

العربية الدولية للفنادق م.ع.م

Arab International Hotels PLC.

السيد  
بدر  
المنصور  
مدير  
المالية

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| Date: 25/6/2020   | التاريخ: 2020/6/25   |
| Ref: 13/7/A/127   | الإشارة: 127/أ/7/13  |
| To: Jordan Securities Commission  | السادة هيئة الأوراق المالية  |
| <b>Subject: Audited Financial Statements for the fiscal year ended Dec 31, 2019</b>                                       | <b>الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في 2019/12/31</b>  |
| Attached the Audited Financial Statements in English of Arab International Hotels for the fiscal year ended Dec 31, 2019  | مرفق طيه نسخة من البيانات المالية المدققة باللغة الانجليزية للشركة العربية الدولية للفنادق عن السنة المالية المنتهية في 2019/12/31 |
| Kindly accept our high appreciation and respect,<br>Arab International Hotels<br>Bassam Farah Maayah<br>Managing Director | ونفضلوا بقبول فائق الاحترام،،،<br>الشركة العربية الدولية للفنادق<br>بسام فرح معاينة<br>المدير العام                                |

الشركة العربية الدولية للفنادق  
الخدمات العامة المحبوبة  
عمان - الأردن

ARAB INTERNATIONAL HOTELS Co.  
Amman - Jordan

هيئة الأوراق المالية  
الدايرة الإدارية / الديوان  
٢٥ حزيران ٢٠٢٠  
الرقم التسلسلي  
الجهة المختصة

ص.ب ٩٤١٦٧١ عمان ١١١٩٤ الأردن تلفون ٥١١١٤١٦ (٩٦٢-٦) فاكس ٥١١٢٩٣٠ (٩٦٢-٦)

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ARAB INTERNATIONAL HOTELS COMPANY

(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2019

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Arab International Hotels Company Public Shareholding Company Amman – Jordan**

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Arab International Hotels Company Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, 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' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2019. 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.

| Revenue recognition   |   |
|---|---|
| Key Audit Matter  | How the key audit matter was addressed  |
| <p>We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue due to high volume of revenues with low value transactions. In addition, We focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenue. The Company focuses on revenue as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service.</p> | <p>We considered the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable International Financial Reporting Standards. We tested the Company's controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures for the gross margin for rooms and food and beverages departments.</p> <p>Having built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts.</p> <p>Refer to Note 25 to the financial statements for more details about revenues and note 5 for significant accounting policies and significant judgements and estimates applicable to revenue account.</p> |

### **Other information included in the Company's 2019 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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan  
17 March 2020

*Ernst + Young*



**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|  | Notes | 2019<br>JD        | 2018<br>JD        |
|--|-------|-------------------|-------------------|
| <b><u>ASSETS</u></b>   |       |                   |                   |
| <b>Non-current assets -</b>  |       |                   |                   |
| Property and equipment   | 6     | 14,503,310        | 15,291,333        |
| Financial assets at fair value through other comprehensive income              | 7     | 5,202,367         | 5,962,071         |
| Investments in associates  | 8     | 49,038,537        | 49,918,942        |
|  |       | <u>68,744,214</u> | <u>71,172,346</u> |
| <b>Current assets -</b>  |       |                   |                   |
| Inventories  |       | 384,553           | 397,667           |
| Accounts receivable and other current assets                                   | 11    | 4,559,256         | 1,071,470         |
| Financial assets at amortized cost   | 9     | 1,500,000         | 1,500,000         |
| Cash and short term deposits   | 12    | 2,736,877         | 1,953,726         |
|  |       | <u>9,180,686</u>  | <u>4,922,863</u>  |
| <b>Total Assets</b>  |       | <u>77,924,900</u> | <u>76,095,209</u> |
| <b><u>EQUITY AND LIABILITIES</u></b>   |       |                   |                   |
| <b><u>EQUITY</u></b>   |       |                   |                   |
| Paid-in capital  | 13    | 32,000,000        | 32,000,000        |
| Share premium  | 13    | 3,644,693         | 3,644,693         |
| Statutory reserve  | 13    | 8,000,000         | 8,000,000         |
| Voluntary reserve  | 13    | 8,000,000         | 13,000,000        |
| Fair value reserve   | 7     | (3,469,552)       | (2,707,922)       |
| Company's share from the fair value reserve / of the investments in associates |       | (2,487,136)       | (1,433,085)       |
| Retained earnings  |       | <u>10,651,397</u> | <u>3,361,947</u>  |
| <b>Total Equity</b>  |       | <u>56,339,402</u> | <u>55,865,633</u> |
| <b><u>LIABILITIES</u></b>  |       |                   |                   |
| <b>Non-current liabilities -</b>   |       |                   |                   |
| Long-term loans  | 15    | 7,656,301         | 4,886,611         |
| Bonds payable  | 10    | 10,000,000        | 10,000,000        |
|  |       | <u>17,656,301</u> | <u>14,886,611</u> |
| <b>Current liabilities -</b>   |       |                   |                   |
| Due to banks   | 12    | -                 | 124,575           |
| Current portion of long- term loans  | 15    | 1,484,310         | 2,193,310         |
| Accounts payable   |       | 877,390           | 883,743           |
| Provisions and other current liabilities                                       | 16    | 1,567,497         | 2,141,337         |
|  |       | <u>3,929,197</u>  | <u>5,342,965</u>  |
| <b>Total Liabilities</b>   |       | <u>21,585,498</u> | <u>20,229,576</u> |
| <b>Total Equity and Liabilities</b>  |       | <u>77,924,900</u> | <u>76,095,209</u> |

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



**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | Notes | 2019<br>JD       | 2018<br>JD       |
|--|-------|------------------|------------------|
| Operational revenues from Amman Marriott Hotel |       | 10,822,183       | 11,143,794       |
| Operational expenses from Amman Marriott Hotel |       | (8,183,363)      | (8,307,211)      |
| Depreciation on property and equipment         | 6     | (1,328,015)      | (1,182,878)      |
| <b>Net operational revenues from the hotel</b> |       | <b>1,310,805</b> | <b>1,653,705</b> |
| Share of profit from associates                | 8     | 4,441,755        | 121,790          |
| Interest income                                |       | 154,857          | 168,880          |
| Finance costs                                  |       | (1,044,148)      | (918,859)        |
| Dividends income                               |       | 371,543          | 363,056          |
| Other income                                   |       | 50,684           | 13,278           |
| Depreciation of property and equipment         | 6     | (34,095)         | (35,946)         |
| Administrative expenses                        | 17    | (829,136)        | (776,697)        |
| Board of Directors remuneration                |       | (65,000)         | (44,200)         |
| <b>Profit before income tax</b>                |       | <b>4,357,265</b> | <b>545,007</b>   |
| Income tax expense                             | 18    | (140,776)        | (79,017)         |
| National contribution tax                      |       | (7,039)          | -                |
| <b>Profit for the year</b>                     |       | <b>4,209,450</b> | <b>465,990</b>   |
|  |       | JD / Fils        | JD / Fils        |
| <b>Basic and diluted earnings per share</b>    | 19    | <b>0/132</b>     | <b>0/015</b>     |

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

**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | <u>Notes</u> | <u>2019</u><br>JD  | <u>2018</u><br>JD |
|--|--------------|--------------------|-------------------|
| <b>Profit for the year</b>   |              | 4,209,450          | 465,990           |
| <b>Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:</b> |              |                    |                   |
| Net change in fair value of financial assets at fair value through other comprehensive income                | 7            | (761,630)          | (603,604)         |
| Company's share of the net change in fair value reserve from the investments in associates                   | 8            | <u>(1,054,051)</u> | <u>(650,369)</u>  |
| <b>Total comprehensive income for the year</b>   |              | <u>2,393,769</u>   | <u>(787,983)</u>  |

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

**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**STATEMENT OF CHANGE IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Paid-in capital   | Share premium    | Statutory reserve | Voluntary reserve | Fair value reserve* | Company's share from the fair value reserve /of the investment in associates* | Retained earnings | Total             |
|---|-------------------|------------------|-------------------|-------------------|---------------------|---|-------------------|-------------------|
|   | JD                | JD               | JD                | JD                | JD                  | JD  | JD                | JD                |
| <b>2019 -</b>                           |                   |                  |                   |                   |                     |   |                   |                   |
| <b>Balance at 1 January 2019</b>        | 32,000,000        | 3,644,693        | 8,000,000         | 13,000,000        | (2,707,922)         | (1,433,085)   | 3,361,947         | 55,865,633        |
| Total comprehensive income for the year | -                 | -                | -                 | -                 | (761,630)           | (1,054,051)   | 4,209,450         | 2,393,769         |
| Transfers (note 13)                     | -                 | -                | -                 | (5,000,000)       | -                   | -   | 5,000,000         | -                 |
| Dividends (note 14)                     | -                 | -                | -                 | -                 | -                   | -   | (1,920,000)       | (1,920,000)       |
| <b>Balance at 31 December 2019</b>      | <b>32,000,000</b> | <b>3,644,693</b> | <b>8,000,000</b>  | <b>8,000,000</b>  | <b>(3,469,552)</b>  | <b>(2,487,136)</b>  | <b>10,651,397</b> | <b>56,339,402</b> |
| <b>2018 -</b>                           |                   |                  |                   |                   |                     |   |                   |                   |
| <b>Balance at 1 January 2018</b>        | 32,000,000        | 3,644,693        | 8,000,000         | 14,000,000        | (2,104,318)         | (782,716)   | 3,975,957         | 58,733,616        |
| Total comprehensive income for the year | -                 | -                | -                 | -                 | (603,604)           | (650,369)   | 465,990           | (787,983)         |
| Transfers                               | -                 | -                | -                 | (1,000,000)       | -                   | -   | 1,000,000         | -                 |
| Dividends                               | -                 | -                | -                 | -                 | -                   | -   | (2,080,000)       | (2,080,000)       |
| <b>Balance at 31 December 2018</b>      | <b>32,000,000</b> | <b>3,644,693</b> | <b>8,000,000</b>  | <b>13,000,000</b> | <b>(2,707,922)</b>  | <b>(1,433,085)</b>  | <b>3,361,947</b>  | <b>55,865,633</b> |

\* It is restricted to use an amount of JD 5,956,688 from retained earnings as at 31 December 2019, which represents the total negative balance of the fair value reserve and Company's share from fair value reserve / of the investment in associates.

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

**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Notes | 2019<br>JD         | 2018<br>JD         |
|---|-------|--------------------|--------------------|
| <b><u>OPERATING ACTIVITIES</u></b>  |       |                    |                    |
| Profit before income tax  |       | 4,357,265          | 545,007            |
| <b>Adjustments for:</b>   |       |                    |                    |
| Depreciation on property and equipment  | 6     | 1,362,110          | 1,218,824          |
| Gain on sale of property and equipment  |       | (46,412)           | (9,249)            |
| Finance costs   |       | 1,044,148          | 918,859            |
| Interest income   |       | (154,857)          | (168,880)          |
| Share of profit from associates   | 8     | (4,441,755)        | (121,790)          |
| Dividends income  |       | (371,543)          | (363,056)          |
| <b>Changes in working capital:</b>  |       |                    |                    |
| Inventories   |       | 13,114             | 54,687             |
| Accounts receivable and other current assets                                  |       | (3,487,786)        | (270,667)          |
| Accounts payable  |       | (6,353)            | 74,239             |
| Provisions and other current liabilities                                      |       | (204,332)          | 55,344             |
| Income tax paid   | 18    | (80,113)           | (135,510)          |
| <b>Net cash flows (used in) from operating activities</b>                     |       | <b>(2,016,514)</b> | <b>1,797,808</b>   |
| <b><u>INVESTING ACTIVITIES</u></b>  |       |                    |                    |
| Purchase of property and equipment  | 6     | (1,019,608)        | (2,506,596)        |
| Purchase of financial assets at fair value through other comprehensive income |       | (1,926)            | (469,159)          |
| Dividends received from associates  | 8     | 4,268,109          | 1,094,338          |
| Interest income received  |       | 154,857            | 168,880            |
| Dividends received  |       | 371,543            | 363,056            |
| Purchase of associate companies shares  | 8     | -                  | (428,480)          |
| Proceed from sale of property and equipment                                   |       | 54,723             | 9,251              |
| <b>Net cash flows from (used in) investing activities</b>                     |       | <b>3,827,698</b>   | <b>(1,768,710)</b> |
| <b><u>FINANCING ACTIVITIES</u></b>  |       |                    |                    |
| Dividends paid  | 14    | (1,920,000)        | (2,080,000)        |
| Repayments of loans   |       | (2,193,310)        | (1,596,050)        |
| Proceeds from loans   |       | 4,254,000          | -                  |
| Finance costs paid  |       | (1,044,148)        | (918,859)          |
| <b>Net cash flows used in financing activities</b>                            |       | <b>(903,458)</b>   | <b>(4,594,909)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                   |       | <b>907,726</b>     | <b>(4,565,811)</b> |
| Cash and cash equivalents on 1 January  |       | 1,829,151          | 6,394,962          |
| <b>Cash and cash equivalents on 31 December</b>                               | 12    | <b>2,736,877</b>   | <b>1,829,151</b>   |

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

**(1) GENERAL**

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

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

The financial statements were approved by the Company's Board of Directors on 10 February 2020. These financial statements require the approval of the General Assembly of the shareholders of the Company.

**(2) BASIS OF PREPARATION**

The financial statements are prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income which are presented at fair value as of the date of the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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

**(3) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

**IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The standard application did not have an impact on the Company financial statements due to the fact that the contracts are short-term and they do not contain a purchase option.

#### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the Company financial statements.

#### **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Company financial statements.

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments do not have any impact on the Group's Company financial statements.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments had no impact on the Company financial statements as it did not have any plan amendments, curtailments, or settlements during the year.

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments do not have any impact on the Company financial statements.



**(4) USE OF ESTIMATES**

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

**Allowance for expected credit losses:**

Allowance for expected credit loss on receivables is reviewed and under the principles and assumptions approved by the Company's management to estimate the allowance amount and in accordance with IFRS requirements.

**Income Tax provision:**

The fiscal year shall be charged in respect of the income tax expense in accordance with the regulations, laws and accounting standards. The needed income tax provision is calculated accordingly.

**Useful life of properties and equipment:**

The Company's management estimates the useful life for its tangible assets for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually impairment is recorded in the consolidation of profit or loss (if any).

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

**(5) SIGNIFICANT ACCOUNTING POLICIES**

**Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses.

Property and equipment (except for lands) is depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

|   | <u>%</u> |
|---|----------|
| Hotel's building, renovations, and improvements | 2-20     |
| Furniture and fixture                           | 8-12     |
| Machinery and equipment                         | 6-20     |
| Vehicles  | 15       |
| Fire extinguishing system                       | 4        |
| Solar System                                    | 5        |

The assets carrying values of property and equipment are reviewed whenever indications arise or events incur that indicates that the carrying value is non recoverable. The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property and equipment. All other expenditures are recognised in the statement of profit or loss as the expense is incurred.

**Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments for the purpose of maintaining them over the long term.

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the statement of other comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded at the statement of comprehensive income and in the statement of equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings.

These assets are not subject to impairment testing and dividends received are recognized in the statement of profit and loss when declared.

**Financial assets at amortized cost**

Financial assets at amortized cost are the financial assets that the Company's management, in accordance with its business model, intends to maintain in order to collect contractual cash flows which consist of payments of principal and interest on the outstanding debt balance.

These assets are recognized at cost, plus acquisition costs, and the allowance / discount is amortized using the effective interest method, restricted or credited to the interest, and any impairment charge is removed and the original or part of the asset cannot be recovered. Their value in the consolidated statement of income.

The amount of impairment in value of these assets represents the difference between the carrying value of the records and the present value of the expected cash flows discounted at the original effective interest rate.

**Investments in associates**

An associate is an entity in which the Company has significant influence on the financial and operating decision-making (the Company does not control) which the company owns 20% to 50% from the voting rights. The Company's investments in its associates are accounted for using the equity method.

Income and expenses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less any expected credit loss. The Company applies the simplified approach in calculating the expected credit loss in accordance with the international financial accounting standard number (9).

**Inventories**

Inventories are valued at cost (weighted average costing) or net realizable value whichever is lower.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with maturities of three months or less, net of outstanding bank overdrafts.

### **Fair value**

The Company measures financial instruments such as financial assets at fair value through other comprehensive income at fair value on the date of the financial statements as disclosed in note 22.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

### **Provisions**

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

### **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments which are measured based on the reporting to management and the decision makers in the Company.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Company's activity consists of three economic sectors the revenues and expenses of the Marriott Amman Hotel, investments in financial assets through other comprehensive income and investments in associates.

### **Revenue and expenses recognition**

Revenue is recognized based on the five-step model framework derived from the international financial reporting standard number (15) which includes the identification of the contract, price, allocating the contract price to the performance obligation in the contract and recognizing revenue when the company satisfies the performance obligation. Whereby revenue is recognized when selling goods to the customers and issuing the invoice to the customer at a point in time.

Interest revenue is recognised on accrual basis using effective interest rate.

Profits of associates is recognised by using the equity method when the associates declare their results.

Other income is recognised on accrual basis.

Expenses are recognised on accrual basis.

**Foreign currency**

Foreign currency transactions during the year are recorded using exchange rates that are in effect at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the statement of profit or loss.

**Income Taxes**

Income tax for the years ended 31 December 2019 and 31 December 2018 is accounted for in accordance with the Income Tax Law No. (34) of 2014 and International Accounting Standard No. 12 which states that deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Current tax is calculated based on taxable profits, which may differ from accounting profits appearing in the statement of profit or loss. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent applicable years.

**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**(6) PROPERTY AND EQUIPMENT**

|                                 | Lands            | Hotel's building and renovations and improvements | Furniture and fixtures | Machinery and equipment | Vehicles       | Fire extinguishing system | Work in progress* | Solar System     | Total             |
|---------------------------------|------------------|---|------------------------|-------------------------|----------------|---------------------------|-------------------|------------------|-------------------|
|                                 | JD               | JD  | JD                     | JD                      | JD             | JD                        | JD                | JD               | JD                |
| <b>2019- Cost</b>               |                  |   |                        |                         |                |                           |                   |                  |                   |
| At 1 January 2019               | 2,094,168        | 16,926,786  | 8,721,333              | 7,603,209               | 409,550        | 424,782                   | 2,134,590         | 2,437,715        | 40,752,133        |
| Additions                       | -                | -   | 67,864                 | 363,369                 | 80,235         | -                         | 416,152           | 91,988           | 1,019,608         |
| Transfers                       | -                | 570,458   | -                      | -                       | -              | -                         | (570,458)         | -                | -                 |
| Returns from contractors        | -                | -   | -                      | -                       | -              | -                         | -                 | (437,210)        | (437,210)         |
| Disposals                       | -                | -   | -                      | (275,883)               | (137,610)      | -                         | -                 | -                | (413,493)         |
| <b>At 31 December 2019</b>      | <b>2,094,168</b> | <b>17,497,244</b>                                 | <b>8,789,197</b>       | <b>7,690,695</b>        | <b>352,175</b> | <b>424,782</b>            | <b>1,980,284</b>  | <b>2,092,493</b> | <b>40,921,038</b> |
| <b>Accumulated depreciation</b> |                  |   |                        |                         |                |                           |                   |                  |                   |
| At 1 January 2019               | -                | 11,646,688  | 7,248,269              | 5,770,698               | 319,373        | 420,944                   | -                 | 54,828           | 25,460,800        |
| Additions                       | -                | 347,320   | 437,112                | 401,167                 | 29,084         | 3,838                     | -                 | 143,589          | 1,362,110         |
| Disposals                       | -                | -   | -                      | (275,882)               | (129,300)      | -                         | -                 | -                | (405,182)         |
| <b>At 31 December 2019</b>      | <b>-</b>         | <b>11,994,008</b>                                 | <b>7,685,381</b>       | <b>5,895,983</b>        | <b>219,157</b> | <b>424,782</b>            | <b>-</b>          | <b>198,417</b>   | <b>26,417,728</b> |
| <b>Net book value</b>           |                  |   |                        |                         |                |                           |                   |                  |                   |
| <b>At 31 December 2019</b>      | <b>2,094,168</b> | <b>5,503,236</b>                                  | <b>1,103,816</b>       | <b>1,794,712</b>        | <b>133,018</b> | <b>-</b>                  | <b>1,980,284</b>  | <b>1,894,076</b> | <b>14,503,310</b> |
| <b>2018 Cost</b>                |                  |   |                        |                         |                |                           |                   |                  |                   |
| At 1 January 2018               | 2,094,168        | 16,770,691  | 8,551,910              | 7,079,429               | 409,550        | 418,462                   | 620,926           | 2,437,715        | 38,382,851        |
| Additions                       | -                | 104,558   | 42,399                 | 585,045                 | -              | -                         | 1,774,594         | -                | 2,506,596         |
| Transfers                       | -                | 51,537  | 127,024                | 76,049                  | -              | 6,320                     | (260,930)         | -                | -                 |
| Disposals                       | -                | -   | -                      | (137,314)               | -              | -                         | -                 | -                | (137,314)         |
| <b>At 31 December 2018</b>      | <b>2,094,168</b> | <b>16,926,786</b>                                 | <b>8,721,333</b>       | <b>7,603,209</b>        | <b>409,550</b> | <b>424,782</b>            | <b>2,134,590</b>  | <b>2,437,715</b> | <b>40,752,133</b> |
| <b>Accumulated depreciation</b> |                  |   |                        |                         |                |                           |                   |                  |                   |
| At 1 January 2018               | -                | 11,311,067  | 6,822,703              | 5,535,856               | 291,623        | 418,039                   | -                 | -                | 24,379,288        |
| Additions                       | -                | 335,621   | 425,566                | 372,154                 | 27,750         | 2,905                     | -                 | 54,828           | 1,218,824         |
| Disposal                        | -                | -   | -                      | (137,312)               | -              | -                         | -                 | -                | (137,312)         |
| <b>At 31 December 2018</b>      | <b>-</b>         | <b>11,646,688</b>                                 | <b>7,248,269</b>       | <b>5,770,698</b>        | <b>319,373</b> | <b>420,944</b>            | <b>-</b>          | <b>54,828</b>    | <b>25,460,800</b> |
| <b>Net book value</b>           |                  |   |                        |                         |                |                           |                   |                  |                   |
| <b>At 31 December 2018</b>      | <b>2,094,168</b> | <b>5,280,098</b>                                  | <b>1,473,064</b>       | <b>1,832,511</b>        | <b>90,177</b>  | <b>3,838</b>              | <b>2,134,590</b>  | <b>2,382,887</b> | <b>15,291,333</b> |

\* The estimated cost to complete the projects as of 31 December 2019 is approximately JD 5,000,000, and it is expected to complete these projects during 2021.



**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | JD               | JD               |
| Investment in companies' shares – quoted in Amman Stock Exchange | 5,025,367        | 5,785,071        |
| Investment in companies' shares– unquoted                        | 177,000          | 177,000          |
|  | <u>5,202,367</u> | <u>5,962,071</u> |

Movement on fair value reserve is as follows:

|                      | 2019               | 2018               |
|----------------------|--------------------|--------------------|
|                      | JD                 | JD                 |
| At 1 January         | (2,707,922)        | (2,104,318)        |
| Change in fair value | (761,630)          | (603,604)          |
| At 31 December 2019  | <u>(3,469,552)</u> | <u>(2,707,922)</u> |

**(8) INVESTMENT IN ASSOCIATES**

|  | % of ownership |        | Value             |                   |
|--|----------------|--------|-------------------|-------------------|
|  | 2019           | 2018   | 2019              | 2018              |
|  | %              | %      | JD                | JD                |
| Business Tourism Company -               | 35.516         | 35.516 | 18,393,353        | 17,878,566        |
| Al Dawliyah for Hotels and Malls Company | 26.91          | 26.91  | 13,790,409        | 14,017,448        |
| Interior Design Studio Company           | 25             | 25     | -                 | 40,970            |
| Beaches Company for Hotels and Resorts   | 30.93          | 30.93  | 2,503,328         | 2,855,248         |
| Jordan Investor Center Company           | 49.34          | 49.34  | 12,836,044        | 13,612,419        |
| Arab International Real Estate Company   | 42.35          | 42.35  | 1,515,403         | 1,514,291         |
|  |                |        | <u>49,038,537</u> | <u>49,918,942</u> |

**ARAB INTERNATIONAL HOTELS COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

| <u>Company</u>  | <u>Main operation</u>  |
|---|--|
| Business Tourism Company – private shareholding                                       | Owning company of Jordan Valley Marriot and Petra Marriott Hotels              |
| Al Dawliyah for Hotels and Malls Company - PSC<br>Interior Design Studio Company LTD. | Owning company of Sheraton Amman Hotel<br>Interior designs projects for hotels |
| Beaches Company for Hotels and Resorts – private shareholding                         | Owning company of Marriot Aqaba Hotel  |
| Jordan Investor Center Company – private shareholding                                 | Investments in stocks and companies  |
| Arab International Real Estate Company – private shareholding                         | Investments in lands and real estate   |

Movement on investment in associates is as follows:

|   | 2019              | 2018              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| Balance at 1 January                        | 49,918,942        | 51,113,379        |
| Dividends                                   | (4,268,109)       | (1,094,338)       |
| Share of profit from associates             | 4,441,755         | 121,790           |
| Share of change in fair value reserve       | (1,054,051)       | (650,369)         |
| Purchase of additional shares in associate* | -                 | 428,480           |
|   | <u>49,038,537</u> | <u>49,918,942</u> |

\* During 2018 the Company purchased 514,512 shares from Al Dawliyah for Hotels and Mall Company shares.

The Company's management assessed the existence of impairment indicators on its investment in associates as of the date of the financial statements and noted that there were no indicators of impairment on the investment in associates exist as of 31 December 2019.

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

|  | Al Dawliyah for<br>Hotels and<br>Malls<br>Company |    | Business<br>Tourism<br>Company |    | Jordan<br>Investor<br>Center<br>Company |    | Interior<br>Design<br>Studio<br>Company |    | Beaches<br>Company<br>for Hotels<br>and Resorts |    | Arab<br>International<br>Real Estate<br>Company |    |
|--|---|----|--------------------------------|----|---|----|---|----|---|----|---|----|
|  | JD  | JD | JD                             | JD | JD                                      | JD | JD                                      | JD | JD  | JD | JD  | JD |
| <b>2019 -</b>                              |   |    |                                |    |   |    |   |    |   |    |   |    |
| <b>Investment in associates</b>            |   |    |                                |    |   |    |   |    |   |    |   |    |
| Current assets                             | 2,469,140   |    | 6,691,889                      |    | 9,619,902                               |    | 310,897                                 |    | 26,445,896                                      |    | 95,001  |    |
| Non-current assets                         | 61,052,267  |    | 56,543,069                     |    | 25,234,079                              |    | 14,553                                  |    | 2,600,000                                       |    | 3,482,598                                       |    |
| Current liabilities                        | (5,778,067)                                       |    | (1,989,189)                    |    | (11,177,016)                            |    | (285,904)                               |    | (13,416,039)                                    |    | -   |    |
| Non-current liabilities                    | (3,438,017)                                       |    | (6,056,188)                    |    | -                                       |    | (90,430)                                |    | -   |    | (1,988)   |    |
| Equity                                     | 54,305,323  |    | 55,189,581                     |    | 23,676,965                              |    | (50,883)                                |    | 15,629,857                                      |    | 3,575,611                                       |    |
| Ownership %                                | 26,91   |    | 35,516                         |    | 49,342                                  |    | 25                                      |    | 30,926  |    | 42,353  |    |
| Investment carrying amount                 | 13,790,409  |    | 18,393,353                     |    | 12,836,044                              |    | -                                       |    | 2,503,328                                       |    | 1,515,403                                       |    |
| <b>Revenues</b>                            |   |    |                                |    |   |    |   |    |   |    |   |    |
| Revenues                                   | 11,439,137  |    | 18,239,116                     |    | 2,572,425                               |    | 377,458                                 |    | 19,519,106                                      |    | 2,732   |    |
| Administrative expenses                    | (10,578,867)                                      |    | (15,578,499)                   |    | (1,320,996)                             |    | (573,180)                               |    | (6,057,084)                                     |    | (110)   |    |
| Finance costs                              | (274,619)   |    | (315,242)                      |    | (816,936)                               |    | (16,242)                                |    | -   |    | -   |    |
| Income (loss) before tax                   | 585,651   |    | 2,345,375                      |    | 434,493                                 |    | (211,964)                               |    | 13,462,022                                      |    | 2,622   |    |
| Income tax expense                         | (95,571)  |    | (160,000)                      |    | -                                       |    | -                                       |    | -   |    | -   |    |
| Profit (loss) for the year                 | 490,080   |    | 2,185,375                      |    | 434,493                                 |    | (211,964)                               |    | 13,462,022                                      |    | 2,622   |    |
| The Company's share of profit for the year | 131,880   |    | 776,158                        |    | 214,388                                 |    | (40,970)                                |    | 3,359,189                                       |    | 1,110   |    |

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

|   | 2018 -                         |   |   |   |   |  |
|---|--------------------------------|---|---|---|---|--|
|   | Investment in associates       |   |   |   |   |  |
| AI Dawliyah for<br>Hotels and<br>Malls<br>Company | Business<br>Tourism<br>Company | Jordan<br>Investor<br>Center<br>Company | Interior<br>Design<br>Studio<br>Company | Beaches<br>Company<br>for Hotels<br>and Resorts | Arao<br>International<br>Real Estate<br>Company |  |
|   | JD                             | JD                                      | JD                                      | JD  | JD  |  |
| Current assets                                    | 1,406,462                      | 4,583,088                               | 9,461,285                               | 415,054   | 66,001  |  |
| Non-current assets                                | 61,626,017                     | 55,903,606                              | 26,756,162                              | 27,582  | 14,103,674                                      |  |
| Current liabilities                               | (5,442,799)                    | (4,312,437)                             | (10,967,012)                            | (280,182)                                       | -   |  |
| Non-current liabilities                           | (2,464,083)                    | (2,434,133)                             | -                                       | -   | (2,357)   |  |
| Equity  | 55,125,597                     | 53,740,124                              | 25,250,435                              | 162,454   | 14,167,318                                      |  |
| Ownership %                                       | 26.91                          | 35.516                                  | 49.342                                  | 25  | 30.926  |  |
| Investment carrying amount                        | 14,017,448                     | 17,878,566                              | 13,612,419                              | 40,970  | 2,855,248                                       |  |
|   |                                |   |   |   |   |  |
| Revenues  |                                |   |   |   |   |  |
| Revenues  | 11,399,964                     | 1,546,063                               | 867,622                                 | 449,385   | 1,019   |  |
| Administrative expenses                           | (10,721,958)                   | (654,422)                               | (640,967)                               | (548,052)                                       | (60,644)  |  |
| Finance costs                                     | (202,546)                      | (172,878)                               | (577,832)                               | (4,309)   | -   |  |
| Income (loss) before tax                          | 475,460                        | 718,763                                 | (351,177)                               | (102,976)                                       | (59,625)  |  |
| Income tax expense                                | (119,871)                      | (35,000)                                | -                                       | -   | -   |  |
| Profit (loss) for the year                        | 355,589                        | 683,763                                 | (351,177)                               | (102,976)                                       | (59,625)  |  |
| The Company's share of profit for the year        | 95,686                         | 242,845                                 | (173,278)                               | (25,744)  | (18,441)  |  |
|   |                                |   |   |   | 722   |  |

**(9) FINANCIAL ASSETS AT AMORTIZED COST**

On 12 October 2017, Arab International Hotels Company purchased 15 bonds from Jordan Ahli Bank (sister company) with a variable interest rate. The interest rate at the beginning of each period equals to the discount rate of the Central Bank of Jordan plus 2% margin which amounted to 6.75% at issuance date. The interest at year end was 7.5% and the interest is paid semi-annually. The Bond is due in one instalment on 12 October 2023. In October 2018 the Board of Directors decided to sell Jordan Ahli Bank bonds, thus the bonds were classified as current assets.

**(10) BONDS PAYABLE**

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

**(11) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
|                                      | JD        | JD        |
| Trade receivables                    | 525,163   | 510,874   |
| Allowance for expected credit losses | (39,290)  | (38,977)  |
|                                      | 485,873   | 471,897   |
| Amounts due from related parties     | 3,799,907 | 165,741   |
| Other receivables                    | 273,476   | 433,832   |
|                                      | 4,559,256 | 1,071,470 |

Expected credit loss provision amounted to JD 39,290 at 31 December 2019 (2018: JD 38,977).

Movement on expected credit losses provision is as follows:

|                           | 2019   | 2018   |
|---------------------------|--------|--------|
|                           | JD     | JD     |
| Balance as of 1 January   | 38,977 | 37,652 |
| Provision of the year     | 313    | 1,325  |
| Balance as of 31 December | 39,290 | 38,977 |

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

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

|      | Past due but not impaired |         |         |          |          |        | Total   |
|------|---------------------------|---------|---------|----------|----------|--------|---------|
|      | 1 - 30                    | 31 – 60 | 61 – 90 | 91 – 120 | 121– 150 | >151   |         |
|      | days                      | days    | days    | days     | days     | days   |         |
|      | JD                        | JD      | JD      | JD       | JD       | JD     | JD      |
| 2019 | 287,005                   | 155,870 | 12,295  | 5,703    | -        | 25,000 | 485,873 |
| 2018 | 299,053                   | 106,990 | 6,794   | 5,697    | -        | 53,363 | 471,897 |

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

**(12) CASH ON HAND AND AT BANKS**

|                            | 2019      | 2018      |
|----------------------------|-----------|-----------|
|                            | JD        | JD        |
| Short-term deposits*       | 689,458   | -         |
| Cash on hands and at banks | 2,047,419 | 1,953,726 |
|                            | 2,736,877 | 1,953,726 |
| Less: Due to banks**       | -         | 124,575   |
|                            | 2,736,877 | 1,829,151 |

\* Short term deposits represent deposits held with local banks in Jordanian Dinar with maturities of three months or less, bearing an interest rate 4%.

\*\* This balance represents the utilized amount of JD 124,575 as of 31 December 2018 of the facilities granted from Jordan Ahli Bank with a ceiling of JD 1,000,000 and an annual interest rate of 8%.

**(13) EQUITY**

**Paid-in capital**

The Company authorized paid-in capital amounted to JD 32,000,000 divided to 32,000,000 shares with par value of JD 1 per share as at 31 December 2019.

**Share premium**

The amount accumulated in this account represents the difference between the proceeds of share issuances and the par value of the issued shares.

### **Statutory reserve**

The accumulated amounts in this account represent cumulative appropriations of 10% of the profit before income tax. The statutory reserve is not available for distribution to the shareholders. The Company is allowed to stop the transfer to this account when the reserve amount reaches 25% of the share capital. In reference to that the Company decided not to transfer any additional amounts to the statutory reserve.

### **Voluntary reserve**

The accumulated amounts in this account represent cumulative appropriations of 20% of the profit before income tax. The statutory reserve is available for distribution to the shareholders. At its meeting held on 22 April 2019, the general assembly approved the transfer of JD 5,000,000 from voluntary reserve to retained earnings.

### **(14) Dividends**

The General Assembly approved in its meeting held on 22 April 2019, the distribution of cash dividends amounted to JD 1,920,000 representing 6% of the paid in capital as a result of operations in 2019.

### **(15) Loans**

|                            | 2019   |                    | Total            |                  |
|----------------------------|--|--------------------|------------------|------------------|
|                            | Current<br>portion of<br>long- term<br>loans | Long term<br>loans | 2019             | 2018             |
|                            | JD   | JD                 | JD               | JD               |
| Jordan Ahli Bank – USD (1) | 709,000                                      | -                  | 709,000          | 2,127,000        |
| Jordan Ahli Bank – USD (2) | 330,866                                      | 1,985,204          | 2,316,070        | 2,646,936        |
| Jordan Ahli Bank – JD (3)  | 444,444                                      | 1,417,097          | 1,861,541        | 2,305,985        |
| Jordan Ahli Bank – USD (4) | -  | 4,254,000          | 4,254,000        | -                |
|                            | <u>1,484,310</u>                             | <u>7,656,301</u>   | <u>9,140,611</u> | <u>7,079,921</u> |

#### **Jordan Ahli Bank – USD (1)**

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



**Jordan Ahli Bank – USD (2)**

This balance represents Jordan Ahli Bank loan amounting to USD 4,200,000 (JD 2,977,800). The Company signed an agreement with Jordan Ahli Bank on 15 April 2015. this loan was granted against the Company's guarantee and with an interest rate of 4%. The loan will be paid in 18 equal semi- annual instalments. The first instalment was due on 30 September 2017, and the interest will be paid every 6 months. The loan instalments for the years 2018 and 2017 were rescheduled to 2025 and 2026 while the interest will be paid every 6 months.

**Jordan Ahli Bank – JD (3)**

On 4 November 2015 the Company signed an energy loan agreement with Jordan Ahli Bank with a ceiling of JD 4,000,000 with an annual interest rate of 4% on utilized balance. The loan will be paid in 18 semi annual instalments, the first instalment was due on 1 November 2017. The last instalment will be due on 1 May 2025.

**Jordan Ahli Bank – USD (4)**

This balance represents Jordan Ahli Bank loan amounting to USD 6,000,000 (JD 4,254,000). The Company signed an agreement with Jordan Ahli Bank on 26 March 2019 for a loan which was granted against the Company's guarantee and with an interest equivalent to London interest borrowing rate 2.5% and minimum 5%. The loan will be paid in 10 equal semi - annual instalments. The first instalment was due on 28 February 2021, and the interest will be paid monthly.

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

| <u>Year</u> | <u>JD</u>        |
|-------------|------------------|
| 2020        | 1,484,310        |
| 2021        | 1,626,110        |
| 2022        | 1,626,110        |
| 2022 - 2026 | 4,404,081        |
|             | <u>9,140,611</u> |

**(16) PROVISIONS AND OTHER CURRENT LIABILITIES**

|  | <u>2019</u>      | <u>2018</u>      |
|--|------------------|------------------|
|  | <u>JD</u>        | <u>JD</u>        |
| Due to share holders and dividends payable | 337,278          | 325,165          |
| Board of Directors' benefits               | 65,000           | 44,200           |
| Accrued expenses                           | 653,506          | 685,484          |
| Income tax provision (note 18)             | 186,831          | 126,168          |
| National contribution taxes                | 7,039            | -                |
| Others                                     | 317,843          | 960,320          |
|  | <u>1,567,497</u> | <u>2,141,337</u> |

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

**(17) ADMINISTRATIVE EXPENSES**

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | JD             | JD             |
| Salaries, wages and other benefits                    | 405,280        | 374,279        |
| Social security                                       | 14,660         | 11,517         |
| Board of Directors travel and transportation expenses | 101,682        | 98,924         |
| Chairman office expenses                              | 5,208          | 6,786          |
| Insurance expenses                                    | 74,141         | 65,345         |
| Governmental fees                                     | 26,747         | 26,537         |
| Donations   | 19,200         | 22,800         |
| Rent  | 19,350         | 19,350         |
| Professional fees                                     | 10,000         | 47,086         |
| Advertisement expenses                                | 6,910          | 5,600          |
| Vehicles expenses                                     | 17,900         | 14,669         |
| Bank expenses   | 23,629         | 2,911          |
| Property tax expenses                                 | 46,368         | 46,368         |
| Stationery and publications                           | 8,715          | 16,363         |
| Hospitality expenses                                  | 6,175          | 7,622          |
| Solar System expenses                                 | 33,266         | -              |
| Others  | 9,905          | 10,540         |
|   | <u>829,136</u> | <u>776,697</u> |

**(18) INCOME TAX**

The income tax for the years ended 31 December 2019 and 31 December 2018 is calculated in accordance with the Income Tax Law No. (38) of 2018 that amend law number (34) of 2014.

The Company reached to a final settlement with the Income Tax Department up to the year 2018, except for the years 2017 and 2016 as the income tax department has reviewed the income tax declarations but did not issue their decisions up to the date of these financial statements.

The Company submitted its self-tax assessment for the years 2016 and 2017, the Income Tax Department has not reviewed the income tax declaration until the year 2016,

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

|                                 | 2019           | 2018           |
|---------------------------------|----------------|----------------|
|                                 | JD             | JD             |
| Balance as at 1 January         | 126,168        | 182,661        |
| Income tax expense for the year | 140,776        | 79,017         |
| Income tax paid                 | (80,113)       | (135,510)      |
| Balance as at 31 December       | <u>186,831</u> | <u>126,168</u> |

The Company does not recognize deferred tax due to the insignificant impact on the financial statements as per the management estimates.

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

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

|                                 | <u>2019</u> | <u>2018</u> |
|---------------------------------|-------------|-------------|
|                                 | JD          | JD          |
| Accounting profit               | 4,357,265   | 545,007     |
| Non-taxable income              | (4,813,299) | (484,846)   |
| Non-deductible expenses         | 1,159,913   | 334,924     |
| Taxable income                  | 703,879     | 395,085     |
| Income tax expense for the year | 140,776     | 79,017      |
| Statutory income tax rate       | 20%         | 20%         |
| Effective income tax rate       | 3.23%       | 14.5%       |

**(19) BASIC AND DILUTED EARNINGS PER SHARE**

|   | <u>2019</u>     | <u>2018</u>     |
|---|-----------------|-----------------|
| Profit for the year (JD)                  | 4,209,450       | 465,990         |
| Weighted average number of shares (share) | 32,000,000      | 32,000,00       |
|   | <u>JD/ Fils</u> | <u>JD/ Fils</u> |
| Basic earnings per share                  | <u>0/132</u>    | <u>0/015</u>    |

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

**(20) TRANSACTION WITH RELATED PARTIES**

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

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

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

**Amounts due from related parties:**

|   | 2019             | 2018           |
|---|------------------|----------------|
|   | JD               | JD             |
| <b>Assets</b>   |                  |                |
| Bank deposit - Jordan Ahli Bank   | 689,458          | -              |
| Current account at Jordan Ahli Bank   | 2,025,919        | 1,700,507      |
| Financial assets at amortized cost (note 9)   | 1,500,000        | 1,500,000      |
| <b>The other debit balances includes due from related parties broken down as follows:</b> |                  |                |
| Due from Interior Design Studio Company Partner   | 23,299           | 24,299         |
| Petra Marriott Hotel  | 16,494           | 31,831         |
| Jordan Valley Marriott Hotel  | 40,195           | 105,759        |
| Due from Business Tourism Company   | 1,000            | 766            |
| Al Dawliyah for hotels and malls  | 4,582            | -              |
| Beaches Company for Hotel and Resorts   | 3,711,112        | -              |
| Jordan investor company   | 3,225            | -              |
|   | <u>3,799,907</u> | <u>162,655</u> |

**Amounts due to related parties:**

|                                   | 2019             | 2018             |
|-----------------------------------|------------------|------------------|
|                                   | JD               | JD               |
| Loans granted by Jordan Ahli Bank | 9,140,611        | 7,079,921        |
| Due to banks - Jordan Ahli Bank   | -                | 124,575          |
| Bonds payable (note 10)           | <u>7,300,000</u> | <u>7,300,000</u> |

**Financial assets at fair value through other comprehensive income:**

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | JD               | JD               |
| The Joradan Worsted Mills Company       | 2,079,347        | 2,710,272        |
| El Zay Ready Wear Manufacturing Company | 176,006          | 122,439          |
| Jordan Ahli Bank                        | <u>1,501,263</u> | <u>1,641,058</u> |

**Accounts Receivable**

|  |          |                |
|--|----------|----------------|
| Accounts receivable – Board of Directors | <u>-</u> | <u>178,750</u> |
|--|----------|----------------|

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

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

|  | 2019    | 2018    |
|--|---------|---------|
|  | JD      | JD      |
| Interest income on deposits - Jordan Ahli Bank                           | 46,501  | 61,373  |
| Dividends income   | 294,584 | 274,657 |
| Interest income on financial assets at amortized cost                    | 113,250 | 107,507 |
| Key management salaries and benefits and Board of Directors remuneration | 347,630 | 388,220 |
| Finance costs – Jordan Ahli Bank   | 494,148 | 368,859 |
| Finance costs bonds – related parties                                    | 401,500 | 401,500 |

**(21) RISK MANAGEMENT**

**Interest rate risk**

The Company is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits and bank overdraft and term loans. There is no interest rate risk associated with interest rate on bonds as it bears fixed interest rates.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates as 31 December, with all other variables held constant.

| 2019-<br>Currency | Increase<br>in basis points | Effect on<br>profit<br>for the year<br>JD |
|-------------------|-----------------------------|---|
| JD                | 100                         | (11,721)                                  |
| USD               | 100                         | (72,791)                                  |
| Currency          | Decrease<br>in basis points | Effect on<br>profit for the<br>year<br>JD |
| JD                | 100                         | 11,721                                    |
| USD               | 100                         | 72,791                                    |

| 2018-<br>Currency | <u>Increase<br/>in basis points</u> | <u>Effect on<br/>profit for the<br/>year<br/>JD</u> |
|-------------------|-------------------------------------|---|
| JD                | 100                                 | (23,059)  |
| USD               | 100                                 | (47,739)  |

| Currency | <u>Decrease<br/>in basis points</u> | <u>Effect on<br/>profit for the<br/>year<br/>JD</u> |
|----------|-------------------------------------|---|
| JD       | 100                                 | 23,059  |
| USD      | 100                                 | 47,739  |

#### Equity price risk

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

| 2019-<br>Equity price | <u>Change in<br/>equity price<br/>%</u> | <u>Effect on<br/>equity<br/>JD</u> |
|-----------------------|---|------------------------------------|
| Amman Stock Market    | 5                                       | 260,118                            |
|                       | (5)                                     | (260,118)                          |

| 2018 -<br>Equity price | <u>Change in<br/>equity price<br/>%</u> | <u>Effect on<br/>equity<br/>JD</u> |
|------------------------|---|------------------------------------|
| Amman Stock Market     | 5                                       | 289,253                            |
|                        | (5)                                     | (289,253)                          |

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

## Liquidity risk

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

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

| 31 December 2019                                  | Less than<br>3 months<br>JD | 3 to 12<br>months<br>JD | 1 to 5<br>years<br>JD | Total<br>JD |
|---|-----------------------------|-------------------------|-----------------------|-------------|
| Bonds payable                                     | -                           | 550,000                 | 11,100,000            | 11,650,000  |
| Accounts payable and other<br>current liabilities | 2,437,848                   | -                       | -                     | 2,437,848   |
| Loans   | 820,313                     | 1,094,406               | 8,634,133             | 10,548,852  |
| Total   | 3,258,161                   | 1,644,406               | 19,734,133            | 24,636,700  |
| 31 December 2018                                  | Less than<br>3 months<br>JD | 3 to 12<br>months<br>JD | 1 to 5<br>years<br>JD | Total<br>JD |
| Bonds payable                                     | -                           | 550,000                 | 11,100,000            | 11,650,000  |
| Accounts payable and other<br>current liabilities | 3,025,080                   | -                       | -                     | 3,025,080   |
| Due to Banks                                      | 127,222                     | -                       | -                     | 127,222     |
| Loans   | 814,315                     | 1,651,776               | 5,144,308             | 7,610,399   |
| Total   | 3,966,617                   | 2,201,776               | 16,244,308            | 22,412,701  |

## Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollar. The Jordanian Dinar is fixed against US Dollar (1.41 USD / 1JD). Accordingly, the effect of currency risk is not material to the financial statements.



**(22) FAIR VALUE FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and liabilities.

Financial assets consists of cash on hand and at banks, account receivable, and other debit balances. Financial liabilities consist of accounts payable, due to banks, loans, and other current liabilities. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**Assets measured at fair value**

| 2019-   | Level 1<br>JD | Level 2<br>JD | Level 3<br>JD | Total<br>JD |
|---|---------------|---------------|---------------|-------------|
| Financial assets at fair value through other comprehensive income | 5,025,367     | -             | 177,000       | 5,220,367   |
| 2018-   | Level 1<br>JD | Level 2<br>JD | Level 3<br>JD | Total<br>JD |
| Financial assets at fair value through other comprehensive income | 5,785,071     | -             | 177,000       | 5,962,071   |

**(23) CAPITAL MANAGEMENT**

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes for the current year and previous year.

Capital comprises of paid-in capital, share premium, statutory reserve, voluntary reserve, change in fair value reserve, company's share from change in fair value reserve /from investment in associates, and retained earnings and is measured at JD 56,339,402 as of 31 December 2019 (2018: JD 55,865,633).

**(24) CONTINGENCIES AND COMMITMENTS**

**Lawsuits**

The Company is a defendant in a number of lawsuits amounting JD 43,385 representing legal claims related to its activities (2018: JD 47,201).

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

**Capital commitments**

Expected cost to complete the projects in progress as of 31 December 2019 is approximately JD 5,000,000 and it is expected to complete such projects during 2021.

**(25) SEGMENT INFORMATION**

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

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

The following table represent Marriott Amman operating revenues:

|                | 2019              | 2018              |
|----------------|-------------------|-------------------|
|                | JD                | JD                |
| Rooms Revenues | 6,470,310         | 6,886,730         |
| F&B Revenues   | 4,013,850         | 4,020,463         |
| Other Revenues | 338,023           | 236,601           |
|                | <u>10,822,183</u> | <u>11,143,794</u> |

**ARAB INTERNATIONAL HOTELS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

|   | Hotel<br>sector | Investment<br>in financial<br>assets | Total      |
|---|-----------------|--------------------------------------|------------|
|   | JD              | JD                                   | JD         |
| <b>31 December 2019 -</b>               |                 |                                      |            |
| Revenues                                | 15,181,700      | 659,322                              | 15,841,022 |
| <b>Segment results -</b>                |                 |                                      |            |
| <b>Profit before income tax</b>         | 3,697,943       | 659,322                              | 4,357,265  |
| Income tax expense                      | (119,474)       | (21,302)                             | (140,776)  |
| National contribution taxes             | (7,039)         | -                                    | (7,039)    |
| Profit for the year                     | 3,571,430       | 638,020                              | 4,209,450  |
| <b><u>Other Segment Information</u></b> |                 |                                      |            |
| Capital expenditure                     | 1,019,608       | -                                    | 1,019,608  |
| Depreciation                            | 1,362,110       | -                                    | 1,362,110  |
| <b>31 December 2018 -</b>               |                 |                                      |            |
| Revenues                                | 11,538,535      | 272,263                              | 11,810,798 |
| <b>Segment results -</b>                |                 |                                      |            |
| <b>Profit before income tax</b>         | 272,744         | 272,263                              | 545,007    |
| Income tax expense                      | (39,542)        | (39,475)                             | (79,017)   |
| Profit for the year                     | 233,202         | 232,788                              | 465,990    |
| <b><u>Other Segment Information</u></b> |                 |                                      |            |
| Capital expenditure                     | 2,506,596       | -                                    | 2,506,596  |
| Depreciation                            | 1,218,824       | -                                    | 1,218,824  |
| <b><u>Assets and Liabilities</u></b>    |                 |                                      |            |
| <b>31 December 2019</b>                 |                 |                                      |            |
| Assets                                  | 56,871,087      | 21,053,813                           | 77,924,900 |
| Liabilities                             | 21,578,459      | -                                    | 21,578,459 |
| <b>31 December 2018</b>                 |                 |                                      |            |
| Assets                                  | 53,465,458      | 22,629,751                           | 76,095,209 |
| Liabilities                             | 20,229,576      | -                                    | 20,229,576 |

The Company share from associates profit amounted to 4,441,755 JD as of 31 December 2019 (2018: JD 121,790).

**(26) STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

**IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that 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 Company.

**Amendments to IFRS 3: Definition of a Business**

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

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

**Amendments to IAS 1 and IAS 8: Definition of "Material"**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material is not expected to have a significant impact on the Company financial statements.

**(27) COMPARATIVE FIGURES**

Some of 2018 comparative figures were reclassified to correspond with 31 December 2019 presentation. The reclassification has no effect on the profit and equity of the year 2018.

**(28) SUBSEQUENT EVENTS**

Subsequent to year-end, the coronavirus outbreak has impacted the global economy and caused significant disruption in the global markets. Accordingly, the Hotels and tourism industry has been affected by the travel restrictions, large-scale quarantines, conference cancellations and lower reservations demand. Management is in the process of completing its assessment of the coronavirus on their operations in order to take the necessary actions and properly address the situation.