



Jordan Hotels & Tourism Co PLC

Wednesday, May 10, 2017
Ref: 1/ 13/114

Messrs. Amman Stock Exchange
Amman – Jordan

Sub: Interim Condensed Financial Statements as of 31/3/2017

Attached is the Interim Condensed Financial Statements of (Jordan Hotels & Tourism Company) as of 31 March 2017.

Kindly accept our appreciation and respect

Yassin Khalil Talhouni
Managing Director/ Vice Chairman



CC.: Acc.

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٠ أيار ٢٠١٧
الرقم المتسلسل: 2985
رقم الملف: 31003
الجهة المختصة: 1111/64

JORDAN HOTELS AND TOURISM COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2017



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**Report on Review of Interim Condensed Financial Statements
To the Board of Directors of
Jordan Hotels and Tourism Company - Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Hotels and Tourism Company - Public Shareholding Company (the "Company") as at 31 March 2017, comprising of the interim statement of financial position as at 31 March 2017 and the related interim statements of comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young

Amman - Jordan
26 April 2017

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	31 March 2017 JD (Unaudited)	31 Decer 2016 JD (Audite
<u>ASSETS</u>			
Non-current assets -			
Lands		368,973	368
Property, plant and equipment	3	26,015,608	26,680
Financial assets at fair value through other comprehensive income		30,000	30,
		<u>26,414,581</u>	<u>27,079,</u>
Current assets -			
Inventories		113,022	113,
Accounts receivable		981,706	914,
Other current assets		978,116	906,
Cash on hand and at banks	4	5,491,367	5,643,8
		<u>7,564,211</u>	<u>7,578,</u>
TOTAL ASSETS		<u>33,978,792</u>	<u>34,657,7</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Paid in capital		10,000,000	10,000,0
Share premium		505,173	505,1
Statutory reserve		2,569,247	2,569,2
Voluntary reserve		3,800,824	3,800,8
Retained earnings		14,621,260	14,368,7
Total Equity		<u>31,496,504</u>	<u>31,243,9</u>
Liabilities -			
Current liabilities -			
Due to banks	5	11,552	7,8
Accounts payable		538,813	1,128,8
Due to related parties	6	37,952	150,1
Other current liabilities		1,663,286	1,750,2
Provision for income tax	7	230,685	376,6
Total Liabilities		<u>2,482,288</u>	<u>3,413,71</u>
TOTAL EQUITY AND LIABILITIES		<u>33,978,792</u>	<u>34,657,70</u>

The accompanying notes from 1 to 8 form part of these interim condensed financial statement

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

	Note	For the three months ended 31 March	
		2017 JD	2016 JD
Operating revenues - Intercontinental Hotel Jordan		4,399,764	4,665,157
Operating expenses - Intercontinental Hotel Jordan		(3,115,308)	(3,332,148)
Gross operating income from the hotel		1,284,456	1,333,009
Rent income			
Interest income		42,442	49,503
Other income		42,797	17,892
Finance costs		7,136	4,166
Depreciation		-	(24,027)
Administrative expenses		(897,981)	(903,435)
Board of Directors' remuneration		(151,376)	(138,283)
		(11,250)	(11,250)
Profit before income tax		316,224	327,575
Income tax expense	7	(63,703)	(65,515)
Profit for the period		252,521	262,060
Other comprehensive income items		-	-
Total comprehensive income for the period		252,521	262,060
		JD / Fils	JD / Fils
Basic and diluted earnings per share for the period		0/025	0/026

The accompanying notes from 1 to 8 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

2017-	Paid-in capital JD	Share premium JD	Statutory reserve JD	Voluntary reserve JD	Retained earnings JD	Total JD
Balance at 1 January 2017	10,000,000	505,173	2,569,247	3,800,824	14,368,739	31,243,983
Total comprehensive income for the period	-	-	-	-	252,521	252,521
Balance at 31 March 2017	10,000,000	505,173	2,569,247	3,800,824	14,621,260	31,496,504
2016-						
Balance at 1 January 2016	10,000,000	505,173	2,569,247	3,800,824	13,755,894	30,631,138
Total comprehensive income for the period	-	-	-	-	262,060	262,060
Balance at 31 March 2016	10,000,000	505,173	2,569,247	3,800,824	14,017,954	30,893,198

The accompanying notes from 1 to 8 form part of these interim condensed financial statements

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

		For the three months ended 31 March	
	Notes	2017	2016
		JD	JD
<u>Operating Activities</u>			
Profit before income tax		316,224	327,575
Adjustments for:			
Depreciation		897,981	903,435
Finance costs		-	24,027
Interest income		(42,797)	(17,892)
Reversal of provision for doubtful accounts, net		(30,779)	-
Gain on sale of property, plant and equipment		(2,969)	-
Changes in working capital			
Inventories		198	8,228
Accounts receivable		(36,310)	152,210
Other current assets		(35,603)	(70,865)
Accounts payable		(590,031)	31,241
Due to related parties		(112,200)	2,651
Other current liabilities		(86,723)	(111,314)
Income tax paid	7	(209,639)	(200,803)
Net cash flows from operating activities		67,352	1,048,493
<u>Investing Activities</u>			
Purchase of property, plant and equipment	3	(245,561)	(282,534)
Proceeds from sale of property, plant and equipment		15,529	-
Project in progress		-	(65)
Interest received		6,705	16,396
Net cash flows used in investing activities		(223,327)	(266,203)
<u>Financing Activities</u>			
Dividends paid		(263)	(16,317)
Net cash flows used in financing activities		(263)	(16,317)
Net (decrease) increase in cash and cash equivalents		(156,238)	765,973
Cash and cash equivalents at the beginning of the period		5,636,053	3,613,359
Cash and cash equivalents at the end of the period	4	5,479,815	4,379,332

The accompanying notes from 1 to 8 form part of these interim condensed financial statements

1. GENERAL

Jordan Hotels and Tourism Company (the "Company") was registered in 1955 as a public shareholding company located in Amman. The Company increased its capital throughout the years to reach JD 10,000,000 divided into 10,000,000 shares with a par value of JD 1 per share. The Company's main objectives are to invest in real estate and tourism activities, specifically.

The Company owns Intercontinental Hotel Jordan (the "Hotel") which is operated and managed by the Intercontinental Hotel Corporation in accordance with the operating and management agreement signed in 1972 and its subsequent amendments. The Company signed a new agreement effective from 1 January 2008 to 31 December 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed financial statements for the three-month period ended 31 March 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as of 31 December 2016. In addition, the results for the three-month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2017 (UNAUDITED)

3. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2017, the Company purchased property, plant and equipment of JD 245,561 (31 March 2016: JD 282,534).

4. CASH ON HAND AND AT BANKS

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Cash on hand and at banks	1,286,241	1,860,926
Term deposit*	4,205,126	3,782,956
	<u>5,491,367</u>	<u>5,643,882</u>

* Term deposit is made for varying periods between one day and 3 months, and bearing annual interest rate ranging from 1% to 4%.

For the purpose of preparing the interim statement of cash flows, cash and cash equivalents comprise of the following:

	For the period ended 31 March	
	2017 JD	2016 JD
Cash on hand and at banks	5,491,367	4,387,885
Due to banks	(11,552)	(8,553)
	<u>5,479,815</u>	<u>4,379,332</u>

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2017 (UNAUDITED)

5. DUE TO BANKS

This item represents the utilized overdraft facilities as follows:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Arab Bank	11,552	7,829

Arab Bank:

This item represents the utilized amount of Arab Bank facilities with a ceiling of JD 1,000,000 bearing an annual interest and commission of 8.875% starting from 1 March 2017. The utilized balance is JD 11,552 as of 31 March 2017 (31 December 2016: JD 7,829).

Bank Al Etihad:

This item represents the utilized amount of Bank Al Etihad facilities with a ceiling of JD 2,000,000, bearing an annual interest rate of 9.125% and without any commission starting from 1 March 2017. The utilized balance was nil as at 31 March 2017 and 31 December 2016.

6. RELATED PARTIES

Related parties represent major shareholders, Board of Directors, key management personnel of the Company and other related parties. The Company's management sets the pricing and the trading transaction between the related parties

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

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<u>Due to related parties:</u>		
Zara Investment Holding Company (main shareholder)	37,952	150,152
Other current assets – Jordan Hotels Supplies Trading Company	130,689	130,689
Due to banks – overdraft (Arab Bank)	11,552	7,829
Bank balances (Bank Al Etihad, Arab bank and Cairo Amman Bank)	5,466,015	5,622,252

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2017 (UNAUDITED)

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

	For the three months ended 31 March	
	2017 JD	2016 JD
Administrative expenses - Zara Investment Holding Company (main shareholder)	25,000	-
Rent expenses- Zara Investment Holding Company (main shareholder)	6,698	6,698
Board of Directors transportation and remuneration	38,250	38,250
Finance costs – Bank Al Etihad, Arab Bank and Cairo Amman bank	-	24,027
Rent income – Arab bank	1,375	1,375
Interest income – Bank Al Etihad, Arab bank and Cairo Amman Bank	42,797	17,892

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

	For the three months ended 31 March	
	2017 JD	2016 JD
Key management salaries and remunerations	9,630	15,270

7. INCOME TAX

The income tax is calculated for the period ended 31 March 2017 and 2016 in accordance with the Income Tax Law No. (34) of 2014.

The income tax expense appears in the interim condensed statement of comprehensive income represents the following:

	For the three months ended 31 March	
	2017 JD	2016 JD
Period income tax expense	56,839	65,515
Prior years' income tax expense	6,864	-
	<u>63,703</u>	<u>65,515</u>

The Company reached a final settlement with the Income Tax Department up to the year 2014.

The Income and Sales Tax Department has not reviewed the Company's records for the year ended 31 December 2015 and 2016 up to the date of these interim condensed financial statements.

JORDAN HOTELS AND TOURISM COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2017 (UNAUDITED)

Movement on the provision for income tax provision is as follows:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Beginning balance	376,621	513,394
Income tax expense	56,839	442,114
Prior years's income tax expense	6,864	-
Income tax paid	(209,639)	(578,887)
Ending balance	230,685	376,621

8. SEGMENT INFORMATION

The business segment represents a group of assets and operations that integrate together to offer products or services that are subject to risks and revenues that differ from the ones produced by other business segments.

The geographical segment offers products or services in a limited economical environment that is subject to risks and revenues that differ from the ones produced by other geographical segments.

As disclosed in the interim statement of comprehensive income, the Company's business does not include different segments, it is only limited to the Intercontinental Amman Hotel's activities.