للايضاح
مديرة بورصة عمان
هـ السيد صالح
الدعيد الله

METICO
Mediterranean Tourism Investment Company
شركة البحر المتوسط للإستثمارات السياحية

Date : 10th March 2019	التاريخ : ١٠ آذار ٢٠١٩
To : Jordan Securities Commission Amman Stock Exchange Subject : Financial Statements as of 31/12/2018 .	السادة / هيئة الأوراق المالية المحترمين السادة / بورصة عمـــان المحترمين ، الموضوع : القوائم المالية كما في ٢٠١٨/١٢/٣١ م .
Attached is the Audited Financial Statements of Mediterranean Tourism Investment Company as of 31/12/2018 (English Language).	مرفق طيه نسخة من القوائم المالية المدققة لشـركـة البحـر المتوسط للإستثمارات السياحية كما هي بتاريخ ٢٠١٨/١٢/٣١ م (باللغة الإنجليزية) .
Kindly Accept our highly appreciation and respect. Mediterranean Tourism Investment Company. Hani Al-Qadi Managing Director	وتفضلوا بقبول فائق الإحترام ،، شركة البحر المتوسط للإستثمارات السياحية . هـانـي القـاضـي عضو مجلس الإدارة المفوض

شركة البحر المتوسط للإستثمارات السياحية
METICO
MEDITERRANEAN TOURISM INVESTMENT COMPANY

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١١ آذار ٢٠١٩
الرقم المتسلسل ٣١٤١٨
الجهة المختصة ٤/١١١/٧١٠٤

تلفون ٥٥١٠٣٦٨ / ٥٥١٠٣٦٩ (٦-٩٦٢) فاكس ٥٥١٠٣٦٣ (٦-٩٦٢) ص.ب ٩٤١٦٥٤ عمان ١١١٩٤ الأردن
Tel. 962 -6- 55 10 368 / 55 10 369 Fax. 962 -6- 55 10 363 P.O.Box 941654 Amman 11194 Jordan
e-mail: metico@go.com.jo

MEDITERRANEAN TOURISIM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 007833

To the Shareholders of
Mediterranean Tourism Investment Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mediterranean Tourism Investment Company, which comprise the statement of financial position as of December 31, 2018, and the statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, 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 other ethical requirements that are relevant to our audit of the Company in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities paragraph related to the audit of the financial statements, in addition to all other related matters. Accordingly, our audit included performing the procedures designed to respond to our assessment of the risks regarding the material errors in the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements. Description of the manner of the study of each item below is provided within the audit procedures.

Property and Equipment	Scope of Audit to Address the Risk
Property and equipment is considered a key audit matter for our audit of the financial statements since it represents 88% of the Company's total assets as of December 31, 2018. Estimating the useful lives for the property and equipment is based on assumptions and judgments made by management, the management reviews the useful lives of the property and equipment at the end of each year to check if there is any indication for impairment.	Our audit procedures included an understanding of the Company's property and equipment nature, in addition to testing the adopted internal controls related to purchasing, counting of property and equipment and reviewing the accounting estimates that is prepared by the management for depreciation of these assets. Moreover, our audit procedures included reviewing any indications for impairment for these assets, furthermore, we have recalculated a sample of the depreciation expense for the year.

Income Tax Provision	Scope of Audit to Address the Risk
The calculation of the income tax expense and income tax provision for open tax years involve assumptions and estimations of significant amounts in the financial statements as a whole. Furthermore, the Company undertakes extensive daily work within its regular operations as a result, the estimates and judgments made for taxation is considered a significant matter.	We have performed auditing procedures to obtain understanding of the risks related to income tax, the Company's procedures regarding evaluating and calculating of due taxes which are based on a tax consultant opinion, furthermore, we have also evaluated the appropriateness and adequacy of income tax provision disclosures.

Other Matter Paragraph

The accompanying financial statements are a translation of the statutory financial statements in Arabic language to which reference should be made.

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Other Information
Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.

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- 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 evidenced 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 exists, 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 represents 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 procedures.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements
The Company maintains proper accounting records which are in agreement with the accompanying financial statements. We recommend that the General Assembly of Shareholders approve these financial statements.

Amman - Jordan
February 17, 2019

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010101

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2018	December 31, 2017
ASSETS		JD	JD
Non Current Assets:			
Property and equipment - net	4	47,486,402	47,425,475
Financial assets at fair value through other comprehensive income	5	447,002	560,957
Total Non Current Assets		47,933,404	47,986,432
Current Assets:			
Inventory	6	400,739	243,596
Other debit balances	7	251,892	226,677
Accounts receivable - net	8	687,163	451,130
Cash on hand and at bank	9	4,484,423	6,046,027
Total Current Assets		5,824,217	6,967,430
TOTAL ASSETS		53,757,621	54,953,862
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid-up capital	10	45,000,000	45,000,000
Share premium	10	63,624	63,624
Statutory reserve	11	4,500,107	4,296,128
Fair value reserve		30,668	144,623
Retained earnings		1,418,448	2,488,059
TOTAL SHAREHOLDERS' EQUITY		51,012,847	51,992,434
Current Liabilities:			
Accounts payable	13	831,614	837,724
Due to a related party	24	244,731	228,421
Other credit balances	14	1,261,671	1,249,154
Income tax provision	15	406,758	646,129
Total Liabilities		2,744,774	2,961,428
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		53,757,621	54,953,862

Authorized Member from Board of Directors **Board of Directors Chairman**

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Four Seasons Hotel operating revenue	16	17,618,869	19,137,980
Less: Four Seasons Hotel cost of operating revenue		(3,251,901)	(3,569,763)
General and administrative expenses- Four Seasons Hotel	17	(9,818,510)	(9,624,499)
Hotel Gross Operating Profit		4,548,458	5,943,718
Other revenue	18	180,368	290,596
General and administrative expenses- Owner Company	19	(130,294)	(127,223)
Depreciation of property and equipment	4	(1,644,211)	(1,535,083)
Other expenses	20	(914,529)	(1,086,389)
Income for the year before Income Tax		2,039,792	3,485,619
Income tax expense	15	(430,424)	(700,000)
Income for the Year		1,609,368	2,785,619
		JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	21	0.036	0.062

Authorized Member from Board of Directors **Board of Directors Chairman**

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHINSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income for the year	1,609,368	2,785,619
Comprehensive income items:		
Net Changes in fair value reserve	(113,955)	(53,752)
Total Comprehensive Income for the Year	1,495,413	2,731,867

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDES' EQUITY

	Note	Paid-up Capital	Share Premium	Statutory Reserve	Fair Value Reserve - Net after Tax	Retained Earnings	Total
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		45,000,000	63,624	4,296,128	144,623	2,488,059	51,992,434
Income for the year		-	-	-	-	1,609,368	1,609,368
Changes in fair value reserve	12	-	-	-	(113,955)	-	(113,955)
Total Comprehensive Income for the Year		-	-	-	(113,955)	1,609,368	1,495,413
Transferred to reserves		-	-	203,979	-	(203,979)	-
Distributed dividends *		-	-	-	-	(2,475,000)	(2,475,000)
Balance - End of the Year		45,000,000	63,624	4,500,107	30,668	1,418,448	51,012,847
For the Year Ended December 31, 2017							
Balance - beginning of the year		45,000,000	63,624	3,947,566	198,375	2,863,502	52,073,067
Income for the year		-	-	-	-	2,785,619	2,785,619
Changes in fair value reserve		-	-	-	(53,752)	-	(53,752)
Total Comprehensive Income for the Year		-	-	-	(53,752)	2,785,619	2,731,867
Transferred to reserves		-	-	348,562	-	(348,562)	-
Distributed dividends *	12	-	-	-	-	(2,812,500)	(2,812,500)
Balance - End of the Year		45,000,000	63,624	4,296,128	144,623	2,488,059	51,992,434

* The General Assembly approved in their meeting held on March 14, 2018, the Board of Directors recomendation to distribute JD 2,475,000 as dividends for the year 2017 (JD 2,812,500 for the year 2016).

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the year before tax		2,039,792	3,485,619
Adjustment for:			
Depreciation of property and equipment	4	1,644,211	1,535,083
Bank interest income	18	(53,091)	(99,760)
Cash Flows from Operating Activities before Changes in Working Capital		3,630,912	4,920,942
(Increase) decrease in accounts receivable		(236,033)	580,439
(Increase) decrease in inventory		(157,143)	124,545
(Increase) decrease in other debit balances		(10,138)	97,298
(Decrease) in accounts payable		(6,110)	(167,344)
Increase (decrease) in due to a related party		16,310	(1,118)
Increase (decrease) in other credit balances		12,517	(157,297)
Cash Flows from Operating Activities before Income Tax Paid		3,250,315	5,397,465
Income tax paid	15	(669,795)	(830,548)
Net Cash Flows from Operating Activities		2,580,520	4,566,917
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment		(1,021,927)	(2,914,362)
Advance payments for contractors and suppliers to acquire property and equipment	4	(683,211)	(771,410)
Bank interest received		38,014	68,871
Net Cash Flows (used in) Investing Activities		(1,667,124)	(3,616,901)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends	12	(2,475,000)	(2,812,500)
Net Cash Flows (used in) Financing Activities		(2,475,000)	(2,812,500)
Net (Decrease) in Cash		(1,561,604)	(1,862,484)
Cash on hand and at bank - beginning of the year		6,046,027	7,908,511
Cash on Hand and at Bank - End of the Year	9	4,484,423	6,046,027

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

1. General

- Mediterranean Tourism Investment Company is a Public Shareholding Limited Company that was established on November 20, 1996 in Amman – the Hashemite kingdom of Jordan and its address is P.O. Box 941654 Amman 11194 with an authorized capital of JD 15 Million represented by 15 Million shares at a par value of one Jordanian Dinar per share. This capital have been increased several times, the last of which was in 2003, to become 45 Million shares/JD.

- The Company's main objectives are establishment and management of hotels, resorts and hotel facilities as well as the building of hotels, restaurants and swimming pools, including establishment and operating Four Seasons Hotel in Amman.

- The Company and Four Seasons Hotels and Resorts International Corporation signed an agreement for managing the Four Seasons Hotel in Amman on January 27, 1997. The agreement is valid for 15 years effective from the actual commencement date of the Hotel's operations which started during 2003 and it was automatically renewed for 15 years and valid till 24th of January 2033. The Hotel consists of 193 rooms, and according to the signed agreement the following fees should be paid for the management of the Four Seasons Hotels International:

  1. Administrative expenses at 0.25 % of operating revenue.
  2. Franchise fees at 0.05 % of operating revenue.
  3. Consultation fees at 1.75 % of operating revenue.
  4. Operating expenses at 9 % of the modified operating revenue.
  5. Marketing fees at 0.87 % of the budgeted operating revenue of the Hotel.
  6. Advertising fees at 0.6 % of operating revenue.

- The accompanying financial statements were approved by the Board of Directors on February 10, 2019, and these financial statements are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation of the Financial Statements:

- The accompanying financial statements are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the Committee of the IASB and applicable local laws.

- The financial statements are prepared under the historical cost basis except for financial assets and financial liabilities shown at fair value at the date of the financial statements.

- The reporting currency of the financial statements is Jordanian Dinar, which is the functional currency of the Company.

The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards mentioned in Note (27.a). The following are the most significant accounting policies used during the year ended December 31, 2018:

a. Accounts Receivable

Accounts receivable with fixed or determinable and unquoted payments in an active market are classified as loans and accounts receivable and are initially recognized at amortized cost plus directly attributable acquisition costs, if any, and are subsequently measured at amortized cost using the effective interest method less impairment provision. (Also referred to as the "expected credit loss provision") (if any).

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortised cost of a financial asset.

The interest income is recognized (if any) through implementing the effective interest method, except for the short term account receivables when the recognition is immaterial.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Financial assets are assessed as low credit value when one or more events occur that have a negative impact on the estimated future cash flows of those assets.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The probability of default represents the probability of the debtor of not meeting its financial obligations either over the next 12 months (12-month default probability) or over the remaining time period (lifetime default probability) of financial liabilities. The loss given default represents the exposure at default. The Company assumes loss given default for the financial instruments and the possible changes in the amounts permitted in the contract which includes the amortization. The loss given default for any financial asset is impaired is the total of its carrying amount. The exposure at default is the expected loss on the occurrence, and its expected value when realized and the time value of the asset.

The Company expects to apply the simplified approach to recognize the expected credit losses over the life of receivables as permitted by IFRS 9. Accordingly, non-impaired receivables that do not contain a significant component of financing are classified as part of the second stage with the recognition with the expected credit loss over its lifetime.

The objective evidence that the debt instrument has been impaired whether there is any settlement of principal and interest that is overdue for more than 90 days or any known difficulties in cash flows, including the sustainability of the counterparty's business plan, low credit rating and breach of terms of the original contract and its ability to improve performance when the financial difficulties appear and the deterioration of the value of the collateral and so forth.

The Company assesses whether there is an objective evidence of impairment on an individual basis for each asset individually and collectively for other assets that are not individually significant.

Provisions for expected credit losses are presented as a decrease in the total carrying amount of the financial assets at amortized cost.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

b. Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Accounts payable and other credit balances which are classified as "financial liabilities" are initially measured at fair value less transaction costs, whereas they are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized on an actual yield basis except for short-term liabilities if it is not material to recognize interest.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

c. Property and Equipment

1. Property and equipment are stated at cost, net of accumulated depreciation and any impairment in its value. Moreover, property and equipment (except for land) are depreciated when they ready for use, according to the straight-line method over their expected useful lives using the following annual rates:

	%
Buildings and constructions	2
Furniture and fixtures	9
Decorations	9
Electrical supplies, equipment's and computers	5-15
Vehicles	12
Mobile restaurant	5

2. When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the statement of income.

3. The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.

4. Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

d. Financial Assets at Fair Value through Other Comprehensive Income

- These financial assets at fair value through other comprehensive income represent investments in equity instruments for the purpose of keeping them for the long term.

- These assets are recognized at fair value plus acquisition expenses at the time of purchase. They are subsequently re-evaluated at fair value; and the change in fair value is presented in the statement of comprehensive income within shareholders' equity, including the change in the fair value from the translation differences of non-cash assets denominated in foreign currencies. In case of selling these assets or part therefrom, the resulted gains or losses are taken to the statement of comprehensive income within shareholders' equity. Moreover, the fair value reserve balance of the sold equity instruments is to be transferred directly to retained earnings, and not through the income statement.

- These assets are not subject to the impairment testing.

- Dividends are taken to the statement of income.

d. Fair Value

The fair value of financial assets traded is determined at market price on the Amman Stock Exchange. Unquoted financial assets or have no announced prices are valued at fair value through:

1) Comparing them with the market value of very similar financial instrument.

2) Analysis of future cash flows and discounting of expected cash flows of a rate used for a similar financial instrument

3) Options pricing models

The valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration the market factors and any predictable risks or benefits when estimating the value of financial assets. In case there are financial assets whose fair value can't be measured reliably, they are stated at cost.

e. Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

f. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost (Except for debt investments determined at fair value through profit or loss upon initial recognition):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Effective interest method
For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

g. Inventory
Inventory is stated at cost, using the weighted-average method or net realizable value, whichever is lower.

h. Revenue Earned and Recognition of Expenses
Revenue is measured at the fair value of the considerations received or receivable and recognized when the services are rendered as follows:

- Room revenue is recognized according to the accrual basis.
- Food and beverage revenue is recognized when the service is rendered.
- Other departments' revenue is recognized when the service is rendered.
- Rent revenue is recognized according to the accrual basis.
- Expenses are recognized in the statement of income using accrual basis.
- Commissions are booked as revenues, when the related service is provided, dividend revenue from companies' shares is recognized when it's earned (when approved by the general assembly of shareholders).

i. Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the exchange rates prevailing at year-end. Transactions in foreign currencies are translated to Jordanian Dinar using the prevailing rates of exchange at the date of the transaction, and exchange differences are taken to the statement of income.

j. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Accrued income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the later includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, or items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the Hashemite Kingdom of Jordan.

- Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the financial statements and the value on the basis of which taxable income is calculated. Furthermore, deferred taxes are calculated using the liability method in the statement of financial position according to the tax rates expected to be applied at the time of tax liability settlement or the recognition of the deferred tax assets and liabilities.

- On the financial statements date, the balance of deferred tax assets and liabilities is reviewed and reduced in case it is expected that the Company would not benefit in whole or in part from the deferred tax assets, or the tax liability is settled.

k. Segments Information

- Business segments are determined based on internal financial reporting information on the Company's segments, which is reviewed regularly by the main operating decision maker, to specify the resources for the segment and evaluate its performance. Segments are divided into business segments or geographical segments.

- A business segment represents a Company of assets and operations that collaborate together in providing products or services, subject to risks and reward that differ from those related to other business segments.

- A geographical segment relates to providing products or services in a specified economic environment, subject to risks and rewards that differ from those related to segments within other economic environments.

3. Accounting Estimates

Preparation of the accompanying financial statements and application of the accounting polices require from the Company's management to estimate and assess some items affecting assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect revenue, expenses, provisions, and changes in the fair value reserve within the statement of shareholders' equity and require from the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on multiple factors and assumptions with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

We believe that the estimates in the financial statements are reasonable. The details are as follows:

- A provision of doubtful debts is taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.

- Income tax expense, income tax provision and deferred tax assets and liabilities for the year are accounted for in accordance with the laws, regulations, and International Financial Reporting Standards.

- Slow-moving inventory items are taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.

- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their expected useful economic lives in the future. Impairment loss is charged to the statement of income.

- A provision for lawsuits raised against the Company is taken based on a legal study prepared by the Company's legal consultants. According to the study, probable future risks are identified; the study is reviewed periodically.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

- Material increase in credit risks: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key Sources of Uncertainty Estimates:

- The following are the most significant assumptions about the future and other uncertain assumptions at the reporting date that have a risk ratio that could cause a material adjustment to the carrying amount of assets and liabilities during the next financial year.

- Expected credit losses account: When measuring expected credit losses, the Company uses reasonable and verifiable future information based on assumptions about the future movement of the various economic factors and how these will affect each other. Loss given default is an estimate of loss arising from default and is based on the difference between the contractual cash flows due and those predicted by the lender, taking into consideration the cash flows from collaterals and integrated credit enhancements.

  The possibility of default is a key input in measuring expected credit losses. The probability of default is known as estimate of probability of default in a given period of time and includes historical data, assumptions and expectations for future circumstances.

Based on the management estimates, there is no material impact of IFRS 9 on the financial statements.

4. Property and Equipment - Net

This item consists of the followings:

	Lands	Buildings and Constructions	Furniture and Fixtures	Decorations	Electrical Supplies, Equipments and Computers	Vehicles	Mobile Restaurant	Advance Payments to Acquire Property and Equipment	Total
2018	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:									
Balance - beginning of the year	13,541,561	35,654,890	11,916,417	2,370,495	9,381,025	120,744	383,626	1,143,748	74,512,506
Additions	61,753	273,660	174,238	50,217	411,201	50,858	-	683,211	1,705,138
Balance - End of the Year	13,603,314	35,928,550	12,090,655	2,420,712	9,792,226	171,602	383,626	1,826,959	76,217,644
Accumulated Depreciation:									
Balance - beginning of the year	-	10,743,559	9,556,422	1,989,228	4,460,504	120,739	216,579	-	27,087,031
Depreciation for the year	-	736,392	328,533	58,599	496,399	5,107	19,181	-	1,644,211
Balance - End of the Year	-	11,479,951	9,884,955	2,047,827	4,956,903	125,846	235,760	-	28,731,242
Net Book Value for Property and Equipment	13,603,314	24,448,599	2,205,700	372,885	4,835,323	45,756	147,866	1,826,959	47,486,402
2017									
Cost:									
Balance - beginning of the year	11,749,505	32,910,231	11,118,913	2,361,763	8,089,018	120,744	383,626	4,092,934	70,826,734
Additions	1,792,056	315,813	251,095	8,732	546,666	-	-	771,410	3,685,772
Transfers	-	2,428,846	546,409	-	745,341	-	-	(3,720,596)	-
Balance - End of the Year	13,541,561	35,654,890	11,916,417	2,370,495	9,381,025	120,744	383,626	1,143,748	74,512,506
Accumulated Depreciation:									
Balance - beginning of the year	-	10,035,083	9,259,490	1,932,940	4,006,298	120,739	197,398	-	25,551,948
Depreciation for the year	-	708,476	296,932	56,288	454,206	-	19,181	-	1,535,083
Balance - End of the Year	-	10,743,559	9,556,422	1,989,228	4,460,504	120,739	216,579	-	27,087,031
Net Book Value for Property and Equipment	13,541,561	24,911,331	2,359,995	381,267	4,920,521	5	167,047	1,143,748	47,425,475
Annual Depreciation Rate %	-	2	9	9	5 - 15	12	5	-	

- Property and equipment include fully depreciated assets in the amount of JD 13,725,886 as of December 31, 2018 (JD 13,689,115 as of December 31, 2017).

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Quoted shares in Amman Stock Exchange	439,002	536,589
Un-quoted shares in Amman Stock Exchange*	8,000	24,368
	447,002	560,957

* The fair value for this investment has been calculated based on the latest audited financial statements

6. Inventory

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Food and beverages	132,896	166,066
Rooms supplies	186,153	52,779
Others	81,690	24,751
	400,739	243,596

7. Other Debit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Insurance and licenses prepaid expenses	216,823	156,103
Accrued interest	15,077	30,889
Others	19,992	39,685
	251,892	226,677

8. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Trade receivables	604,567	402,612
Other receivables	82,596	48,518
	687,163	451,130

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31,	
	2018	2017
	JD	JD
1 - 30 days	526,892	365,880
31 - 60 days	60,203	25,318
61 - 90 days	8,290	3,926
91 - 120 days	1,526	1,514
More than 121 days	7,656	5,974
	604,567	402,612

9. Cash on Hand and at Bank

The details of this item are as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Cash on hand	18,700	20,000
Bank current accounts	1,290,624	2,834,764
Deposits at bank *	3,175,099	3,191,263
	4,484,423	6,046,027

* This item consists of deposits at banks in Jordanian Dinar and US Dollar, with annual interest between 2.75% and 5.25%

10. Paid - Up Capital and Share Premium

- The paid-up capital is amounted to JD 45 million divided into 45 million share at a par of JD 1 per share as of December 31, 2018 and 2017, moreover, there were no changes over the paid-up capital during the current year and the previous year.

- The share premium amounted to JD 63,624 as of December 31, 2018 and 2017.

11. Statutory Reserve

This item represents all the amounts that have been transferred from the annual profit before tax at a percentage of 10% according to the Company's law and it is not distributable to the shareholders as long as it doesn't exceed 25% of the capital and the approval of the Company's Board of Directors has to be obtained in case the Company decides to exceed 25% of the capital.

12. Distributed Dividends

The Company's General Assembly approved in their meeting held on March 14, 2018, the recommendation of the Board of Directors to distribute JD 2,475,000 as cash dividends for the shareholders which represents 5.5% of the paid-up capital of JD 45,000,000 for the year 2017 (JD 2,812,500 for the year 2016 which represents 6.25% of the capital).

13. Accounts Payable

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Trade payables	780,218	736,946
Other payables	51,396	100,778
	831,614	837,724

14. Other Credit Balances

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Accrual expenses	264,661	242,473
Advance payments from customers	342,228	333,146
Advance rent payments	49,183	49,713
Sales tax withholdings	137,539	138,668
Income tax withholdings	36,291	34,117
Increments for Hotel's employees	137,472	117,083
Social Security withholdings	56,975	57,362
Shareholders withholdings	60,556	81,235
Employees vacation provision	87,156	89,185
End of service indemnity provision	40,063	38,751
Other credit balances	49,547	67,421
	1,261,671	1,249,154

15. Provision for Income Tax

a. Provision for income tax:

The movement on the provision for income tax is as follows:

	2018	2017
	JD	JD
Beginning of the year	646,129	776,677
Income tax paid	(669,795)	(830,548)
Accrued income tax	430,424	700,000
End of the Year Balance	406,758	646,129

b. The income tax shown in the statement of income is as follows:

	2018	2017
	JD	JD
Accrued income tax for the profit of the year	430,424	700,000
End of the Year Balance	430,424	700,000

- The Company did not book deferred tax assets due to immateriality, in addition, management does not expect to benefit from them in the near future.

- The Company has reached a final settlement for the income tax up to the year 2015 and has submitted its tax returns for the year 2016 and 2017. In the opinion of the management and their tax advisor, the booked provisions in the financial statements are sufficient to meet the tax obligations.

- Mediterranean Tourism Investment Company (Four Seasons Hotel) was considered as a financial project thus it was granted exemptions from the prescribed fees mentioned in articles (6 and 7) of the investment promotion law No. 16 for the year 1995 as follows:

  a. Exempting property and equipment that were used exclusively in the project.

  b. Exempting imported spare parts equivalent to 15% from the exempted property and equipment from taxes and fees.

  c. The Company was exempted from taxes and customs fees related to capital expenditures, this exemption will expire on May 27, 2019.

16. Four Seasons Hotel Operating Revenue

This item consists of the following:

	2018	2017
	JD	JD
Rooms revenue	6,285,251	7,204,267
Food revenue	6,182,973	6,502,012
Beverage revenue	1,316,237	1,363,555
Revenue from banqueting	845,384	829,008
Others	2,989,024	3,239,138
	17,618,869	19,137,980

17. General and Administrative Expenses- Four Seasons Hotel

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages and other benefits	5,128,968	5,018,703
Electricity, water and heating	1,170,813	1,009,106
Fuel	107,636	139,910
Promotion and advertising	695,672	700,130
Designs and decorations	107,885	139,447
Guests supplies	503,306	519,072
Travel and transportation	123,723	141,163
Cleaning	165,930	167,083
Professional fees	172,009	165,002
Maintenance and services	257,063	265,688
Postage and telecommunication	82,334	50,019
Printing and stationery	22,023	31,513
Tools and supplies	378,844	366,788
Services fees	189,604	168,801
Others	712,700	742,074
	9,818,510	9,624,499

18. Other Revenue

This item consists of the following:

	2018	2017
	JD	JD
Interest income	53,091	99,760
Rent revenue	94,675	107,627
Other revenue	32,602	83,209
	180,368	290,596

19. General and Administrative Expenses- Owner Company

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages and other benefits	13,528	13,039
Postage and telecommunication	1,717	1,642
Promotion and advertising	2,226	1,705
Printing and stationery	1,068	950
Professional fees	8,880	9,730
Fees and taxes	19,224	15,805
Insurance and licenses	19,566	20,084
Hospitality	10,959	11,196
Maintenance and services	1,264	1,148
Electricity and water	26,836	25,061
Others	25,026	26,863
	130,294	127,223

20. Other Expenses

This item consists of the following:

	2018	2017
	JD	JD
Managements fees for Four Seasons Hotels and Resorts International	859,529	1,031,389
Board of Directors remuneration	55,000	55,000
	914,529	1,086,389

21. Earnings per Share for the Year-Basic and Diluted

This item consists of the following:

	2018	2017
	JD	JD
Income for the year	1,609,368	2,785,619
Weighted-average number of shares	45,000,000	45,000,000
	JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	0.036	0.062

22. Lawsuits

There are labor lawsuits raised against the Company which amounted to JD 32,536 for the year 2018 (JD 45,044 for the year 2017) at the designated courts, the Company booked a provision against these lawsuits of JD 25,000 as of December 31, 2018 and 2017. The Management of the Company believes that there is no need to book additional provisions for these lawsuits.

There are lawsuits raised by the Company which amounted to JD 35,022 at the designated courts.

23. Contingent Liabilities

- As of the date of the statement of financial position, the Company had contingent liabilities for bank guarantees which amounted to JD 26,000 as of December 31, 2018 (bank guarantees which amounted to JD 29,872 as of December 31, 2017).

24. Related Parties Transactions and Balances

The details of balances and transactions with related parties are as follows:

	December 31	
	2018	2017
On-Financial Position Items	JD	JD
Cash at Bank:		
Deposits and current accounts – AJIB *	4,465,723	6,026,027
Accounts Receivable:		
Board of Directors members	14,232	20,826
Due to a related party:		
Four Seasons Hotels and Resorts International **	244,731	228,421
Investment:		
Investment in AJIB *	37,002	50,589
Off-Financial Position Items:		
Bank Guarantees - AJIB *	26,000	29,872
Income Statement items:	2018	2017
	JD	JD
Four Seasons Hotels and Resorts International management fees **	859,529	1,031,389
Bank interest income - AJIB *	53,091	99,760
Hotel executive management salaries and benefits	532,492	572,689

* Arab Jordan Investment Bank (AJIB) is a shareholder and Board of Directors member with ownership percentage of 9.63% of Mediterranean Tourism Investment Company's capital.

** The operator Company for the hotel.

25. Risk Management

1. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and maximize the return to stakeholders through achieving an optimal balance between equity and debt.

2. Liquidity Risk

Liquidity risk, also known as funding risk, represents the difficulty that the Company will encounter in making available the necessary funds to fulfill its obligations. Moreover, the Company manages its liquidity risk through keeping adequate reserves, continuously monitoring the expected and actual cash flows, and matching the maturities of financial assets and financial liabilities, moreover there are part of the Company's assets were invested as cash at banks, and financial assets at fair value through other comprehensive income, and these assets are available to meet short-term and medium-term financing requirements to manage the liquidity. The Company's liquidity as of financial position date is as follows:

	December 31,	
	2018	2017
	JD	JD
Current assets	5,824,217	6,967,430
Less: Current liabilities	(2,744,774)	(2,961,428)
Working Capital	3,079,443	4,006,002

3. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial losses from defaults.

The Company's financial assets consist mainly of accounts receivable, financial assets at fair value through comprehensive income, and cash on hand and at bank, which do not represent material concentration for the credit risk, as strict credit control and continuous monitoring are maintained on both customers' debt as well as credit limits and providing provision for doubtful receivables through testing the related aging.

4. Market Risk

Market risk is the loss in value resulting from the change in market prices such as interest rate, foreign currency exchange rate, and equity instruments prices, and consequently, the change in the fair value of the financial instruments cash flows on and off-the statement of financial position.

The Company's major operation are in Jordanian Dinar and there are no balances with foreign currencies, accordingly there are no any effect from changing of foreign currencies prices and which applicable to payments on foreign currencies.

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the deposits at bank as of the financial statements date. Moreover, the analysis has been prepared assuming that the obligation amount at the financial statements date was outstanding during the whole year.

An increase or decrease of (1%) is used, representing the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	1% +		(1% -)	
	2018	2017	2018	2017
	JD	JD	JD	JD
Statement of income	31,751	31,912	(31,751)	(31,912)

The below table summarized the effect of increase (decrease) in Amman Stock Exchange indicator of 5% on the fair value of the quoted financial assets at fair value through comprehensive income which reflected on shareholders' equity as of the financial position date. The sensitivity prepared assumes that the stocks prices changes with same market indicator changes:

	5% +		(5% -)	
	December 31,		December 31,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Shareholders' equity	21,950	26,829	(21,950)	(26,829)

26. Operational Segments

a. Information on the Company's Business Segments

The details of the business activities is as follow:

				For the Year Ended December 31,	
				2018	2017
	Rooms	Food and Beverage	Other	Total	Total
	JD	JD	JD	JD	JD
Revenue	6,285,251	7,499,210	3,834,408	17,618,869	19,137,980
Cost of Sales	(78,154)	(2,599,449)	(574,298)	(3,251,901)	(3,569,763)
Total Sector Profit	6,207,097	4,899,761	3,260,110	14,366,968	15,568,217
Undistributed expenses				(12,507,544)	(12,373,194)
Other revenue				180,368	290,596
Profit for the Year before Tax				2,039,792	3,485,619
Income tax expense for the year				(430,424)	(700,000)
Profit for the year				1,609,368	2,785,619

b. Information on the Geographical Allocation

Major of the Company's assets, liabilities, and operations are in the Hashemite Kingdom of Jordan.

27. Application of new and revised International Financial Reporting Standards (IFRS)

27.a New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2018, have been adopted in these financial statements, which didn't have material impact on the amounts and disclosures mentioned in the financial statements of the current and prior years, given that it might have impact on the accounting treatment for the future transactions:

New and revised IFRS	Summary
Annual Improvements to IFRS Standards 2014 - 2016 Cycle	*The* Company has adopted the amendments to IFRS 1 and IAS 28 (2011). The amendments clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.
IFRIC *22 Foreign Currency Transactions and Advance Consideration*	IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue). The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration. This Interpretation relates to transactions made in foreign currency or portions of these transactions if the following: • Existence of exchange for foreign currency or in foreign currency; • An entity recognizes prepaid assets or deferred income liabilities related to that consideration on a date prior to recognition of the relevant assets income or expenses; • Prepaid assets or deferred income liabilities are non-monetary.
IAS 40 (amendments) *Transfers of Investment Property*	The Company has adopted the amendments to IAS 40 *Investment Property* for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

IFRS 2 (amendments) *Classification and Measurement of Share-based Payment Transactions*	The Company has adopted the amendments to IFRS 2 for the first time in the current year. The amendments clarify the following: 1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. 2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. 3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows: (i) the original liability is derecognised; (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.
Amendments to IFRS 4 Insurance Contracts	The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.
IFRS 15 Revenue from Contracts with Customers	In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.
Amendments to IFRS 15 Revenue from Contracts with Customers	The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

27.b New and revised IFRSs applied with material effect on the financial statements

IFRS 9 *Financial Instruments*
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS 9 determined and applied in the current period as mentioned in Note 3, although there has been no material impact of the application of IFRS 9 on the Company.

27.c New and revised IFRS in issue but not yet effective
The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective as of the date of financial statement.

Annual Improvements to IFRS Standards 2015–2017
The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 *Uncertainty over Income Tax Treatments*
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17
Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.
The Company has chosen the full retrospective application of IFRS 16 in accordance with IFRS 16:C5 (a). Consequently, the Company will restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Amendments to IFRS 9 Financial Instruments
These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) even in case of negative compensation payments.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted.

Amendments to IAS 28 Investment in Associates and Joint Ventures
The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*
The amendments are related to plan amendments, curtailments or settlements.
The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

Amendments to IAS 1 Financial assets presentation
These amendments are related to the identification of the significance.

The Amendments are effective for annual periods beginning on or after January 1, 2020.

IFRS 3 ***Business Combinations***
These amendments clarify the definition of business as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.

In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to what they refer to from a different version of the conceptual framework.

The Amendments are effective for annual periods beginning on or after January 1, 2020.

IFRS 17 ***Insurance Contracts***
It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed to achieve a consistent, principled accounting objective for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 requires measurement of insurance liabilities at the present value to meet the liability.

The Amendments are effective for annual periods beginning on or after January 1, 2022.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)"

These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

The effective date has been postponed indefinitely, and the application is still permitted.

Management expects to apply these new standards, interpretations and amendments to the Company's financial statements when they are applicable and the adoption of these new standards, interpretations and amendments may not have any material impact on the Company's financial statements in the initial application period except for the effect of applying IFRS 16, as shown below:

IFRS 16 ***Leases***
General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.
The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and

- The right to direct the use of that asset.

Impact on Lessee Accounting
Operating leases

IFRS 16 will change how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Company will:

a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognised and the amount will be measured in the measurement of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance leases
The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Company will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Company's finance leases as at 31 December 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Company's financial statements.

Impact on Lessor Accounting
Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Because of this change the Company will reclassify certain of its sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables. The leased assets will be derecognised and finance lease asset receivables recognised. This change in accounting will change the timing of recognition of the related revenue (recognised in finance income).

Management anticipates that the impact of the adoption of IFRS 16 in the Company's financial statements for the annual period beginning on 1 January 2019 is not material.

28. Fair Value Hierarchy

a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/ Financial Liabilities	Fair Value December 31, 2018	Fair Value December 31, 2017	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through other comprehensive income						
Quoted shares	439,002	536,589	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	8,000	24,368	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
Total	447,002	560,957				

There were no transfers between Level 1 and 2 during 2018.

b. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is set out in the table below, we believe that the book value of financial assets and liabilities shown in the financial statements approximates their fair value because the Company's management believes that the book value of the items is equivalent to their fair value. This is due to either short-term maturity or interest rates are repriced during the year.

	December 31, 2018		December 31, 2017		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Hierarchy
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits with banks	3,175,099	3,190,176	3,191,263	3,222,152	Level 1
Total financial assets not measured at fair value	3,175,099	3,190,176	3,191,263	3,222,152	

The fair values of the above financial assets and financial liabilities included in level 2 categories have been determined in accordance with the generally accepted pricing models, which reflects the credit risk of counterparties.