



Jordan Hotels & Tourism Co PLC

Sunday 14 August 2022

Ref: HH/AA/140/2022

Messrs. Jordan Securities Commission (JSC)

Greetings and respect,

Subject: Interim Condensed Financial Statements

Pursuant to the provisions of Article no. (43/a-2) of the prevailing Securities Law, enclosed are the interim condensed financial statements for the first half of 2022. Below is a brief of the performance of the Company:

The Company reported JD 629 thousand of net operating revenues, compared with JD 579 thousand net operating loss (period on period), up by 209%. The company incurred net loss of JD 691 thousand compared with 1.5 million, an improvement of 53% due to canceling the restrictions imposed on travel arrangements locally and globally and allowing the holding of public and private events, conferences and gatherings.

Jordan Hotels and Tourism Company



Jordan Hotels & Tourism Co PLC

Sunday 14 August 2022

Ref: HH/AA/142/2022

Messrs. Amman Stock Exchange

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Jordan Hotels and Tourism Company



Jordan Hotels & Tourism Co PLC

Sunday 14 August 2022

Ref: HH/AA/144/2022

Messrs. Securities Depository Center

Greetings and respect,

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Jordan Hotels and Tourism Company

JORDAN HOTELS AND TOURISM COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2022



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the interim condensed financial statements of Jordan Hotels and Tourism Public Shareholding Company (the "Company") as at 30 June 2022, comprising of the interim condensed statement of financial position as at 30 June 2022 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of a Matter

We draw attention to note (15) to the interim condensed financial statements, which describes the potential effect of COVID-19 pandemic on the Company's operating environment. Our conclusion is not modified in respect of this matter.

Amman – Jordan
27 July 2022

ERNST & YOUNG
Amman - Jordan

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<u>Notes</u>	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Land		751,011	751,011
Property and equipment	3	22,952,454	23,323,179
Projects in progress	4	45,607	151,027
Financial assets at fair value through other comprehensive income		1,400	1,400
Deferred tax assets	5	1,294,274	1,142,826
Right-of-use assets – lease contract	6	2,000,283	2,085,965
		<u>27,045,029</u>	<u>27,455,408</u>
Current assets -			
Inventories		95,174	68,828
Accounts receivable		612,297	389,490
Other current assets	7	394,857	180,717
Cash on hand and at banks	8	4,257,584	3,828,888
		<u>5,359,912</u>	<u>4,467,923</u>
TOTAL ASSETS		<u>32,404,941</u>	<u>31,923,331</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Paid-in capital		10,000,000	10,000,000
Share premium		505,173	505,173
Statutory reserve	9	2,569,247	2,569,247
Voluntary reserve	9	3,800,824	3,800,824
Fair value reserve		(30,000)	(30,000)
Retained earnings		6,733,577	7,424,733
Total Equity		<u>23,578,821</u>	<u>24,269,977</u>
Liabilities -			
Non-current liabilities -			
Long-term loans	10	1,757,788	1,156,530
Deferred tax liabilities	5	52,391	83,580
Long-term lease obligations	6	1,679,491	1,686,954
Other current liabilities	12	1,532,719	1,462,286
		<u>5,022,389</u>	<u>4,389,350</u>
Current liabilities -			
Short-term portion of long-term loans	10	127,262	162,592
Accounts payable		1,320,612	1,277,514
Due to related parties	11	124,831	76,999
Other current liabilities	12	1,837,419	1,346,665
Short-term lease obligations	6	393,607	400,234
		<u>3,803,731</u>	<u>3,264,004</u>
Total Liabilities		<u>8,826,120</u>	<u>7,653,354</u>
TOTAL EQUITY AND LIABILITIES		<u>32,404,941</u>	<u>31,923,331</u>

The accompanying notes from 1 to 15 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		JD	JD	JD	JD
Operating revenues		3,586,837	1,295,779	5,911,030	2,090,319
Operating expenses		(2,936,979)	(1,395,069)	(5,281,568)	(2,669,736)
Net operating revenues (losses)	13	649,858	(99,290)	629,462	(579,417)
Rental income		20,103	13,122	40,555	26,684
Interest income		4,614	5,166	9,716	10,925
Other income		9,260	3,050	12,010	3,050
Depreciation of property and equipment		(432,845)	(421,620)	(873,008)	(861,203)
Depreciation of right-of-use asset		(42,841)	(36,660)	(85,682)	(60,958)
Finance costs		(17,496)	(2,481)	(24,995)	(2,711)
Interest expense on lease obligations		(45,944)	(38,226)	(92,368)	(54,250)
Gain on sale of property and equipment		5,345	-	5,345	14,057
Administrative expenses		(336,245)	(106,743)	(465,128)	(323,363)
Board of Directors' transportations and remunerations		(14,850)	(14,850)	(29,700)	(29,700)
Loss for the period before income tax		(201,041)	(698,532)	(873,793)	(1,856,886)
Income tax benefit	5	41,838	145,312	182,637	383,695
Loss for the period		(159,203)	(553,220)	(691,156)	(1,473,191)
Add: Other comprehensive income items		-	-	-	-
Total comprehensive income for the period		(159,203)	(553,220)	(691,156)	(1,473,191)
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted loss per share for the period		(0/016)	(0/055)	(0/069)	(0/147)

The accompanying notes from 1 to 15 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
2022-							
Balance on 1 January	10,000,000	505,173	2,569,247	3,800,824	(30,000)	7,424,733	24,269,977
Total comprehensive income for the period	-	-	-	-	-	(691,156)	(691,156)
Balance at 30 June	<u>10,000,000</u>	<u>505,173</u>	<u>2,569,247</u>	<u>3,800,824</u>	<u>(30,000)</u>	<u>6,733,577</u>	<u>23,578,821</u>
2021-							
Balance on 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 period	-	-	-	-	-	(1,473,191)	(1,473,191)
Balance at 30 June	<u>10,000,000</u>	<u>505,173</u>	<u>2,569,247</u>	<u>3,800,824</u>	<u>(30,000)</u>	<u>7,757,698</u>	<u>24,602,942</u>

The accompanying notes from 1 to 15 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

		For the six months ended 30 June	
	Notes	2022 JD	2021 JD
<u>Operating Activities</u>			
Loss for the period before income tax		(873,793)	(1,856,886)
Adjustments:			
Depreciation of property and equipment		873,008	861,203
Depreciation of right-of-use assets		85,682	60,958
Finance costs		24,995	2,711
Interest expense on lease obligations		92,368	54,250
Interest income		(9,716)	(10,925)
Provision for expected credit losses, net		(710)	19,190
Gain on sale of property and equipment	3	(5,345)	(14,057)
Changes in working capital:			
Inventories		(26,346)	(887)
Accounts receivable		(222,097)	(108,774)
Other current assets		(214,140)	(156,855)
Accounts payable		43,098	198,671
Related parties		47,832	82,428
Other current liabilities		501,118	144,066
Net cash flows from (used in) operating activities		315,954	(724,907)
<u>Investing Activities</u>			
Purchase of property and equipment	3	(139,455)	(14,659)
Proceeds from sale of property and equipment		5,345	14,057
Projects in progress	4	(257,409)	(96,192)
Purchase of financial assets at fair value		-	(1,300)
Interest received		9,716	10,925
Net cash flows used in investing activities		(381,803)	(87,169)
<u>Financing Activities</u>			
Proceeds from loans		565,928	917,517
Other current liabilities		70,433	541,169
Dividends paid		(45,849)	(26,927)
Finance costs paid		(24,995)	(2,711)
Payment of lease liabilities		(70,972)	-
Net cash flows from financing activities		494,545	1,429,048
Net increase in cash and cash equivalents		428,696	616,972
Cash and cash equivalents at the beginning of the period		3,828,888	1,785,782
Cash and cash equivalents at the end of the period	8	4,257,584	2,402,754

The accompanying notes from 1 to 15 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(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 previous years to reach JD 10,000,000 divided into 10,000,000 shares at a par value of JD 1 per share. The Company's main objectives are to invest in real estate and tourism activities in specific.

The Company owns Intercontinental Hotel Jordan (the "Hotel") which is operated and managed by Intercontinental Hotel Corporation ("IHC") in accordance with the Operating and Management Agreement (the "Agreement") that commenced in the year 1972 and was replaced by another agreement that became 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 IHC effective 1 January 2018 for a period of five years.

The interim condensed financial statements were authorized for issue by the Board of Directors in its meeting held on 25 July 2022.

(2) BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The interim condensed financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, which have been measured at fair value as of the date of the interim condensed financial statements.

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

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as of 31 December 2021. In addition, the results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

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.

These amendments had no material impact on the interim condensed financial statements of 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.

These amendments had no material impact on the interim condensed financial statements of 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.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

The amendments is not applicable to the Company.

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

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

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(3) PROPERTY AND EQUIPMENT

During the six-month period ended 30 June 2022, the Company purchased property and equipment in the amount of JD 139,455 (30 June 2021: JD 14,659). The Company recognized gain on sale of property and equipment in the amount of JD 5,345 during the six-month period ended 30 June 2022 (30 June 2021: JD 14,057).

(4) PROJECTS IN PROGRESS

Additions to projects in progress amounted to JD 257,409 during the six months ended 30 June 2022 (30 June 2021: JD 96,192). Projects which were completed and transferred to property and equipment amounted to JD 362,828 for the six-month period ended 30 June 2022. No projects were completed and transferred to property and equipment for the six months ended 30 June 2021

The estimated cost to complete the projects in progress is JD 47,873 as of 30 June 2022 (30 June 2021: JD 498,248). Management expects to complete these projects during the year 2022.

(5) INCOME TAX

No income tax was calculated for the Company for the period ended 30 June 2022 and 2021 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 –

The income tax benefit appearing in the interim condensed statement of comprehensive income represents the following:

	For the six months ended 30 June	
	2022	2021
	JD	JD
Deferred tax asset	(151,448)	(388,834)
Deferred tax liabilities	(31,189)	5,139
	<u>(182,637)</u>	<u>(383,695)</u>

The Company has submitted its income tax returns to the Income Tax Department up to the year 2021. The Income Tax Department did not review the Company's accounting records for the years 2019, 2020 and 2021 up to the date of these interim condensed financial statements.

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

The Company obtained a final clearance from the Income Tax Department up to the year 2017 and the tax return for the year 2018 was accepted as part of sampling system.

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.

Movements on deferred tax assets were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/ year	1,142,826	724,837
Tax effect of accumulated tax losses carried forward	151,448	417,989
Ending balance for the period/ year	1,294,274	1,142,826

Deferred tax liabilities -

This item represents deferred tax liability resulting from depreciation differences 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.

Movements on deferred tax liabilities during the year were as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/ year	83,580	72,923
Depreciation differences, net	(31,189)	10,657
Ending balance for the period/ year	52,391	83,580

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(6) RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The schedule below illustrates the Company's right-of-use asset and lease obligations and the movements during the periods ended 30 June 2022 and 31 December 2021:

	Right -of- use assets			Lease obligations *
	Land	Photovoltaic system	Total	
	JD	JD	JD	
2022-				
At 1 January	651,994	1,433,971	2,085,965	2,087,188
Depreciation	(48,596)	(37,086)	(85,682)	-
Finance costs	-	-	-	92,368
Payments	-	-	-	(70,972)
Transferred to accounts payable	-	-	-	(35,486)
At 30 June	<u>603,398</u>	<u>1,396,885</u>	<u>2,000,283</u>	<u>2,073,098</u>
2021-				
At 1 January	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	<u>651,994</u>	<u>1,433,971</u>	<u>2,085,965</u>	<u>2,087,188</u>

* Lease obligation details are as follows:

30 June 2022 (Unaudited)			31 December 2021 (Audited)		
Short-term	Long- term	Total	Short-term	Long- term	Total
JD	JD	JD	JD	JD	JD
<u>393,607</u>	<u>1,679,491</u>	<u>2,073,098</u>	<u>400,234</u>	<u>1,686,954</u>	<u>2,087,188</u>

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(7) OTHER CURRENT ASSETS

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Advance payments to suppliers	167,691	85,484
Prepaid expenses	106,257	31,649
Checks under collection	23,792	1,973
Refundable deposits	20,662	20,662
Work related injuries claims	17,626	18,800
Income tax deposits	10,263	9,316
Others	48,566	12,833
	<u>394,857</u>	<u>180,717</u>

(8) CASH ON HAND AND AT BANKS

	30 June 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Cash on hand	9,000	9,100
Cash at banks	2,977,594	3,015,523
Term deposit maturing within 3 months *	1,270,990	804,265
	<u>4,257,584</u>	<u>3,828,888</u>

* Term deposits are fixed for 1 day to 3 months and earn an annual interest rate ranging from 0.875% to 3.5% per annum (2021: from 1.5% to 3% per annum).

(9) LEGAL RESERVES

The Company has made no transfers to statutory and voluntary reserves as per the Companies Law as these financial statements are interim financial statements.

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(10) LOANS

This item consists of loans granted from the following parties:

	Currency	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
		Short-term	Long-term	Total	Short-term	Long-term	Total
		JD	JD	JD	JD	JD	JD
Bank al Etihad	JD	133,333	655,527	788,860	-	425,188	425,188
Cairo Amman Bank	JD	-	1,356,252	1,356,252	166,664	833,336	1,000,000
		133,333	2,011,779	2,145,112	166,664	1,258,524	1,425,188
Less:							
Unearned governmental grants		(6,071)	(253,991)	(260,062)	(4,072)	(101,994)	(106,066)
		127,262	1,757,788	1,885,050	162,592	1,156,530	1,319,122

Bank al Etihad – 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 of the Hotels facilities. The loan term is 9 years including a 24-month grace period and principal is paid in 15 semi-annual instalments (excluding interest) of JD 133,333, commencing on 30 April 2023 except for the last instalment which represents the remaining balance of the loan due on 30 April 2030 with 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. On 18 April 2022, the grace period changed to 48-months and principal is paid in 72 equal monthly instalments (excluding interest) of JD 27,777 each, commencing on 30 April 2024 and ending 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.

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

The unutilized portion of the loans equal to JD 1,854,888 as at 30 June 2022 (2021: JD 2,574,812)

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

Year	JD
2023	252,320
2024	445,806
2025	520,077
2026	284,418
2027 and thereafter	382,429
	<u>1,885,050</u>

(11) RELATED PARTIES

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

Balances with related parties included in the interim condensed statement of financial position are as follows:

	Nature of the relationship	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets -			
Financial assets at fair value through other comprehensive income -			
Himmeh Solar Power	(Sister Company)	<u>1,400</u>	<u>1,400</u>
Other current assets -			
Advance payment on financial assets - Himmeh Solar Power	(Sister Company)	<u>1,000</u>	<u>-</u>
Other current liabilities -			
Jordan Hotels Supplies	(Sister Company)	<u>92,015</u>	<u>-</u>
Cash on hand and at banks -			
Bank Al Etihad, Arab Bank and Cairo Amman Bank	(Shareholders)	<u>4,257,584</u>	<u>3,828,888</u>

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	Nature of the relationship	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Liabilities –			
Cash on hand and at banks -			
Bank Al Etihad and Cairo Amman Bank	(Shareholders)	1,885,050	1,319,122
Due to a related party -			
Zara Investment (Holding) Company	(Main shareholder)	103,873	72,567
Himmeh Solar Power Company	(Sister Company)	20,958	4,432

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

	Nature of the relationship	For the six months ended 30 June	
		2022 JD	2021 JD
Administrative expenses – Zara Investment (Holding) Company	(Main shareholder)	50,000	50,000
Rent expenses – Zara Investment (Holding) Company	(Main shareholder)	13,395	13,395
Finance costs- Arab Bank and Cairo Amman Bank	(Shareholders)	24,995	2,711
Rent income – Arab Bank	(Shareholder)	2,750	2,750
Interest income – Bank Al Etihad and Arab Bank	(Shareholders)	9,716	10,925

Summary of key management salaries, remunerations and other benefits is as follows:

	For the six months ended 30 June	
	2022 JD	2021 JD
Key management salaries and remunerations	34,731	26,311
Board of Directors' transportations and remunerations	29,700	29,700

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(12) OTHER CURRENT LIABILITIES

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Accrued expenses – Social Security loan	1,258,640	1,146,328
Accrued expenses	547,610	296,226
Advances from customers	453,918	402,731
Unearned government grant revenues *	445,540	311,579
Undistributed dividends	193,294	239,145
Service charge fees (5%) – Jordan Tourism Board	134,001	115,719
Sales tax deposits	86,296	36,083
Unearned rent revenue	40,489	917
Outstanding checks	39,531	39,531
Social security deposits **	15,125	8,451
Board of Directors' remuneration	13,500	10,800
Retentions and payments due to contractors	12,995	24,694
Legal claims	7,509	100,000
Others	121,690	76,747
Total	3,370,138	2,808,951
Non-current portion	1,532,719	1,462,286
Current portion	1,837,419	1,346,665
Total	3,370,138	2,808,951

* 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 as at 30 June 2022 for an amount of JD 260,062 and JD 185,478, respectively (2021: JD 205,513 and JD 106,066, respectively). These facilities were granted with below-market interest rates. This balance of this discount will be amortized over the life of the granted facilities.

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

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(13) SEGMENT INFORMATION

	Intercontinental Hotel Jordan*	Dar Stores (Retail)	Total
	JD	JD	JD
30 June 2022 -			
Operating revenue	5,768,027	143,003	5,911,030
Operating expenses	(5,171,844)	(109,724)	(5,281,568)
Net operating revenues	596,183	33,279	629,462
Other information-			
Other income	10,094	1,916	12,010
Depreciation of property and equipment	855,501	17,507	873,008
Administrative expenses	438,575	26,553	465,128
30 June 2021 -			
Operating revenues	2,090,319	-	2,090,319
Operating expenses	(2,669,736)	-	(2,669,736)
Net operating losses	(579,417)	-	(579,417)
Other information-			
Other income	3,050	-	3,050
Depreciation of property and equipment	861,203	-	861,203
Administrative expenses	323,363	-	323,363

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

	For the six-month period ended 30 June	
	2022	2021
	JD	JD
Operating Revenue -		
Rooms revenue	2,858,737	1,051,767
Food and beverage revenue	2,603,357	948,434
Other departments revenue	305,933	90,118
	5,768,027	2,090,319
Operating Expenses -		
Rooms expenses	647,730	323,679
Food and beverage expenses	1,902,655	879,271
Other departments expenses	261,373	134,551
Administration and marketing expenses	2,360,086	1,332,235
	5,171,844	2,669,736
Net operating revenues (losses)	596,183	(579,417)

(14) LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 109,662 as of 30 June 2022 (2021: JD 199,363). The Company and its legal advisor believe that the Company's position is strong against these lawsuits and there is no need for any provision except for what has been recorded. The Company is plaintiff in lawsuits against others in the amount of JD 159,763 as of 30 June 2022 (2021: JD 159,763).

(15) 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.

The Jordanian Prime Minister issued the following defense orders which have directly or indirectly affected the operations and performance of the Hotels owned by the Company:

1. Defense Order No. (14) on 14 June 2020 under Defense Law No. 13 for the year 1992, to introduce Hedayeh 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 a collaboration between the Government of Jordan and the Social Security Corporation.

Other decisions were also issued by various Government agencies to assist in the continuity of various sectors of the Jordanian economy by reducing the financial burden to these sectors. Examples include the following:

1. The Central Bank of Jordan's resolution to compel all operating Jordanian banks to postpone loan installments payable by companies and individuals without imposing any penalties or additional financial burdens.
2. The Central Bank of Jordan's resolution to reduce the interest rates on credit facilities.
3. The Central Bank of Jordan's resolution to provide the financing needs for the public and private sectors at low interest rates to finance its operations.
4. The Central Bank of Jordan's resolution to reduce the costs associated with its sponsored programs to support the economic sectors.

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The Company has benefited from bank loans backed by the Central Bank of Jordan. The utilized balance of loans was JD 2,145,112 as at 30 June 2022 and against unearned governmental grants in the amount of JD 260,062 within other credit balances.

The Company implemented some programs offered by the Social Security Corporation, 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 the other credit balances by JD 1,444,118 as of 30 June 2022, recorded against unearned governmental grant in the amount of JD 185,478 within other credit balances.

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.