

Date : 5th March 2020

التاريخ : ٥ آذار ٢٠٢٠

To : Jordan Securities Commission
Amman Stock Exchange

السادة / هيئة الأوراق المالية المحترمين
السادة / بورصة عمان المحترمين ،

Subject : Translated Financial Statements as of
31/12/2019 .

الموضوع : القوائم المالية المترجمة كما في ٢٠١٩/١٢/٣١ م .

Attached is the Audited Financial Statements of
Mediterranean Tourism Investment Company as of
31/12/2019 (English Language).

مرفق طيه نسخة من القوائم المالية المدققة لشركة البحر
المتوسط للاستثمارات السياحية كما هي بتاريخ
٢٠١٩/١٢/٣١ م (باللغة الإنجليزية) .

Kindly Accept our highly appreciation and respect.
Mediterranean Tourism Investment Company.

وتفضلوا بقبول فائق الإحترام ،،
شركة البحر المتوسط للاستثمارات السياحية .

Hani Al-Qadi
Chairman of the Board of Directors

هاني القاضي
رئيس مجلس الإدارة

بورصة عمان
الدائن : هيئة الأوراق المالية
سوان
٥ - آذار ٢٠٢٠
١٥٥١
٣١٥٣٥
الرقم المتد
رقم المس
الجهة المختصة
١٩٩٩/١١



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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2019

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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, 2019, 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the 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.

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 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.

Key audit matters

Useful life of Property and equipment

The Company has property and equipment with a carrying amount of around JD 52.2 million, as detailed in Note (4), as of December 31, 2019.

The useful life of the property and equipment is based on management's technical assessment of factors, which requires judgement to be applied, and accordingly contains significant estimation uncertainty.

The useful life of the property and equipment has a direct impact on the amount of depreciation charged to profit or loss. Consequently, we considered this to be a key audit matter.

In making its assessment of the asset's useful life, Management has assessed the useful life of the property and equipment considering various factors such as property operating cycles, maintenance programs, normal wear and tear and forecasts.

Refer to Note (2) "Significant Accounting Policies", Note (3) "Significant Accounting Judgment and key Sources of Uncertainty" and Note (4) "Property, and Equipment" to the financial statements for further detail.

How our audit addressed the key audit matter

In relation to the key audit matter, our procedures included the following:

Obtaining an understanding of management's process for determining the useful life of the main generation property and related equipment.

We re-assessed the relevance and appropriateness of the assumptions detailed above by making enquiries of management as to:

- The general status of operations of the property and equipment, including the future plans and utilization of the Property and equipment;
- Reassessing the useful life of the property and equipment and the depreciation method by comparing these with other companies in the country with similar Property and equipment ; and
- Reassessing the continuing adequacy of the disclosures in these financial statements relating to asset lives and the judgments surrounding them to determine if they are in accordance with the requirements of IFRSs.
- Our audit procedures included an understanding of the Company's property and equipment nature, in addition to review and attest the related additions during the year and the adopted internal controls related to purchasing of property and equipment and reviewing the accounting estimates that is prepared by the management for the calculation of the annual depreciation of these assets.



Income Tax Provision

The company reported an income tax expense of around JD 51 thousand and income tax provision of around JD 76 thousand as of December 31, 2019.

The computation of income tax expense and provision requires significant judgements and estimation.

The Company has engaged a tax specialist to assist management with the tax computations for the year.

This area of the audit has been considered a key audit matter, due to the significance of determining the income tax expense and provision.

Refer to Note (2) "Significant Accounting Policies", Note (3) "Significant Accounting Judgments and Key Sources of Uncertainty" and Note (16) "Income Tax Provision" for further details relating to this matter.

How our audit addressed the key audit matter

We obtained an understanding of the nature of risks related to income tax.

We performed an understanding for the design and implementation of the procedures of the income tax provision computation process.

We assessed the skills, objectivity, competence and qualification of the tax specialist as well as the assumptions used in the tax provision and related expense computation.

We agreed amounts used in the tax provision computation to the Company's accounting records or other supporting documentation.

We reviewed that the tax rate used to determine the taxation charge and related provision.

We performed a recalculation for the tax for the current year and assessed if it agrees with the amounts in the financial statements.

We assessed the disclosures in the financial statements relating to income tax against the requirements of IFRSs.

Other Matter Paragraph

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

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.
- 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, 2020


Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)

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MEDITERRANEAN TOURSIM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2019	2018
		JD	JD
<u>ASSETS</u>			
Non Current Assets:			
Property and equipment - net	4	52,556,251	47,486,402
Financial assets at fair value through other comprehensive income	5	351,869	447,002
Total Non Current Assets		52,908,120	47,933,404
Current Assets:			
Inventory	6	385,338	400,739
Other debit balances	7	213,536	251,892
Accounts receivable - net	8	460,240	687,163
Cash on hand and at bank	9	4,950,268	4,484,423
Total Current Assets		6,009,382	5,824,217
TOTAL ASSETS		58,917,502	53,757,621
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
Shareholders' equity:			
Paid-up capital	10	45,000,000	45,000,000
Share premium	10	63,624	63,624
Statutory reserve	11	4,527,346	4,500,107
Fair value reserve		(64,465)	30,668
Retained earnings		1,612,528	1,418,448
TOTAL SHAREHOLDERS' EQUITY		51,139,033	51,012,847
Current Liabilities:			
Accounts payable	13	868,106	831,614
Due to a related party	25	180,724	244,731
Other credit balances	14	1,108,057	1,261,671
Income tax provision	16	76,582	406,758
Total Current Liabilities		2,233,469	2,744,774
Non Current Liabilities:			
Loans	15	5,545,000	-
Total Non current Liabilities		5,545,000	-
Total Liabilities		7,778,469	2,744,774
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		58,917,502	53,757,621

THE ACCOMPANYING NOTES 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,	
		2019	2018
		JD	JD
Four Seasons Hotel operating revenue	17	14,873,688	17,618,869
<u>Less:</u> Four Seasons Hotel cost of operating		(2,930,361)	(3,235,272)
General and administrative expenses- Four Seasons Hotel	18	<u>(9,262,334)</u>	<u>(9,874,954)</u>
Hotel Gross Operating Profit		2,680,993	4,508,643
Other revenue	19	222,614	220,183
General and administrative expenses- Owner Company	20	(217,258)	(130,294)
Depreciation of property and equipment	4	(1,701,023)	(1,644,211)
Management expenses	21	(679,316)	(914,529)
Bank Interest expense		<u>(33,618)</u>	<u>-</u>
Income for the year before Income Tax		272,392	2,039,792
Income tax expense	16	<u>(51,073)</u>	<u>(430,424)</u>
Income for the Year		<u>221,319</u>	<u>1,609,368</u>
		JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	22	<u>0.005</u>	<u>0.036</u>

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MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHINSIVE INCOME

	<u>For the Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Income for the year	221,319	1,609,368
Comprehensive income items:		
Net Changes in fair value reserve	<u>(95,133)</u>	<u>(113,955)</u>
Total Comprehensive Income for the Year	<u>126,186</u>	<u>1,495,413</u>

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MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-up Capital	Share Premium	Statutory Reserve	Fair Value Reserve - Net after Tax	Retained Earnings	Total
For the Year Ended December 31, 2019							
Balance - beginning of the year		45,000,000	63,624	4,500,107	30,668	1,418,448	51,012,847
Income for the year		-	-	-	-	221,319	221,319
Changes in fair value reserve		-	-	-	(95,133)	-	(95,133)
Total Comprehensive Income for the Year		-	-	-	(95,133)	221,319	126,186
Transferred to reserves		-	-	27,239	-	(27,239)	-
Balance - End of the Year		45,000,000	63,624	4,527,346	(64,465)	1,612,528	51,139,033
For the Year Ended December 31, 2018							
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

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
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MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CASH FLOWS

	Note	For the Year Ended	
		December 31,	
		2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before tax		272,392	2,039,792
Adjustment for:			
Depreciation of property and equipment	4	1,701,023	1,644,211
Interest expenses paid		(50,278)	-
Gain from sale of property and equipment		(45,000)	-
Cash Flows from Operating Activities before Changes in Working Capital		1,878,137	3,684,003
Decrease (Increase) in accounts receivable		226,923	(236,033)
Decrease (Increase) in inventory		15,401	(157,143)
Decrease (Increase) in other debit balances		38,356	(25,215)
Increase (decrease) in accounts payable		36,492	(6,110)
(Decrease) increase in due to a related party		(64,007)	16,310
(Decrease) increase in other credit balances		(153,614)	12,517
Cash Flows from Operating Activities before Income Tax Paid		1,977,688	3,288,329
Income tax paid	16	(381,249)	(669,795)
Net Cash Flows from Operating Activities		1,596,439	2,618,534
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions of property and equipment	4	(6,770,872)	(1,705,138)
Proceeds from sale of property and equipment		45,000	-
Net Cash Flows (used in) Investing Activities		(6,725,872)	(1,705,138)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends	12	-	(2,475,000)
Increase in loans		5,545,000	-
Interest expenses paid		50,278	-
Net Cash Flows from (used in) Financing Activities		5,595,278	(2,475,000)
Net Increase (decrease) in Cash		465,845	(1,561,604)
Cash on hand and at bank - beginning of the year		4,484,423	6,046,027
Cash on Hand and at Bank - End of the Year	9	4,950,268	4,484,423

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE FINANCIAL STATEMENTS

1. General

- Mediterranean Tourism Investment Company is a Public Shareholding Limited Company that was established on November 20, 1996 in Amman – Hashemite kingdom of Jordan with an authorized capital of JD 15 Million represented by 15,000,000 shares at a par value of one Jordanian Dinar per share. This capital has been increased several times, and the last of which was in 2003 to become JD 45 Million. The Company's address is fifth circle - Amman, Jordan.
- 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 International Four Seasons Hotels and Resorts 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 of the Hotel's operations which started during 2003, and it was automatically renewed for 15 years and valid till the 27th of January 2033. The Hotel consists of 193 rooms, and according to this agreement the agreed fees should be paid for the management of the Four Seasons Hotels International.

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, 2018 except for the effect of the adoption of the new and revised standards mentioned in Note (28.a). The following are the most significant accounting policies used during the year ended December 31, 2019:

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 accounts receivables 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 recognizes 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 recognizes 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 applied 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 statement of income.

Provision for expected credit loss

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

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

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

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

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 and not for trading.
- 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.

e. 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.

f. 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.

g. Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through income statement are directly booked in the statement of income.

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 after deducting impairment loss (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

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest revenue over the relevant period. 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) 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.

h. Inventory

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

i. 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).

j. 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 profit or loss.

k. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Accrued tax expenses are accounted on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter 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.

l. 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. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses also the changes in fair value through other comprehensive income and shareholders' equity. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

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

- Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Company defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Company's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets. No such changes were required during the periods presented.

- Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Company takes into account reasonable and reliable quantitative and qualitative information.

- Useful lives of tangible assets and intangible assets:

Management periodically reassesses the economic useful lives of tangible assets and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their expected useful economic lives in the future and compared it with the same property and equipment used in the country as well the Management evaluates the adequacy of all related disclosures. Impairment loss (if any) is charged to the statement of profit or loss.

- Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the statement of income for the year.

- 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.

- Income tax:

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

- Lawsuits provision:
A provision for lawsuits raised against the Company (if any) 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.
- End of service provision:
A provision of employees' end of service is taken based on the laws and regulations.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario.

When measuring the expected credit loss, the Company uses reasonable and supportable future information based on significant forward-looking factors and how these factors affect the expected credit loss calculation.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

Based on the Management estimation there is no significant or material impact resulting from IFRS (9) and IFRS (15) on the financial statements.

4. Property and Equipment - Net

This item consists of the followings:

2019	Lands	Buildings and constructions	Furniture and fixtures	Decorations	Electrical Supplies, Equipments and Computers	Vehicles	Mobile Restaurant	Projects In Progress*	Total
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning 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
Additions	-	46,787	220,740	38,885	657,207	46,510	-	5,760,743	6,770,872
Disposals	-	(766,359)	(4,169,067)	(857,720)	(663,629)	-	-	-	(6,456,775)
Balance - End of the Year	13,603,314	35,208,978	8,142,328	1,601,877	9,785,804	218,112	383,626	7,587,702	76,531,741
Accumulated Depreciation:									
Balance - beginning of the year	-	11,479,951	9,884,955	2,047,827	4,956,903	125,846	235,760	-	28,731,242
Depreciation for the year	-	744,190	344,425	63,148	520,233	9,847	19,180	-	1,701,023
Disposals	-	(766,359)	(4,169,067)	(857,720)	(663,629)	-	-	-	(6,456,775)
Balance - End of the Year	-	11,457,782	6,060,313	1,253,255	4,813,507	135,693	254,940	-	23,975,490
Net Book Value for Property and Equipment	13,603,314	23,751,196	2,082,015	348,622	4,972,297	82,419	128,686	7,587,702	52,556,251
2018									
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
Annual Depreciation Rate %	-	2	9	9	5 - 15	12	5	-	

- Property and equipment include fully depreciated assets in the amount of JD 13,781,183 as of December 31, 2019 (JD13,725,886 as of December 31, 2018).

* This item represents the incurred costs and advanced payments to suppliers for the renovation of the Hotel's floors, rooms and facilities.

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Quoted shares in Amman Stock Exchange	343,869	439,002
Un-quoted shares in Amman Stock Exchange*	8,000	8,000
	<u>351,869</u>	<u>447,002</u>

- * 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,	
	2019	2018
	JD	JD
Food and beverages	133,956	132,896
Rooms supplies	142,944	186,153
Hotel supplies and services	108,438	81,690
	<u>385,338</u>	<u>400,739</u>

7. Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Prepaid expenses	184,773	216,823
Accrued interest	-	15,077
Others	28,763	19,992
	<u>213,536</u>	<u>251,892</u>

8. Accounts Receivable – Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Trade receivables	401,986	604,567
Other receivables	58,254	82,596
	<u>460,240</u>	<u>687,163</u>

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

9. Cash on Hand and at Bank

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	18,400	18,700
Bank current accounts	3,789,963	1,290,624
Deposits at bank *	1,141,905	3,175,099
	<u>4,950,268</u>	<u>4,484,423</u>

- * This balance represents deposits in Jordanian Dinar and US Dollars with an annual interest rate between 2.75% and 5.25%.

Balances with bank are assessed to have low credit risk of default since this bank are highly regulated by the Central Bank of Jordan. Accordingly, the Company's management estimates the provision of loss on balances with bank at the end of the reporting period at an amount equal to 12 month expected credit loss. Taking into account the historical default experience and the current credit ratings of the bank, the Company's management have assessed that there is no impairment, hence no provision was recorded on these balances.

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, 2019 and 2018, moreover, there were no changes over the paid-up capital during the current year and the previous year.
- The share premium amounted to 63.624 JD as of December 31, 2019 and 2018.

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 for the year 2017.

13. Accounts Payable

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Trade payables	822,245	780,218
Other payables	45,861	51,396
	<u>868,106</u>	<u>831,614</u>

14. Other Credit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Accrual expenses	201,499	264,661
Advance payments from customers	300,126	342,228
Advance rent payments	57,352	49,183
Sales tax withholdings	153,901	137,539
Income tax withholdings	38,222	36,291
Increments for Hotel's employees	120,573	137,472
Social Security withholdings	54,778	56,975
Shareholders withholdings	60,456	60,556
Employees vacation provision	74,442	87,156
End of service indemnity provision	-	40,063
Other credit balances	46,708	49,547
	<u>1,108,057</u>	<u>1,261,671</u>

15. Loan

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Loan (1)*	2,000,000	-
Loan (2)**	3,545,000	-
	<u>5,545,000</u>	<u>-</u>

* The Company has been granted a loan with a limit of JD 2 million from the Arab Jordan Investment Bank (related party), to be settled over equal and consecutive monthly installments, with a grace period of 37 months from the date of signing the contract with the first installment due on September 30, 2022 and the last installment due on March 31, 2024.

** The Company has been granted a loan with a limit of 5 million US Dollar From the Arab Jordan Investment Bank (related party), to be settled over consecutive monthly installments with the first installment due on January 31, 2021 and the last installment is due on June 30, 2022.

16. Provision for Income Tax

a. Provision for income tax:

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

	2019	2018
	JD	JD
Beginning of the year	406,758	646,129
Income tax paid	(381,249)	(669,795)
Accrued income tax	51,073	430,424
End of the Year Balance	<u>76,582</u>	<u>406,758</u>

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

	2019	2018
	JD	JD
Accrued income tax for the profit of the year	51,073	430,424
End of the Year Balance	<u>51,073</u>	<u>430,424</u>

- 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 with Income Tax Department up to the year 2015 in addition to the year 2018. Noting that income tax returns for the years 2016 and 2017 have been submitted and reviewed by Income Tax Department, but there was no report issued yet. In the opinion of the Management and its tax consultant, the provisions are sufficient to meet the tax obligations.
- Mediterranean Tourism Investment Company (Four Seasons Hotel) has been granted exemptions from taxes and customs fees related to capital expenditures (for the purpose of the renovation), in accordance to article (3.C) of the Investment Incentives law No. 33 for the year 2015 issued under article (4) of the Investment law No. 30 for the year 2014, this exemption will expire on July 11, 2022.

17. Four Seasons Hotel Operating Revenue

This item consists of the following:

	2019	2018
	JD	JD
Rooms revenue	4,605,767	6,285,251
Food revenue	5,682,039	6,182,973
Beverage revenue	1,206,793	1,316,237
Revenue from banqueting	755,754	845,384
Others	2,623,335	2,989,024
	<u>14,873,688</u>	<u>17,618,869</u>

18. General and Administrative Expenses- Four Seasons Hotel

This item consists of the following:

	2019	2018
	JD	JD
Salaries, wages and other benefits	4,922,712	5,145,597
Electricity, water and heating	1,018,233	1,170,813
Fuel	85,817	107,636
Promotion and advertising	570,881	695,672
Designs and decorations	140,445	107,885
Guests supplies	443,367	503,306
Travel and transportation	178,508	123,723
Cleaning	163,175	165,930
Professional fees	143,391	172,009
Maintenance and services	209,634	257,063
Postage and telecommunication	59,651	82,334
Printing and stationery	18,734	22,023
Tools and supplies	416,303	378,844
Services fees	211,031	189,604
Others	680,452	752,515
	<u>9,262,334</u>	<u>9,874,954</u>

19. Other Revenue

This item consists of the following:

	2019	2018
	JD	JD
Bank Interest	73,933	53,091
Rent revenue	81,680	94,675
Other revenue	67,001	72,417
	<u>222,614</u>	<u>220,183</u>

20. General and Administrative Expenses- Owner Company

This item consists of the following:

	2019	2018
	JD	JD
Salaries, wages and other benefits	94,479	13,528
Postage and telecommunication	1,593	1,717
Promotion and advertising	7,445	2,226
Printing and stationery	1,751	1,068
Professional fees	31,337	13,906
Fees and taxes	18,406	19,224
Insurance and licenses	12,107	19,566
Hospitality and transportation	10,662	10,959
Maintenance and services	1,380	1,264
Electricity and water	21,438	26,836
Loan expenses	16,660	-
Training	-	20,000
	<u>217,258</u>	<u>130,294</u>

21. Other Expenses

This item consists of the following:

	2019	2018
	JD	JD
Managements fees for Four Seasons Hotels and Resorts International	624,316	859,529
Board of Directors remuneration	55,000	55,000
	<u>679,316</u>	<u>914,529</u>

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

This item consists of the following:

	2019	2018
	JD	JD
Income for the year	221,319	1,609,368
Weighted-average number of shares	<u>45,000,000</u>	<u>45,000,000</u>
	<u>JD/Share</u>	<u>JD/Share</u>
Earnings per Share for the Year-Basic and Diluted	<u>0.005</u>	<u>0.036</u>

23. Lawsuits

There is a lawsuit raised against the Company, amounted to JD 150 thousand in the designated courts, the Company has not booked any provision as Management believes that the lawsuit is invalid due to no written contract between the Company and the plaintiff exists. The Management of the Company believes that it's in a strong position to win the case, noting that the legal advisor's opinion confirms the invalidity of plaintiff claim and it's not possible to predict the expected amounts as the case is in its initial stages.

Also there are labor lawsuits raised against the Company which amounted to JD 10,918 (JD 32,536 for 2018) at the designated courts. The Hotel booked a provision against these lawsuits of JD 10,918 as of December 31, 2019. The Management believes that there is no need to book additional provisions for these lawsuits.

24. Contingent Liabilities

- As of the date of the statement of financial position, the Company had contingent liabilities for bank guarantees which amounted to JD 26,586 as of December 31, 2019 (Bank guarantees which amounted to JD 26,000 as of December 31, 2018).

25. Related Parties Transactions and Balances

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

	December 31	
	2019	2018
	JD	JD
On-Financial Position Items		
Cash at Bank:		
Deposits and current accounts – Arab Jordan Investment Bank *	4,931,868	4,465,723
Accounts Receivable:		
Board of Directors members	14,793	14,232
Due to a related party:		
Four Seasons Hotels and Resorts International **	180,724	244,731
Loans:		
Arab Jordan Investment Bank *	5,545,000	-
Investment:		
Investment in Arab Jordan Investment Bank *	37,869	37,002
Off-Financial Position Items:		
Bank Guarantees - Arab Jordan Investment Bank *	26,586	26,000
	2019	2018
	JD	JD
Income Statement items:		
Four Seasons Hotels and Resorts International management fees **	624,316	859,529
Bank interest income - Arab Jordan Investment Bank *	73,933	53,091
Hotel executive management salaries and benefits	499,364	532,492

* 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.

26. 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,	
	2019	2018
	JD	JD
Current assets	6,009,382	5,824,217
<u>Less: Current liabilities</u>	<u>(2,233,469)</u>	<u>(2,744,774)</u>
Working Capital	<u>3,775,913</u>	<u>3,079,443</u>

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 other than cash, that represent related parties accounts, 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% -)	
	2019	2018	2019	2018
	JD	JD	JD	JD
Statement of income	11,419	31,751	(11,419)	(31,751)

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,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Shareholders' equity	17,193	21,950	(17,193)	(21,950)

27. 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,	
				2019	2018
	Rooms	Food and Beverage	Other	Total	Total
	JD	JD	JD	JD	JD
Revenue	4,605,767	6,888,832	3,379,089	14,873,688	17,618,869
Expenses	(78,787)	(2,386,193)	(465,381)	(2,930,361)	(3,235,272)
Total Sector Profit	4,526,980	4,502,639	2,913,708	11,943,327	14,383,597
Undistributed expenses				(11,893,549)	(12,563,988)
Other revenue				222,614	220,183
Profit for the Year before Tax				272,392	2,039,792
Income tax expense for the year				(51,073)	(430,424)
Profit for the year				221,319	1,609,368

b. Information on the Geographical Allocation

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

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

a. Amendments with no material effect on the Financial Statements of the Company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2019 or thereafter in the preparation of the Company's financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<u>New and Revised IFRS Standards</u>	<u>Amendments to New and Revised IFRS Standards</u>
Annual Improvements to IFRS Standards 2015–2017 Cycle	<p>The Company has adopted the amendments included in the Annual Improvements to IFRS (3) Business Combinations, IFRS (11) Joint Arrangements, IAS (12) Income Taxes and IAS (23) Borrowing Costs :</p> <p><u>IAS 12 Income Taxes</u> The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.</p> <p><u>IAS 23 Borrowing Costs</u> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.</p> <p><u>IFRS 3 Business Combinations</u> The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.</p> <p><u>IFRS 11 Joint Arrangements</u> The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.</p>
IFRIC 23 Uncertainty over Income Tax Treatments	<ul style="list-style-type: none">- The interpretation clarifies the determination of taxable profit, tax loss, tax bases, unused tax losses, unused tax benefits, and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and it specifically addresses.- Whether tax treatment should be considered in aggregate;- assumptions related to the examining procedures for tax authorities- determining taxable profit, tax loss, tax basis, unused tax losses, unused tax exemptions, and tax rates.- the effect of changes in facts and circumstances

New and Revised IFRS Standards	Amendments to New and Revised IFRS Standards
Amendments to IFRS (9) : Financial instruments	These amendments relate to the advantages of prepayment with negative compensation, as the current requirements of IFRS (9) have been modified in relation to termination rights to allow measurement of the amortized cost (or based on the business model, at fair value through other comprehensive income) even in case of negative compensation payments.
Amendments to IAS (28) Investment in Associates and Joint Ventures	These amendments related to long-term shares in associate facilities and joint ventures and clarify that the facility applies the IFRS (9) Financial instruments for long-term shares in an associate facility or joint venture that form part of the net investment in the associate facility or joint Venture in case the Equity method has not been applied in this regard.
Amendments to IAS (19) Employee Benefits Plan Amendment, Curtailment or Settlement	The amendments Pertain to the Amendments on the plans, curtailments or settlements.

IFRS (16) Leases :

The Company has adopted IFRS (16), "Leases", which replaces the existing guidelines on leases, including IAS (17) "Leases" , IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "Operational leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

The Company has evaluated the scope of the standard that results from its application, and there's no material or significant impact as there were no contract showing the Company as a lessee.

b. New and revised IFRS in issue but not yet effective:

At the date of authorization of these consolidation financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Amendments to new and revised IFRS
Definition of Material - Amendments to IAS 1 <i>Presentation of Consolidation Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (Effective from January 1, 2020)	The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidation financial statements make on the basis of those consolidation financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 " <i>Business Combinations</i> " (Effective form on January 1, 2020)	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual 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, 8, 34, 37 and 38) and IFRIC 12, 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 a reference to Different from the conceptual framework.
IFRS 17 <i>Insurance Contracts</i> (Effective from January 1, 2022)	It provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts . IFRS 17 requires insurance liabilities to be measured at a current fulfilment value
Amendments to IFRS 10 <i>Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) (Effective date deferred indefinitely Adoption is still permitted)	Relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

29. 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		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	December 31,					
	2019	2018				
	JD	JD				
Financial Assets at fair value through other comprehensive income						
Quoted shares	343,869	439,002	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	8,000	8,000	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
Total	351,869	447,002				

There were no transfers between Level 1 and 2 during 2019.

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, 2019		December 31, 2018		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits with banks	1,141,905	1,141,905	3,175,099	3,190,176	Level 1
Total financial assets not measured at fair value	1,141,905	1,141,905	3,175,099	3,190,176	

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.

30. Approval of interim condensed financial information

The accompanying financial statements were approved by the Board of Directors on February 5, 2020 and these financial statements are subject to the approval of the General Assembly of Shareholders.