Al Dawliyah for Hotels and Malls Company

Public Shareholding Company

Financial Statements

31 December 2022

Building a better
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al Dawliyah for Hotels and Malls Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Dawliyah for Hotels and Malls Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 (including international independence standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2022. 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	**How the key audit matter was addressed**
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 revenues. The Company focuses on revenue as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service.	We considered the appropriateness of the Company's revenue recognition accounting policies in accordance with International Financial Reporting Standards. We tested the Company's controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures on the gross margin for rooms, food, beverage, and other departments. Having built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We also selected and tested a sample of journal entries on revenue accounts. Disclosure related to revenues are disclosed in Note (27) to the financial statements and disclosure of accounting policies around revenues recognition are disclosed in note (5) to the financial statement.

Other information included in the Company's 2022 annual report.

Other information consists of the information included in the Company's annual report for the year 2022, 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 calculated 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 exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

The partner in charge of the audit resulting in this auditor's report was Ali Samara, license number 503.

Amman – Jordan
23 February 2023

ERNST & YOUNG
Amman - Jordan

AL DAWLIYAH FOR HOTELS AND MALLS PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
ASSETS		JD	JD
Non-current assets -			
Property and equipment	6	52,626,761	53,399,827
Investment properties	8	1,523,038	1,523,038
Financial assets at fair value through other comprehensive income	10	2,985,846	2,854,953
Investment in an associate	9	-	28,458
Deferred tax assets	22	600,038	666,889
		57,735,683	58,473,165
Current assets -			
Financial assets at amortized cost	7	-	500,000
Inventories		169,303	204,639
Accounts receivable and checks under collection	11	385,977	216,567
Other current assets	12	281,070	250,321
Cash and short-term deposits	21	1,040,429	1,434,344
		1,876,779	2,605,871
Total Assets		59,612,462	61,079,036
EQUITY AND LIABILITIES			
Equity -			
Paid-in capital	13,1	43,200,000	43,200,000
Statutory reserve	14	10,800,000	10,800,000
Fair value reserve	10	(1,598,866)	(1,529,759)
Accumulated losses		(2,584,922)	(2,820,219)
Total Equity		49,816,212	49,650,022
Non-current liability-			
Long-term loans	15	3,138,193	5,371,525
Current liabilities -			
Due to banks	16,23	288,157	-
Current portion of long-term loans	15	4,533,453	4,528,387
Accounts payable		896,525	734,319
Other current liabilities	17	939,922	794,783
		6,658,057	6,057,489
Total Liabilities -		9,796,250	11,429,014
Total Equity and liabilities		59,612,462	61,079,036

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

	Notes	2022	2021
		JD	JD
Operating revenues from Amman Sheraton Hotel	27	8,787,313	4,925,058
Operating expenses from Amman Sheraton Hotel		(6,232,662)	(3,976,452)
Depreciation of property and equipment	6	(1,240,376)	(1,404,522)
Gross operational profit (loss) from the hotel		1,314,275	(455,916)
Other income	18	10,881	31,603
Depreciation	6	(7,232)	(1,324)
Finance costs		(271,199)	(272,951)
Administrative expenses	19	(691,054)	(620,930)
Solar project operating expenses		(94,951)	(71,638)
Share of loss from an associate	9	(28,458)	-
Impairment loss on investment	9	-	(6,542)
Dividends income	23	69,886	61,006
Profit (loss) before income tax		302,148	(1,336,692)
Income tax expense for the year	22	(66,851)	-
Profit (loss) for the year		235,297	(1,336,692)
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit (loss) for the year	20	0/005	(0/031)

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

AL DAWLIYAH FOR HOTELS AND MALLS PUBLIC SHAREHOLDING COMPANY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		JD	JD
Profit (loss) for the year		235,297	(1,336,692)
Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods			
Net change in fair value reserve	10	(69,107)	312,505
Total comprehensive income for the year		166,190	(1,024,187)

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

AL DAWLIYAH FOR HOTELS AND MALLS PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid-in capital	Statutory reserve	Fair value reserve*	Accumulated losses	Total
	JD	JD	JD	JD	JD
2022 -					
Balance as at 1 January 2022	43,200,000	10,800,000	(1,529,759)	(2,820,219)	49,650,022
Profit for the year	-	-	-	235,297	235,297
Other comprehensive income items	-	-	(69,107)	-	(69,107)
Total comprehensive income for the year	-	-	(69,107)	235,297	166,190
Balance as at 31 December 2022	43,200,000	10,800,000	(1,598,866)	(2,584,922)	49,816,212
2021 -					
Balance as at 1 January 2021	43,200,000	10,800,000	(1,842,264)	(1,483,527)	50,674,209
Loss for the year	-	-	-	(1,336,692)	(1,336,692)
Other comprehensive income items	-	-	312,505	-	312,505
Total comprehensive income for the year	-	-	312,505	(1,336,692)	(1,024,187)
Balance as at 31 December 2021	43,200,000	10,800,000	(1,529,759)	(2,820,219)	49,650,022

* An amount of JD 1,598,866 (JD 1,529,759 as at 31 December 2021) of the accumulated losses is restricted, and it represents the negative balance of the fair value reserve as at 31 December 2022.

AL DAWLIYAH FOR HOTELS AND MALLS PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
OPERATING ACTIVITIES		JD	JD
Profit (loss) before income tax		302,148	(1,336,692)
Adjustments for:			
Depreciation	6	1,247,608	1,405,846
Finance costs		271,199	272,951
Bank Interest income	18	(10,881)	(31,603)
Provision for (recovered from) expected credit losses	11	1,353	(4,656)
Dividends income	23	(69,886)	(61,006)
Share of losses from an associate	9	28,458	-
Impairment loss on investment	9	-	6,542
Changes in working capital:			
Inventories		35,336	20,638
Accounts receivable and checks under collection		(170,763)	(12,592)
Other current assets		(30,749)	899,870
Accounts payable		162,206	37,042
Other current liabilities		145,139	152,610
Net cash flows from operating activities		1,911,168	1,348,950
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(474,542)	(807,706)
Maturity of financial assets at amortized cost		500,000	-
Purchase of financial assets at fair value through OCI	10	(200,000)	-
Bank Interest income received	18	10,881	31,603
Investing in an associate company		-	(35,000)
Dividends income received	23	69,886	61,006
Net cash flows used in investing activities		(93,775)	(750,097)
FINANCING ACTIVITIES			
Repayments of loans	15	(5,551,066)	(1,353,021)
Proceeds from loans	15	3,322,800	3,044,448
Finance costs paid		(271,199)	(272,951)
Net cash flows (used in) from financing activities		(2,499,465)	1,418,476
Net (decrease) increase in cash and cash equivalents		(682,072)	2,017,329
Cash and cash equivalents at the beginning of the year		1,434,344	(582,985)
Cash and cash equivalents at the end of the year	21	752,272	1,434,344

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

(1) GENERAL

Al Dawliyah for Hotels and Malls Public Shareholding Company was established as a result of the merger of the International Group of Hotels Association Public Shareholding Company and Development Company for Tourism and Trade Limited Liability Company on 1 August 1998 and then it was merged with Al Saad Company for Tourism and Trade Projects (limited liability company). The Company's paid-in capital amounted to JD 43,200,000 divided into 43,200,000 shares with a par value of JD 1 per share as at 31 December 2022 and 2021.

The Company's main activities are to develop, construct, sale, purchase, renting, and leasing hotels, restaurants, theatres, swimming pools, and malls for its own accounts or for others.

The Company and Sheraton Overseas Management Corporation have signed Amman Sheraton Hotel's management agreement on 4 April 1995. The agreement is valid for 20 years commencing from the day of the official opening of the Hotel, that was at the end of 2001. During 2022, the agreement was renewed until the year 2041.

The Company owns Amman Sheraton Hotel that has 267 rooms and suites which started operations on 1 July 2001.

The financial statements were approved by the Company's Board of Directors on 9 February 2023, these financial statements require the approval of the general assembly of the shareholders of the Company.

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(2-1) BASIS OF PREPARATION

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

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

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

(2-2) CONCEPTUAL ACCOUNTING CONCEPTS

The Company's management believes that it is appropriate to use the going concern basis for the financial statements based on start of the recovery of the Company's operations during the year compared to the year ended 31 December 2021 in addition to the ability of obtaining or scheduling bank facilities.

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

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to

contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

(4) USE OF ESTIMATES

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

In the opinion of the Company's management, it estimates included in the financial statement are reasonable and are disaggregated as follows:

Expected credit losses provision: Expected credit losses provision on receivables is reviewed using the principles and assumptions approved by the Company's management to estimate the provision amount in accordance with IFRS requirements.

Income Tax provision: The income tax expense is charged to the fiscal year in accordance with the regulations, laws and accounting standards and the required tax provision shall be calculated. The amount of income tax provision depends on various factors such as, the Company's experience from auditing prior periods tax. In addition to that, the Company appoints an independent tax advisor to review the calculation of the income tax provision.

Deferred Tax Assets: Deferred tax assets are recognised for all temporary timing differences relating to non-deductible expenses and losses that are likely to be included as part of taxable income. The determination of the value of deferred tax assets that can be recognised based on the expected timing and the level of future taxable profits, require the opinion and judgement of the management of the Company. Details of the income tax provision are disclosed in note (22).

Useful life of properties and equipment: The Company's management reassess the useful life for tangible assets periodically for the purpose of calculating depreciation depending on the expected useful life of these assets. Impairment is recorded in the statement of profit and 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 accumulated impairment losses if any (except for lands).

Property and equipment are depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	%
Hotel building	1.5
Machinery and equipment	6-20
Furniture and fixture	8
Vehicles	15
Solar project	5

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. when the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts and the loss is recorded in the statement of comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from items of property and equipment.

Investment properties
Investment properties represents investments in lands and buildings that the Company is keeping either to lease or until it's value increases, in exception of lands and buildings used in producing goods, services, the companys' usual activities or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated when it is ready to be used on a straight-line basis over their estimated useful lives.

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

Accounts receivable
Accounts receivable are stated at original invoice amount less any provision for expected credit losses. The Company applies the simplified approach in calculating the expected credit losses in accordance with the International Financial Reporting Standards (IFRS 9).

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

Investments in associate
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.

Based on the equity method, investments in associates are shown at cost. The book value of the investment is later adjusted to reflect the Company's share of the changes in net assets since the ownership date. Goodwill resulting from the associate is recorded as part of the investment account and is not subject to amortization nor impairment on an individual basis. The statement of profit or loss reflects the Company's share of the associates operational results.

Any changes in other comprehensive income for this investment is reflected in the statement of comprehensive income. In the case where there are changes in the equity of the asscoiate, these changes are reflected in the statement of changes in equity. Profits and losses resulting from intercompany transactions between the Company and the associate are eliminated based Company's share in the associate.

The Company’s share in the profit or loss of the associate company is shown in the statement of profit or loss outside of operating profits. It represents the after tax profits or losses and non-controlling interests in the asscoiate company.

The financial statements of the associate company are prepared at the same period of those for the Company, using the same accounting policies.

After applying the equity method, the Company determines If there is a necessity to calculate an impairment loss on the investment of the associate company. At the end of each financial year, the Company determines whether the are any objective evidence indicating impairment in the investment of the associate company. In case there are indicators of impairment, the Company calculates the impairment loss as difference between the net realizable value of the associate investment and Its book value. The loss is recognized in the statement of profit or loss.

When the significant influence on the associate is lost, the Company calculates and recognizes the return on investment at fair value. And recognize any differences between the book value and the fair of the investment in the statement of profit or loss.

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 provision / discount is amortized using the effective interest method, debited or credited to the interest, and any impairment charge is removed and the original or part of the asset cannot be recovered. Their value in the statement of income.

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

Financial assets at fair value through other comprehensive income
These assets represent investment in equity instruments with the purpose of retaining it for a 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 and not through income statement.

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.

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

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

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

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

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

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.

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 reporting segments consists of the revenues and expenditures of Sheraton Amman Hotel, investments in financial assets and investment property.

Revenue and expenses recognition
Revenue is recognized based on the five-step model framework derived from the International Financial Reporting Standards (IFRS 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.

Hotel operating revenue is recognized when rendering services or selling food and beverage to customers.

Other income is recognised on accrual basis.

Dividends income are recognized when approved by the general assemblies of the investee companies.

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
The income tax expense represents the accrued tax expenses and the deferred income tax.

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include non-taxable income, non-deductible expenses in the current year that are taxable/deductible in subsequent years, tax-accepted accumulated losses or non-taxable or deductible items.

Income tax for the years is accounted for in accordance with the income tax rates of the Hashemite Kingdom of Jordan.

Deferred tax assets are recognized for all deductible temporary differences such as unused tax expenses and losses to the extent that it is probable that taxable profit will be available against which the loses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

(6) PROPERTY AND EQUIPMENT

	2022							
	Lands and projects under construction	Amman Sheraton Hotel land*	Amman Sheraton Hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Solar project	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost-								
At 1 January 2022	3,809,058	6,531,407	52,276,615	6,692,301	7,071,369	100,218	3,934,958	80,415,926
Additions	-	-	329,377	49,788	26,387	57,500	11,490	474,542
Disposal	-	-	-	-	-	(59,700)	-	(59,700)
At 31 December 2022	3,809,058	6,531,407	52,605,992	6,742,089	7,097,756	98,018	3,946,448	80,830,768
Accumulated depreciation-								
At 1 January 2022	-	-	14,305,426	5,681,319	6,197,015	100,218	732,121	27,016,099
Depreciation for the year**	-	-	784,148	113,521	147,440	5,751	196,748	1,247,608
Disposal	-	-	-	-	-	(59,700)	-	(59,700)
At 31 December 2022	-	-	15,089,574	5,794,840	6,344,455	46,269	928,869	28,204,007
Net book value								
At 31 December 2022	3,809,058	6,531,407	37,516,418	947,249	753,301	51,749	3,017,579	52,626,761

* The Sheraton Amman Hotel land is mortgaged as a first-degree mortgage (note 15).

** The depreciation expense for the year ended 31 December 2022 is divided between depreciation of operating property and equipment amounted to JD 1,240,376 and depreciation of administrative property and equipment amounted to JD 7,232.

*** Fully depreciated property and equipment used in the company's operations amounted to JD 10,358,779 as at 31 December 2022.

	2021							
	Lands and projects under construction	Amman Sheraton Hotel land*	Amman Sheraton Hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Solar project	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost-								
At 1 January 2021	3,809,058	6,531,407	51,793,096	6,680,651	6,990,439	100,218	3,703,351	79,608,220
Additions	-	-	483,519	11,650	80,930	-	231,607	807,706
At 31 December 2021	3,809,058	6,531,407	52,276,615	6,692,301	7,071,369	100,218	3,934,958	80,415,926
Accumulated depreciation-								
At 1 January 2021	-	-	13,528,529	5,418,348	6,016,205	100,218	546,953	25,610,253
Depreciation for the year**	-	-	776,897	262,971	180,810	-	185,168	1,405,846
Disposal	-	-	-	-	-	-	-	-
At 31 December 2021	-	-	14,305,426	5,681,319	6,197,015	100,218	732,121	27,016,099
Net book value								
At 31 December 2021	3,809,058	6,531,407	37,971,189	1,010,982	874,354	-	3,202,837	53,399,827

* The Sheraton Amman Hotel land is mortgaged as a first-degree mortgage (note 15).

** The depreciation expenses for the year ended 31 December 2021 is divided between depreciation of operating property and equipment amounted to JD 1,404,522 and depreciation of administrative property and equipment amounted to JD 1,324.

*** Fully depreciated property and equipment amounted to JD 10,321,210 as at 31 December 2021.

(7) FINANCIAL ASSETS AT AMORTIZED COST

During January 2017, the Company has purchased 500 bonds from the bonds issued by Arab International Hotels Company (sister company) with total amount of JD 500,000. The bonds bear interest rate of 5.5% and due every six months from each year. The bond principle became fully due and was paid in single payment on 22 January 2022.

(8) INVESTMENTS PROPERTIES

Investment properties represent lands presented at cost.

Fair value of Investment properties amounted to JD 2,938,830 as at 31 December 2022 (JD 4,367,500 as at 31 December 2021).

(9) INVESTMENT IN AN ASSOCIATE

This item represents the amount paid by the Company as its contribution, which represents 25% of the share capital of Interior Design Studio Limited Liability Company registered in Jordan amounting to JD 200,000 divided into 200,000 shares with a par value of JD 1 per share. Throughout the prior years the company paid JD 60,000 thousand in advance to increase paid in capital of the Company. The procedures to increase the capital have not been completed until the date of these financial statement. The main objective of the company is interior design work.

Movement on investment in an associate was as follows:

	2022	2021
	JD	JD
Balance at 1 January	28,458	-
Advances to increase paid in capital	-	35,000
Share of loss from an associate	(28,458)	-
Impairment loss on investment	-	(6,542)
Balance at 31 December	-	28,458

The summary of the financial information on the Company's investment in Interior Design Studio Limited Liability Company is as follows:

	2022	2021
	JD	JD
Non-current assets	6,137	4,693
Current assets	331,281	406,131
Current liabilities	(270,760)	(296,991)
Non-Current liabilities	(29,562)	-
Equity	37,096	113,833
Ownership %	25%	25%

	2022	2021
	JD	JD
Revenues	192,785	370,299
Expenses	(343,250)	(333,319)
(Loss) Profit for the year	(150,465)	36,980
Share of the (Loss) profit from investment in an associate	(28,458)	9,245
Impact of prior year losses	-	(9,245)
Impairment loss on investment	-	(6,542)
Value of investment	-	28,458

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

	2022	2021
	JD	JD
Investments in quoted shares	1,325,268	1,262,011
Investments in unquoted shares	1,660,578	1,592,942
	2,985,846	2,854,953

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

	2022	2021
	JD	JD
Balance as at 1 January	2,854,953	2,542,448
Purchase of financial assets at fair value through other comprehensive income	200,000	-
Change in fair value of financial assets at fair value through other comprehensive income	(69,107)	312,505
Balance as at 31 December	2,985,846	2,854,953

Movement on fair value reserve was as follows:

	2022	2021
	JD	JD
Balance as at 1 January	(1,529,759)	(1,842,264)
Change in fair value	(69,107)	312,505
Balance as at 31 December	(1,598,866)	(1,529,759)

(11) ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION

	2022	2021
	JD	JD
Account receivables	356,707	212,290
Checks under collection	35,137	8,791
Less: Provision for expected credit losses*	(5,867)	(4,514)
	385,977	216,567

*Movement on provision for expected credit losses was as follows:

	2022	2021
	JD	JD
Balance as at 1 January	4,514	9,170
Provision for (recoveries from) expected credit losses	1,353	(4,656)
Balance as at 31 December	5,867	4,514

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

		Due but not impaired					
	Not past due nor impaired	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	More than120 days	Total
	JD	JD	JD	JD	JD	JD	JD
2022	84,960	164,921	94,616	33,912	6,907	661	385,977
2021	44,489	111,354	44,034	10,030	3,647	3,013	216,567

The management expects to collect all unimpaired receivables balances. It is not the practice of the Company to obtain collaterals against these receivables and accordingly they are unsecured.

(12) OTHER CURRENT ASSETS

	2022	2021
	JD	JD
Prepaid expenses	127,559	87,954
Interest receivable	-	11,458
Refundable deposits	142,906	142,906
Advance payments	4,609	1,215
Employees receivable	5,108	5,900
Prepaid income tax	888	888
	281,070	250,321

(13) PAID IN CAPITAL

The Company authorized paid-in capital amounted to JD 43,200,000 divided to 43,200,000 shares with par value of JD 1 per share.

(14) STATUTORY RESERVE

The accumulated amounts in this account represent cumulative appropriations of 10% of the net profit available for distribution before income tax. The Company is allowed to stop the yearly transfer when the reserve amount reaches 25% of the share capital. Hence, the Company did not transfer any additional amounts to statutory reserve.

(15) LOANS

Loans were classified according to their maturity date as follows:

	31 December 2022		31 December2021	
	Current portion of loans	Long term loans	Current portion of loans	Long term loans
	JD	JD	JD	JD
Jordan Ahli Bank – JD (1)	690,000	1,034,082	690,000	1,724,082
Jordan Ahli Bank - USD (2)	681,600	163,726	1,102,276	989,101
Jordan Ahli Bank - USD (3)	2,838,853	-	2,413,112	401,150
Jordan Ahli Bank – JD (4)	323,000	1,940,385	322,999	2,257,192
	4,533,453	3,138,193	4,528,387	5,371,525

Loan (1)
The Company signed an agreement with Jordan Ahli Bank on 5 November 2016 for an energy loan amounting to JD 4,000,000 and bears an annual fixed interest rate of 3.5% on the utilized daily balance. The loan is repayable in 18 equal semi-annual instalments, the first instalment was due on 1 November 2016 and the last instalment is due on 1 May 2025. The utilized loan balance amounted to JD 1,724,082 as at 31 December 2022 (JD 2,414,082 as at 31 December 2021).

Loan (2)
The Company signed an agreement with Jordan Ahli Bank on 19 September 2018 for a loan with a ceiling of USD 2,000,000. During 2019, the Company has increased the ceiling of the loan to become USD 3,000,000, based on the instructions of the Central Bank of Jordan the interest rate has been increased during 2022 to become 4,875% (2021: 4%). Also, the interest rate has been increased during January 2023 to become 6,087% payable annually, The loan is repayable in 24 equal monthly instalments, the first instalment was due on 18 December 2019 and the last instalment is due on 18 November 2021. During 2021 the Company rescheduled the loan by which the instalments due during 2021 were postponed until the years 2022 and 2023. The utilized loan balance amounted to JD 845,326 as at 31 December 2022 (JD 2,091,377 as at 31 December 2021).

Loan (3)
The Company signed an agreement with Jordan Ahli Bank on 31 March 2012 for a revolving loan amounting to USD 4,000,000. based on the instructions of Central Bank of Jordan the interest rate has been increased during 2022 to become 4,875% annually (2021: 4%). Also, the interest rate has been increased during January 2023 to become 6,087% payable annually, the loan is repayable in 5 instalments, the first instalment is due on 20 February 2020 and the last instalment is due on 25 November 2021.During 2021 the Company rescheduled the loan by which the instalments was due during 2021 were postponed until the years 2022 and 2023. The utilized loan balance amounted to JD 2,838,853 as at 31 December 2022 (JD 2,814,262 as at 31 December 2021).

Loan (4)
The Company signed an agreement with Jordan Ahli Bank on 8 September 2020 for a loan amounting to JD 2,585,000 and bears an annual interest rate of 3% on the utilized daily balance. This loan is subject to the Central Bank's special instructions relating to providing loans and advances in support of the economic sectors. The loan is repayable in 16 instalments, the first instalment is due on 30 September 2021 and the last instalment is due on 31 December 2029. The utilized loan balance amounted to JD 2,263,385 as at 31 December 2022 (JD 2,580,191 as at 31 December 2021).

- The maturities of the loans long term annual payments are as follows:

Year	JD
2024	1,176,726
2025	667,082
2026	323,000
2027	323,000
2028 and thereafter	648,385
	3,138,193

- The movement on loans was as follows:

	2022	2021
	JD	JD
Balance as at 1 January	9,899,912	8,208,485
Proceeds from loans	3,322,800	3,044,448
Loans repayments	(5,551,066)	(1,353,021)
Balance as at 31 December	7,671,646	9,899,912

The above loans were granted against first degree mortgage on Amman Sheraton Hotel land.

(16) DUE TO BANKS

This item represents the utilized amount of the overdraft facilities granted from Jordan Ahli Bank with a ceiling of JD 1,500,000 bearing annual interest rate of 9.25% as at 31 December 2022. These facilities were granted against first-degree mortgage on Amman Sheraton Hotel land.

(17) OTHER CURRENT LIABILITIES

	2022	2021
	JD	JD
Accrued expenses	392,674	343,975
Sales tax payable	23,373	22,479
Deferred revenues	105,049	59,846
Undistributed dividends	331,956	345,785
Others	86,870	22,698
	939,922	794,783

(18) OTHER INCOME

	2022	2021
	JD	JD
Bank Interest income	10,881	31,603

(19) ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Salaries, wages and other benefits	289,587	268,838
Bonuses	80,000	60,000
Social security expenses	12,396	7,755
Board of Directors transportation and benefits (note 23)	98,800	78,000
Professional and consulting fees	19,670	8,581
Insurance expenses	59,926	58,833
Maintenance expenses	2,887	3,494
Rent	4,350	34,350
Governmental fees	74,974	76,330
Electricity, Water and phones	5,193	12,941
Donations	26,000	1,000
Others	17,271	10,808
	691,054	620,930

(20) BASIC AND DILUTED EARNINGS PER SHARE FROM COMPANY'S PROFIT (LOSS) FOR THE YEAR

	2022	2021
Profit (loss) for the year attributed to the company's shareholders (JD)	235,297	(1,336,692)
Weighted average number of shares (share)	43,200,000	43,200,000
Basic and diluted earnings per share from Company's profit (loss) for the year	0/005	(0/031)

* The diluted earnings per share from the Company's profit (loss) for the year is equal to the basic earnings per share of profit (loss) for the year.

(21) CASH AND CASH EQUIVALENT

The cash and bank deposits details are as follows:

	2022	2021
	JD	JD
Cash on hands and at banks	363,382	624,856
Short term deposits*	677,047	809,488
	1,040,429	1,434,344

* Short-term deposits are deposits in Jordanian Dinar with a monthly maturity and bears an annual interest rate of 3.875% as at 31 December 2022 (31 December 2021 3.875%).

For the preparation of cashflow statement purposes, The cash and cash equivalents details are as follows:

	2022	2021
	JD	JD
Cash on hands and at banks	363,382	624,856
Short term deposits*	677,047	809,488
Due to banks (note 16)	(288,157)	-
	752,272	1,434,344

(22) INCOME TAX

Income tax provision was calculated for the year ended 31 December 2022 in accordance with income tax law no. (34) of 2014 and its amendments. No income tax provision was calculated for the year ended 31 December 2021 due to the excess of the deductible expenses over taxable income.

The company obtained a final tax clearance from the income tax department up to the year 2019.

The reconciliation between the accounting profit (loss) and taxable income is as follows:

	2022	2021
	JD	JD
Accounting profit (loss) before income tax	302,148	(1,336,692)
Less: non-taxable income	(138,672)	(102,116)
Add: non-deductible expenses	154,861	138,059
Taxable profit (loss)	318,337	(1,300,749)
Income tax for the year	66,851	-
Effective income tax rate	22%	-
Statutory income tax rate	20%	20%
National contribution tax rate	1%	1%

Income tax expense shown in the statement of profit or loss is as follows:

	2022	2021
	JD	JD
Income tax expense	66,851	-

The movement on deferred tax assets is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	666,889	666,889
Released from deferred tax assets	(66,851)	-
Balance as at 31 December	600,038	666,889

(23) TRANSACTION WITH RELATED PARTIES

Related parties represent Jordan Ahli Bank, major shareholders, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management.

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

	2022	2021
	JD	JD
Assets:		
Deposits at Jordan Ahli Bank (Shareholder) (note 21)	677,047	809,488
Current accounts at Jordan Ahli Bank (Shareholder)	350,582	481,142
Financial assets at amortized cost		
Arab International Hotels Company (Sister company) (note 7)	-	500,000
Financial assets at fair value through OCI		
El ZAY Ready Wear Manufacturing Co.	800,000	-
Jordan Worsted Mills. Co (Sister company)	723,008	739,900
Jordan Investor Center Co. (Sister company)	1,574,905	1,544,942
Liabilities:		
Loans and credit facilities granted from Jordan Ahli Bank (shareholder) (note15)	7,671,646	9,899,912
Due to bank - Jordan Ahli Bank (Shareholder) (note16)	288,157	-

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

	2022 JD	2021 JD
Salaries and other benefits-key management personnel	223,305	210,480
Transportation allowances and benefits for BOD (note 19)	98,800	78,000
Chairman remuneration	50,000	30,000
Interest income – Jordan Ahli Bank (Shareholder)	8,476	4,103
Interest income - financial assets at amortized cost – Arab International Hotels Company (Sister company)	2,405	27,500
Finance costs – Jordan Ahli Bank (Shareholder)	271,199	272,951
Dividends income (Sister company)	69,886	61,006

(24) RISK MANAGEMENT

Interest rate risk

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

The following table demonstrates the sensitivity of the statement of profit and loss to reasonably possible changes in interest rates as at 31 December 2022 and 2021, with all other variables held constant.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit (loss) for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2022 and 2021.

31 DECEMBER 2022- Currency	Increase in interest rate (Basis points)	Effect on profit for the year JD
JD	25	(12,524)
USD	25	(9,224)

Currency	Decrease In interest rate (Basis points)	Effect on profit for the year JD
JD	(25)	12,524
USD	(25)	9,224

31 DECEMBER 2021- Currency	Increase in interest rate (basis points)	Effect on Loss for the year JD
JD	25	9,267
USD	25	12,257

Currency	Decrease in interest rate (basis points)	Effect on loss for the year JD
JD	(25)	(9,267)
USD	(25)	(12,257)

Equity price risk

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

31 DECEMBER 2022- **Index**	Change in Index (%)	Effect on equity JD
Amman Stock Exchange	5	66,263

31 DECEMBER 2021 - **Index**	Change in Index (%)	Effect on equity JD
Amman Stock Exchange	5	63,101

The effect of decrease in equity price is expected to be equal and opposite to the effect of the increase shown above.

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.

The Company provides its services to a large number of customers. No customer represents 10% of the receivables as at 31 December 2022 and 2021.

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 2022, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 3 Years	More than 3 Years	Total
31 December 2022-	JD	JD	JD	JD	JD
Accounts payable	896,525	-	-	-	896,525
Loans	1,253,833	3,527,751	1,909,347	1,333,216	8,024,147
Other current liabilities	846,832	-	-	-	846,832
Bank overdraft	314,812	-	-	-	314,812
Total	3,312,002	3,527,751	1,909,347	1,333,216	10,082,316

	Less than 3 months	3 to 12 months	1 to 3 years	More than 3 Years	Total
31 December 2021-	JD	JD	JD	JD	JD
Accounts payable	734,319	-	-	-	734,319
Loans	104,200	4,428,100	4,256,028	1,388,430	10,176,758
Other current liabilities	734,937	-	-	-	734,937
Total	1,573,456	4,428,100	4,256,028	1,388,430	11,646,014

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).

(25) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of cash on hand and at banks, short-term deposits, account receivable, financial assets at amortized cost, cheques under collection, other current assets and financial assets. Financial liabilities consist of accounts payable, due to banks, loans, and other current liabilities.

The fair value for financial instruments does not differs in a material amount from the book value for those instruments.

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.

The following table shows the disclosure for financial instruments at fair value, and with appliance of the levels mentioned above:

2022-	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	1,325,268	-	1,660,578	2,985,846
2021-				
Financial assets at fair value through other comprehensive income	1,262,011	-	1,592,942	2,854,953

(26) 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, statutory reserve, cumulative change in fair value, and accumulated losses and is measured at JD 49,816,212 as at 31 December 2022 (as at 31 December 2021: JD 49,650,022). The Company’s current liabilities exceeded its current assets by JD 4,781,278.

(27) 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.

The following table represents Sheraton Amman Hotel operating revenues:

	2022	2021
	JD	JD
Rooms’ revenues	5,010,501	3,041,868
Food and beverage revenues	2,763,686	1,263,730
Other revenues	1,013,126	619,460
	8,787,313	4,925,058

The following table represents the business segment information:

	Hotels sector	Investment in financial assets	Total
For the year ended 31 December 2022 -	JD	JD	JD
Revenues, net	8,787,313	52,309	8,839,622
Business results -			
Profit (loss) before income tax	1,314,275	(1,012,127)	302,148
Income tax	-	(66,851)	(66,851)
Profit (loss) for the year	1,314,275	(1,078,978)	235,297
<u>Other Segment information</u>			
Capital expenditures	474,542	-	474,542
Depreciation	1,240,376	7,232	1,247,608
For the year ended 31 December 2021 -			
Revenues, net	4,925,058	61,006	4,986,064
Business results -			
(Loss) profit before income tax	(1,397,698)	61,006	(1,336,692)
(Loss) profit for the year	(1,397,698)	61,006	(1,336,692)
<u>Other Segment information</u>			
Capital expenditures	807,706	-	807,706
Depreciation	1,404,522	1,324	1,405,846

	Hotels sector	Investment property	Investment in financial assets	Total
	JD	JD	JD	
<u>Assets and liabilities</u>				
31 December 2022 -				
Segment assets	55,103,578	1,523,038	2,985,846	59,612,462
Segment liabilities	9,796,250	-	-	9,796,250
31 December 2021 -				
Segment assets	53,399,827	1,523,038	6,156,171	61,079,036
Segment liabilities	11,429,014	-	-	11,429,014

The Company’s operations are in the Hashemite Kingdom of Jordan.

(28) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Company.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the

Start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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