,332)	(755,915)

Provision for income tax -

Movement on the provision for income tax is as follows:

	2021	2020
	JD	JD
Beginning balance	-	295,124
Prior years' income tax expense	-	27,644
Income tax paid for the year	-	(322,768)
Ending balance	-	-

The Company has submitted its tax returns to the Income Tax Department up to the year 2020. The Income Tax Department has not reviewed the Company's records for the years 2019 and 2020 up to the date of these financial statements.

The Company obtained final clearance from the Income and Sales Tax Department up to the year 2017. The Company's tax return for the year 2018 was accepted using the sampling system.

The reconciliation between accounting loss with taxable loss is as follow:

	2021	2020
	JD	JD
Accounting loss before tax	(2,213,488)	(3,766,341)
Add:		
Non-deductible expenses	736,253	47,936
Depreciation differences	-	279,630
Deduct:		
Non-taxable income	(462,441)	(12,831)
Depreciation differences	(50,749)	-
Taxable loss	(1,990,425)	(3,451,606)
Income tax expense	-	-
Statutory income tax rate	21%	21%
Effective income tax rate	-	-

Deferred tax assets

Deferred tax assets represent the estimated tax effect of accumulated tax losses carried forward pertaining to the Company, which are expected to result in future tax benefits.

Movement on deferred tax assets during the year is as follows:

	2021	2020
	JD	JD
Beginning balance	724,837	-
Tax effect of accumulated tax losses carried forward	417,989	724,837
Ending balance	1,142,826	724,837

The Company recorded deferred tax assets against accumulated losses carried forward expected to result in future tax benefits.

Details of this item is as per the below:

	2021					
	Beginning balance	Additions	Released Amounts	Ending balance	Deferred tax	2020
	JD	JD	JD	JD	JD	JD
Jordan Hotels & Tourism Co.	3,451,606	1,990,425	-	5,442,031	1,142,826	724,837

Deferred tax liabilities

This item represents deferred tax liabilities resulting from differences in depreciation rates related to machinery and equipment and computer hardware and software, which are depreciated for financial reporting purposes at rates lower than those used in the computation of the provision for income tax.

Movement on deferred tax liability for the year is as follows:

	2021	2020
	JD	JD
Beginning balance	72,923	131,645
Depreciation differences related to machinery and equipment and computer hardware and software, net	10,657	(58,722)
Ending balance	83,580	72,923

7. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS – LEASE CONTRACTS

The table below shows the book value of the Company's right of use assets and lease obligations and their movements during the two years ended 31 December 2021 and 2020:

	Right -of- use assets			
	Land	Photovoltaic system *	Total	Lease obligations **
	JD	JD	JD	JD
At 1 January 2021	749,185	-	749,185	730,882
Additions	-	1,483,419	1,483,419	1,483,419
Depreciation	(97,191)	(49,448)	(146,639)	-
Finance costs	-	-	-	149,831
Payments	-	-	-	(241,458)
Transferred to accounts payable				(35,486)
At 31 December 2021	651,994	1,433,971	2,085,965	2,087,188
At 1 January 2020	846,376	-	846,376	797,638
Depreciation	(97,191)	-	(97,191)	-
Finance costs	-	-	-	68,244
Payments	-	-	-	(135,000)
At 31 December 2020	749,185	-	749,185	730,882

* On 13 May 2019, the Company signed an operating lease agreement for the production of electricity using solar cells with Eagle Solar Power Company (a photovoltaic system). This agreement was signed through Himmeh Solar Power Company (a special purpose subsidiary owned by the subsidiaries of Zara Investment Holding Company which owns the Hotel) for a period of 10 years to supply 50% of the electricity consumption of the hotels. The commercial operation of the Irbid station, which supplies the Hotel, began on 29 April 2021.

The right of use of the system was recorded based on the Company's implicit right in the agreement to use the system at the present value of the lease payments and in proportion to the amounts of electric energy consumed by the Hotel. The interest on the rental agreement is calculated using the borrowing interest rate of 9%.

The Company's ownership in Himmeh Solar Power Company is 10%, and its share of the electricity consumption is 41.5%. Accordingly, the Company recognized an amount of JD 1,483,419 as right-of-use of the system during 2021 which has a total cost of USD 3.10 million (JD 2.34 million to be paid over 120 months).

** Lease obligation details are as follows:

31 December 2021			31 December 2020		
Short-term	Long- term	Total	Short-term	Long- term	Total
JD	JD	JD	JD	JD	JD
400,234	1,686,954	2,087,188	153,695	577,187	730,882

8. ACCOUNTS RECEIVABLE

	2021	2020
	JD	JD
Accounts receivable	648,758	499,271
Less: Provision for expected credit losses *	(259,268)	(241,940)
	389,490	257,331

* Movement on the provision for expected credit losses is as follows:

	2021	2020
	JD	JD
Beginning balance	241,940	237,270
Provision for the year **	20,176	18,316
Reversals during the year ***	(276)	(8,525)
Write-offs during the year	(2,572)	(5,121)
Ending balance	259,268	241,940

** Provision for the year was allocated to administrative expenses for JD 2,572 (2020: JD 5,121) and to operating expenses for JD 17,604 (2020: JD 13,195).

*** Reversals during the year were added to operating revenues item for JD 276 (2020: JD 8,525).

As at 31 December, the aging of accounts receivable is as follows:

	Receivables not due yet	1-30 days	31 – 90 days	91 – 120 days	More than 120 days	*Total*
	JD	*JD*	*JD*	*JD*	*JD*	*JD*
2021	5,395	238,252	136,202	-	9,641	389,490
2020	56,315	55,219	87,465	49,421	8,911	257,331

Management expects unimpaired receivables to be fully recoverable. The Company does not obtain collateral against receivables. Therefore, they are unsecured.

9. RELATED PARTIES

Related parties represent major shareholders, Board of Directors, key management personnel of the Company and other related parties. The Company's management sets the pricing policies and the terms of the transaction with related parties.

Balances included in the statement of financial position as at 31 December:

	2021	2020
Assets -	JD	JD
Financial assets at fair value through other comprehensive income -		
Himmeh Solar Power (sister company)	1,400	100
Due from related party -		
Himmeh Solar Power (sister company)	-	1,103
Cash on hand and at banks -		
Al Etihad Bank, Arab Bank and Cairo Amman Bank (shareholders)	3,819,788	1,776,782
Liabilities -		
Loans -		
Al Etihad Bank, Cairo Amman Bank (shareholders)	1,319,122	-
Due to related party -		
Zara Investment Holding Company (main shareholder)	72,567	217,844
Himmeh Solar Power (sister company)	4,432	-

Balances included in the statement of comprehensive income for the year ended 31 December:

	2021	2020
	JD	JD
Administrative expenses - Zara Investment (Holding) Company (main shareholder)	75,770	78,777
Rent expenses - Zara Investment (Holding) Company (main shareholder)	26,790	26,790
Finance cost - Arab Bank and Cairo Amman Bank (shareholders)	16,577	15
Rent income - Arab Bank (shareholder)	5,500	5,500
Interest income – Al Etihad Bank, Arab Bank and Cairo Amman Bank (shareholders)	21,249	51,089
Key management salaries and remunerations	56,568	51,903
Board of Directors' transportations and remunerations	59,400	50,400

10. OTHER CURRENT ASSETS

	2021	2020
	JD	JD
Advance payments to suppliers	85,484	40,804
Prepaid expenses	31,649	29,812
Refundable deposits	20,662	20,662
Work related injuries claims	18,800	23,229
Income tax deposits	9,316	5,586
Checks under collection	1,973	5,556
Sales tax deposits	-	12,842
Others	12,833	20,439
	180,717	158,930

11. CASH ON HAND AND AT BANKS

	2021	2020
	JD	JD
Cash on hand	9,100	9,000
Cash at banks	3,015,523	794,237
Term deposit *	804,265	982,545
	3,828,888	1,785,782

* Term deposit is made for varying periods between one day and 3 months and bears average annual interest rates ranging from 0.875% to 3% (2020: from 1% to 4.75%).

12. EQUITY

Paid-in capital -
The Company's authorized and paid in capital is JD 10,000,000 divided into 10,000,000 shares at JD 1 per share.

Share premium -
The balance in this account represents the difference between the share issue price and its par value after the amortization of accumulated losses.

Statutory reserve -
This account balance represents the transfers from the annual profit before income tax at a rate of 10%. The amounts transferred to this reserve should not exceed 25% of the Company's paid-in capital. This reserve is not available for distribution to the shareholders.

Voluntary reserve -
This item represents the transfers from profit before tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

13. LOANS

This item consists of loans utilized from the following parties:

		31 December 2021			31 December 2020		
	Currency	Short-term	Long-term	Total	Short-term	Long-term	Total
		JD	JD	JD	JD	JD	JD
Al Etihad Bank	JOD	-	425,188	425,188	-	-	-
Cairo Amman Bank	JOD	166,664	833,336	1,000,000	-	-	-
		166,664	1,258,524	1,425,188	-	-	-
Less: unearned Government grant (Note 14)	JOD	(4,072)	(101,994)	(106,066)	-	-	-
		162,592	1,156,530	1,319,122	-	-	-

Al Etihad Bank – Jordanian Dinar

During the first half of the year 2021, the Company signed a loan agreement in the amount of JD 2,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. The loan was granted to finance renovation projects at the Company's Hotel. The loan term is 9 years including a 24-month grace period and principal is paid in 15 equal semi-annual instalments (excluding interest) of JD 133,333 each, commencing on 30 April 2023 except for the last instalment which represents the remaining balance of the loan due on 30 April 2030 at an annual interest rate of 3.5%

Withdrawals from the loan are made in the form of payments upon submission of the borrower's invoices and claims that are certified by the consulting engineer that reflect the progress in the project.

Cairo Amman Bank – Jordanian Dinar

On 8 June 2020, the Company signed a loan agreement in the amount of JD 1,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. On 27 July 2021, the loan ceiling was increased by JD 1,000,000 to become JD 2,000,000. The loan was granted to the finance the operating expenses of the Hotel. The loan term is 10 years including a 24-month grace period and principal is paid in 96 equal monthly instalments (without including interest) of JD 20,833 each, commencing on 30 May 2022 except for the last installment which represents the remaining balance of the loan due on 30 April 2030 at an annual interest rate of 3% to mitigate the repercussions of the COVID-19 pandemic.

Withdrawals are against the borrower presenting invoices representing the operating expenses of the Hotel.

The un-utilized portion of the loans amounted to JD 2,574,812 as at 31 December 2021 (2020: JD 2,000,000).

The amounts of annual payments of the loan and their maturities are as follows:

Year	JD
2022	162,592
2023	489,215
2024	374,466
2025	220,901
2026 and thereafter	71,948
Total	1,319,122

14. OTHER CURRENT LIABILITIES

	2021	2020
	JD	JD
Accrued expenses – Social Security loan	1,146,328	192,929
Unearned government grant revenues *	311,579	-
Accrued expenses	296,226	276,792
Advances from customers	402,731	352,844
Undistributed dividends	239,145	268,567
Service charge fees (5%) – Jordan Tourism Board	115,719	89,522
Legal claims	100,000	-
Outstanding checks	39,531	39,531
Sales tax deposits	36,083	-
Retentions and payments due to contractors	24,694	2,625
Board of Directors' remuneration	10,800	5,400
Social security deposits **	8,451	-
Unearned rent revenue	917	917
Others	76,747	98,639
	2,808,951	1,327,766
Non-current portion	1,462,286	192,929
Current portion	1,346,665	1,134,837
Total	2,808,951	1,327,766

* This item represents the discounted balances of the deposits of the Social Security Corporation and the loan facilities backed by the Central Bank of Jordan to reinforce the tourism sector that was impacted by the COVID-19 pandemic for an amount of JD 205,513 and 106,066, respectively. These facilities were granted with below-market interest rates. The balance of this discount will be amortized over the period of the granted facilities.

** This item represents deposits from the Social Security Corporation in order to benefit from Hemaya, Istidameh and Ta'afi which were implemented by the Company following the mandate of Defense Order no. (14) and (24).

15. SEGMENT INFORMATION

	Intercontinental Hotel Jordan*	Dar Stores (Retail)	Total
2021 -	JD	JD	JD
Operating revenues	7,489,640	133,147	7,622,787
Operating expenses	(7,035,188)	(101,601)	(7,136,789)
Net operating revenues	454,452	31,546	485,998
Other Information -			
Depreciation of property and equipment	1,745,542	11,632	1,757,174
Administrative expenses	630,579	30,930	661,509
2020 -			
Operating revenues	5,868,806	-	5,868,806
Operating expenses	(6,951,838)	-	(6,951,838)
Net operating losses	(1,083,032)	-	(1,083,032)
Other Information -			
Depreciation of property and equipment	2,241,251	-	2,241,251
Administrative expenses	381,990	-	381,990

* The Hotel's net operating revenues are as per the following:

	2021	2020
	JD	JD
Operating Revenue -		
Room's revenue	3,453,203	3,430,438
Food and beverage revenue	3,610,715	2,211,908
Other departments revenue	425,722	226,460
	7,489,640	5,868,806
Operating Expenses		
Rooms expenses	842,465	1,001,709
Food and beverage expenses	2,541,140	2,396,766
Other departments espenses	287,380	322,122
Administration and marketing expenses	3,364,203	3,231,241
	7,035,188	6,951,838
Net operating revenues (loss)	454,452	(1,083,032)

16. ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Lease termination	110,000	-
Legal fees	100,000	-
Salaries, wages and other benefits	105,139	96,379
Share of the Parent Company joint expenses	75,770	78,777
Hotel insurance fees	52,841	29,723
Property taxes	42,549	54,177
Offices rent	26,790	26,790
Social Security contribution	22,131	10,837
Subscriptions	12,329	11,500
Professional and legal fees	11,408	8,870
Provision for expected credit losses (Note 8)	2,572	5,121
Others	99,980	59,816
	661,509	381,990

17. BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
Loss of the year (JD)	(1,806,156)	(3,010,426)
Weighted average number of shares (share)	10,000,000	10,000,000
	JD/Fils	JD/Fils
Basic and diluted loss per share (JD/Fils)	(0/181)	(0/301)

18. CONTINGENT LIABILITIES

The Company is a defendant in a number of lawsuits in the amount of JD 199,363 as at 31 December 2021 (2020: JD 18,339). Management and its legal advisor believe that the Company's position is strong against these lawsuits and there is no need for any provision against these cases. The Company is plaintiff in lawsuits against others in the amount of JD 159,763 as at 31 December 2021 (2020: JD 101,699).

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and banks, accounts receivable, financial assets at fair value through other comprehensive income and some of the other current assets. Financial liabilities consist of accounts payable, balances due to related party, lease obligations and some of the other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

20. RISK MANAGEMENT

Interest rate risk

Interest rate risk is a risk which arises from the fluctuations in the fair values or future cash flows of financial instruments due to the changes in interest rates on these instruments.

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

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

	Increase in interest rate	Effect on loss for the year before tax
2021-	Basis Point	JD
Currency		
JD	100	(5,148)

	Increase in interest rate	Effect on loss for the year before tax
2020-	%	JD
Currency		
JD	100	9,825

Equity price risk

Equity price risk is the risk that may result from a change in Amman Exchange Market index. The Company does not believe it is materially susceptible to this risk as the financial assets at fair value through other comprehensive income's cost are only JD 100.

Credit risk
Credit risk is the risks that may results from the failure or inability of debtors or other parties to fulfill their obligations.

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 maintains its bank balances and deposits with reputable financial institutions.

The Company provides its products and services to a large number of customers. No single customer account balance is more than 10% of the outstanding accounts receivable at 31 December 2021 and 2020.

Liquidity risk
Liquidity risk is represented by the possibility that the Company may not be able to meet its liabilities when due. The Company manages its liquidity risk by ensuring sufficient funds are available from shareholders.

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

The table below summarizes 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	More than one year	Total
	JD	JD	JD	JD
As at 31 December 2021 -				
Loans	52,261	156,784	1,314,014	1,523,059
Accounts payable and other current liabilities	938,946	1,234,628	1,360,292	3,533,866
Amounts due to related parties	-	76,999	-	76,999
Lease liabilities	88,715	294,687	2,712,216	3,095,618
Total	1,079,922	1,763,098	5,386,522	8,229,542
As at 31 December 2020 -				
Accounts payable and other current liabilities	781,076	699,420	192,929	1,673,425
Amounts due to related parties	-	217,844	-	217,844
Lease liabilities	-	135,000	860,000	995,000
Total	781,076	1,052,264	1,052,929	2,886,269

Currency risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

Most of the Company's transactions are in Jordanian Dinars and US Dollar. The Jordanian Dinar exchange rate is fixed against US Dollars (US$ 1.41 for 1 JD). Accordingly, the Company is not exposed to significant currency risk.

21. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments necessary in light of changes in business conditions. No changes were made in the objectives, policies or processes during both current and previous years.

Capital comprises paid-in capital, share premium, statutory reserve, voluntary reserve, fair value reserve and retained earnings, and is measured at JD 24,269,977 as at 31 December 2021 (2020: JD 26,076,133).

22. STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The standards and amendments 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 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 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.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are 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 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.

23. COMPARATIVE FIGURES

Some of 2020 figures have been reclassified in order to conform with the presentation of 2021 figures. Such reclassification did not affect previously reported profit or equity for the year 2020.

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

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

The Jordanian Prime Minister issued the following defense orders which have directly or indirectly affected the Company's operations and performance:

1. Defense Order No. (14) on 14 June 2020 under Defense 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. Defense Order No. (24) on 13 December 2020 under Defense Law No. 13 for the year 1992, to introduce Istidameh program in order to preserve job opportunities in the private sector through 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 Company implemented some prgrams offered by the Social Security Corporation such as Istidameh, Hemayeh, Tamkeen and Ta'afi enabling the Company to realize operational savings during the period. The Company also benefited from the financing programs available through the Social Security Corporation which resulted in an increase in other current liabilities under non-current liabilities in the amount of JD 1,462,286. The repayment schedule for these amounts has not yet been determined as at the date of the financial statements

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

Some of the Company's operating activities were affected by the current conditions, which had a negative impact on the Company's operating results for the year compared to the previous year and the Company's budget prepared for the year 2021. Below is the impact of COVID-19 pandamic on the Company's operations:

	2021 (Actual)	2021 (Budget)	2020 (Actual)
Revenues:			
Percentage of occupancy (%)	26	37	28
Average daily rate (JD)	92	99	78
Revenue Per Available Room (JD)	24	36	21

The Company benefited from the implementation of the previously mentioned Defense Orders as follows:

	2021 (Actual)	2021 (Budget)	2020 (Actual)
	JD	JD	JD
Salaries, wages, social security and other benefits	2,884,684	4,860,986	3,707,935

Management continues to monitor the impact that the COVID-19 pandemic on the Company's operating activities and its financial performance regularly in order to take appropriate measures to enable it to carry out its activities given the current circumstances.