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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2021

TABLE OF CONTENTS

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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, 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matter	How our audit addressed the key audit matter
Useful life of Property and equipment The Company has property and equipment with a carrying amount of around JD 60.3 million, as detailed in Note 4, as of December 31, 2021. 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.	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 determined if the controls over the abovementioned process had been appropriately designed and implemented. 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. • Obtaining an understanding of the nature of the Company's property and equipment, testing the additions during the year and assessing the related controls over additions to determine if they had been appropriately designed and implemented and reviewing the accounting estimates prepared by management for the calculation of the depreciation charge. • Assessing the disclosures in the financial statements in this area against the requirements of IFRSs.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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Amman - Jordan
February 22, 2022

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	2021	2020
ASSETS		JD	JD
Non Current Assets:			
Property and equipment - net	4	60,307,999	58,203,720
Financial assets at fair value through other comprehensive income	5	416,040	367,681
Total Non Current Assets		60,724,039	58,571,401
Current Assets:			
Inventory	6	209,253	210,854
Other debit balances	7	169,529	155,105
Accounts receivable - net	8	457,871	157,367
Cash on hand and at bank	9	1,579,706	488,999
Total Current Assets		2,416,359	1,012,325
TOTAL ASSETS		63,140,398	59,583,726
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	4,527,346	4,527,346
Fair value reserve		(293)	(48,653)
Retained (losses)		(3,353,283)	(2,037,075)
TOTAL SHAREHOLDERS' EQUITY		46,237,394	47,505,242
Current Liabilities:			
Accounts payable	12	798,285	561,117
Short-term loans	14	1,698,216	2,838,044
Other credit balances	13	882,478	741,591
Income tax provision	15	55,286	55,286
Due to a related party	24	248,495	171,140
Total Current Liabilities		3,682,760	4,367,178
Non Current Liabilities:			
Long term loans	14	13,220,244	7,711,306
Total Non current Liabilities		13,220,244	7,711,306
Total Liabilities		16,903,004	12,078,484
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		63,140,398	59,583,726

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, 2021	2020
		JD	JD
Four Seasons Hotel operating revenue	16	8,267,271	3,824,021
Less: Four Seasons Hotel cost of operating		(1,689,923)	(1,020,374)
General and administrative expenses- Four Seasons Hotel	17	(5,259,960)	(4,675,451)
Hotel Gross Operating Profit (Loss)		1,317,388	(1,871,804)
Other revenue	18	120,216	217,332
General and administrative expenses- Owner Company	19	(168,832)	(94,550)
Depreciation of property and equipment	4	(2,029,685)	(1,746,767)
Management expenses	20	(326,249)	(104,959)
Bank Interest expense		(229,046)	(41,547)
Expected credit loss provision	8	-	(7,308)
(Loss) for the year before Income Tax		(1,316,208)	(3,649,603)
Income tax expense	15	-	-
(Loss) for the Year		(1,316,208)	(3,649,603)
		JD/Share	JD/Share
(Losses) per Share for the Year-Basic and Diluted	21	(0/029)	(0/081)

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MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHINSIVE INCOME

	For the Year Ended December 31,	
	2021	2020
	JD	JD
(Loss) for the year	(1,316,208)	(3,649,603)
Comprehensive income items:		
Net Changes in fair value reserve	48,360	15,812
Total (Comprehensive Loss) for the Year	(1,267,848)	(3,633,791)

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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 (Losses)	Total
For the Year Ended December 31, 2021		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		45,000,000	63,624	4,527,346	(48,653)	(2,037,075)	47,505,242
(Loss) for the year		-	-	-	-	(1,316,208)	(1,316,208)
Changes in fair value reserve		-	-	-	48,360	-	48,360
Total Comprehensive (Loss) for the Year		-	-	-	48,360	(1,316,208)	(1,267,848)
Balance - End of the Year		45,000,000	63,624	4,527,346	(293)	(3,353,283)	46,237,394
For the Year Ended December 31, 2020							
Balance - beginning of the year		45,000,000	63,624	4,527,346	(64,465)	1,612,528	51,139,033
(Loss) for the year		-	-	-	-	(3,649,603)	(3,649,603)
Changes in fair value reserve		-	-	-	15,812	-	15,812
Total Comprehensive (Loss) for the Year		-	-	-	15,812	(3,649,603)	(3,633,791)
Balance - End of the Year		45,000,000	63,624	4,527,346	(48,653)	(2,037,075)	47,505,242

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, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
(Loss) for the year before tax		(1,316,208)	(3,649,603)
Adjustment for:			
Depreciation of property and equipment	4	2,029,685	1,746,767
Bank interest expenses		414,154	264,716
(Gain) from sale of property and equipment	18	(4,286)	(50,588)
Bank interest revenue	18	(7,104)	(15,206)
Expected credit loss provision	8	-	7,308
Cash Flows from (used in) Operating Activities before Changes in Working Capital		1,116,241	(1,696,606)
(Increase) Decrease in accounts receivable		(300,504)	295,565
Decrease in inventory		1,601	174,484
(Increase) Decrease in other debit balances		(14,424)	58,431
Increase (Decrease) increase in accounts payable		237,168	(306,989)
Increase (Decrease) in due to a related party		77,355	(9,584)
(Decrease) in other credit balances		(13,703)	(452,736)
Cash Flows from (used in) Operating Activities before Income Tax Paid		1,103,734	(1,937,435)
Income tax paid	15	-	(21,296)
Net Cash Flows from (used in) Operating Activities		1,103,734	(1,958,731)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions of property and equipment		(4,133,964)	(7,394,236)
Proceeds from sale of property and equipment	18	4,286	50,588
Bank interest received	18	7,104	15,206
Net Cash Flows (used in) Investing Activities		(4,122,574)	(7,328,442)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in loans		4,369,110	5,004,350
Intrest expenses paid		(259,563)	(178,446)
Net Cash Flows from Financing Activities		4,109,547	4,825,904
Net Increase (Decrease) in Cash		1,090,707	(4,461,269)
Cash on hand and at bank - beginning of the year		488,999	4,950,268
Cash on Hand and at Bank - End of the Year	9	1,579,706	488,999

THE ACCOMPANYING NOTES 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 – 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.

- During the years of 2019 and 2020, the Four Seasons Hotel in Amman was re-modernized, the renovation work was completed during the year 2021.

- Deficit in working capital
  The Company has a deficit in its working capital amounting to around JD 1.3 million as of December 31, 2021, which resulted from obtaining loans that matures within a year and suspension of the Hotel's operations as a result of the Coronavirus (Covid-19) pandemic, these loans were utilized for facilities renovation. During the month of July of the current year, the Hotel completed its renovation work and resumed its operational activities, which contributed to the generation of operational profits and reduction in the working capital deficit, where the Company was able to pay the due installments during the year 2021. As the hotel generated operating profits after the first half of 2021, which led to enhance the Company's cash liquidity, and the current year losses are from non-cash depreciation expense.

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, 2020 except for the effect of the adoption of the new and revised standards. The following are the most significant accounting policies used during the year ended December 31, 2021:

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 recognizes 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. 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 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 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 it 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 derecognizes 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 recognizes 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 recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized 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.

Company assess whether there is an objective evidence of impairment on an individual basis for each individually valuable asset 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 of the Company

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 its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized 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 the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized 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 e 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 financial 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 income statement.

k. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Accrued tax expenses are accounted based on 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 based on 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 based on 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.

I. 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 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 income statement.

- 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.

- Lawsuit's 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.

<u>Calculation of provision for expected credit losses</u>
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.

<u>Probability of default</u>
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, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

<u>Loss given default</u>
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 financer expects to collect, considering cash flows from collaterals and credit adjustments.

<u>Revenue recognition</u>
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 (15) on the financial statements.

- The Coronavirus (Covid-19) outbreak in early 2020 in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic activity. Also, this event is witnessing continuous and rapid developments, which required the Company's management to conduct an evaluation of the expected effects on the Company's business inside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the financial statements as of December 31, 2021. The hotel started its operational activities during the month of July 2021. Accordingly, the Company has taken the following measures to contain the crisis:

a. <u>The Company's plan to address the new Coronavirus (COVID-19) pandemic</u>
The Management's plan to deal with the disruption of economic activities and business related to the outbreak of the new Coronavirus (COVID-19) is as follows:

1. The Company has developed a monitoring plan to respond to disruption data and available alternatives periodically.

2. The Company has reviewed all its contracts with suppliers and has organized its obligations in accordance with the cash flows.

3. The Company completed the Hotel's renovation work during the end of June of 2021. The hotel started its various operations after completing the renovation of all rooms and facilities, and the easing of the binding restrictions due to the Corona pandemic helped generating operating profit for the Hotel during the second half of 2021, which was reflected positively on the cash flow of the Hotel.

4. It became allowed to hold parties and events in the Hotel halls during the year 2021, according to the circulars and instructions issued by the government, in response to the pandemic situation.

5. The Hotel Management issued permits for employees with experience in the Hotel's redecoration and renovation.

6. The Company didn't terminate any employee during the pandemic, in which the Company has reduced the salaries and wages of employees who work in the Hotel operations in response to the instructions of the Jordanian Defense Law.

7. The Hotel Management has studied the feasibility of providing catering services related to the hotel's restaurants and has been applied.

8. The Company has reviewed the fixed assets values and compared them with the market values, and the Management confirms that the market values of the assets exceed the net book value.

b. <u>The impact of the new Coronavirus (COVID-19) outbreak on the results of the Company's operations</u>
The company was in the Hotel renovation work phase during the pandemic, where the suspension period was utilized for the renovation of the Hotel's facilities, and therefore its impact on the company cannot be reasonably determined at the date of issuance of these financial statements. Based on the analysis that has been prepared by the company's management so far. The administration will continue to monitor the situation closely and take additional measures should the disruption be prolonged. These and other related matters will be considered and their impact on the company's estimates will be considered, including the expected credit loss model for financial assets and the evaluation of investments in financial assets, in addition to evaluating the indicators of impairment and decline in the value of fixed assets and the rationality of the inputs used for this purpose in the coming periods.

c. <u>The Impact of the Coronavirus (COVID-19) outbreak on the Company's liquidity levels</u>
The Company has prepared all the scenarios related to stressful situations, also the Company has obtained medium and long-term loans to cover the Hotel's renovation and liquidity enhancement.

4. Property and Equipment - Net

This item consists of the followings:

2021	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	34,154,267	4,029,419	745,320	8,964,213	97,359	383,626	14,533,565	76,511,083
Additions	-	158,723	4,067	36,293	184,894	-	-	3,749,987	4,133,964
Transfers	-	14,473,623	2,474,250	508,962	773,724	-	-	(18,230,559)	-
Balance - End of the Year	13,603,314	48,786,613	6,507,736	1,290,575	9,922,831	97,359	383,626	52,993	80,645,047
Accumulated Depreciation:									
Balance - beginning of the year	-	11,025,829	2,221,104	436,561	4,323,121	26,623	274,125	-	18,307,363
Depreciation for the year	-	900,778	448,733	82,537	566,774	11,683	19,180	-	2,029,685
Balance - End of the Year	-	11,926,607	2,669,837	519,098	4,889,895	38,306	293,305	-	20,337,048
Net Book Value for Property and Equipment	13,603,314	36,860,006	3,837,899	771,477	5,032,936	59,053	90,321	52,993	60,307,999
2020									
Balance - beginning 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
Additions	-	129,887	87,073	24,835	206,578	-	-	6,945,863	7,394,236
Disposals	-	(1,184,598)	(4,199,982)	(881,392)	(1,028,169)	(120,753)	-	-	(7,414,894)
Balance - End of the Year	13,603,314	34,154,267	4,029,419	745,320	8,964,213	97,359	383,626	14,533,565	76,511,083
Accumulated Depreciation:									
Balance - beginning of the year	-	11,457,782	6,060,313	1,253,255	4,813,507	135,693	254,940	-	23,975,490
Depreciation for the year	-	752,645	360,773	64,698	537,783	11,683	19,185	-	1,746,767
Disposals	-	(1,184,598)	(4,199,982)	(881,392)	(1,028,169)	(120,753)	-	-	(7,414,894)
Balance - End of the Year	-	11,025,829	2,221,104	436,561	4,323,121	26,623	274,125	-	18,307,363
Net Book Value for Property and Equipment	13,603,314	23,128,438	1,808,315	308,759	4,641,092	70,736	109,501	14,533,565	58,203,720

- Property and equipment include fully depreciated assets in the amount of around JD 7.6 million as of December 31, 2021 (JD 7.5 Million as of December 31, 2020).

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

* The capitalized bank interest during the year ended December 31, 2021 amounted to around JD 185 thousand.

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Quoted shares in Amman Stock Exchange	400,760	352,401
Un-quoted shares in Amman Stock Exchange*	15,280	15,280
	416,040	367,681

* 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,	
	2021	2020
	JD	JD
Food and beverages	74,107	89,558
Rooms supplies	79,626	116,643
Hotel supplies and services	55,520	4,653
	209,253	210,854

7. Other Debit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Prepaid expenses	154,561	101,621
Advance payments *	10,207	39,556
Others	4,761	13,928
	169,529	155,105

* This item represents the advance deposits paid to the income and sales tax department (recoveries 16% of advance payments from customers).

8. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Trade receivables	401,352	76,424
Other receivables	63,827	88,251
	465,179	164,675
Less: Expected credit loss	(7,308)	(7,308)
	457,871	157,367

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,	
	2021	2020
	JD	JD
Cash on hand	12,000	10,000
Bank current accounts	837,847	318,971
Deposits at bank *	729,859	160,028
	1,579,706	488,999

* This balance represents deposits in Jordanian Dinar and US Dollars with an annual interest rate between 1.25% and 2.25%.

Balances with bank are assessed to have low credit risk of default since this bank is 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 consideration 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 shares at a par of JD 1 per share as of December 31, 2021 and 2020, 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, 2021 and 2020.

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 if 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. Accounts Payable

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Trade payables	770,122	482,771
Other payables	28,163	78,346
	798.285	561,117

13. Other Credit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Accrual expenses	263,037	251,162
Advance payments from customers	209,728	200,421
Advance rent payments	33,464	35,851
Income tax withholdings	19,723	9,326
Increments for Hotel's employees	184,927	58,144
Social Security withholdings	-	13,105
Shareholder's withholdings	58,642	58,952
Employees vacation provision	56,926	29,292
Other credit balances	56,031	85,338
	882,478	741,591

14. Loan

This item consists of the following:

	December 31,			
	2021		2020	
	Short Term	Long Term	Short Term	Long Term
	JD	JD	JD	JD
Loan (1) *	500,000	3,248,888	156,250	2,843,750
Loan (2) **	-	6,683,376	2,382,240	1,162,760
Loan (3) ***	1,198,216	3,287,980	299,554	3,704,796
	1,698,216	13,220,244	2,838,044	7,711,306

* The company has been granted a loan with a limit of JD 2 million from the Arab Jordan Investment Bank (related party) within the Central Bank's program to support the tourism economic sectors during the year 2019, the limit was increased during the year 2020 by JD 1 million and during 2021 by JD 1 million to become JD 4 million with an interest rate of 2.75%, and an amount of JD 3.9 million was utilized during the year ended December 31, 2021, and an amount of JD 208 thousand was settled out of the loan's amount in 2021 to be settled over 96 equal and consecutive monthly installments, with a grace period of 24 months from the date of signing the contract, so that the first installment was due on August 31, 2021, and the last installment is due on July 31, 2029. The purpose of obtaining the loan is to renovate and modernize the hotel floors and other facilities, pay the salaries of employees and support working capital, including bills and benefits for suppliers.

** The company has been granted a loan limit of USD 14 million from the Arab Jordan Investment Bank during the year 2021 (related party), then the loan limit was reduced to USD 12.5 million during the third quarter of the year at an interest rate of 1% in addition to the LIBOR rate for every three months with an minimum rate of 2.75% and utilized around USD 9.427 million of the loan granted to be settled over equal quarterly installments, including a two-year grace period, with the first installment due on April 30, 2023 and the last installment on January 30, 2031. The purpose of granting the loan is to modernize the hotel floors and other facilities.

*** The Company has been granted a loan with a limit of USD 8.45 million from Cairo Amman Bank with a variable interest of 3.65%, an amount of USD 6.748 million was utilized from granted loan, to be settled over 60 installments within 72 months with grace period of 12 months, with the first installment due on October 31, 2021. The purpose of this loan is to renovate the hotel rooms and other facilities.

15. Provision for Income Tax

a. Provision for income tax:

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

	2021	2020
	JD	JD
Beginning of the year	55,286	76,582
Income tax paid	-	(21,296)
End of the Year Balance	55,286	55,286

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

- The Company has reached a final settlement with Income Tax Department up to the year 2018. Noting that income tax returns for the year 2019 & 2020 have been submitted but not reviewed by Income Tax Department yet. In the opinion of the Management and its tax advisor, the booked provisions are sufficient to meet the tax obligations.

- Management did not record any income tax expense during the year ended December 31, 2021, as the Company incurred loss.

- 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 with 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.

16. Four Seasons Hotel Operating Revenue

This item consists of the following:

	2021	2020
	JD	JD
Room's revenue	3,012,791	987,368
Food revenue	2,935,607	1,296,887
Beverage revenue	610,867	435,089
Banqueting revenue	480,712	335,446
Others	1,227,294	769,231
	8,267,271	3,824,021

17. General and Administrative Expenses- Four Seasons Hotel

This item consists of the following:

	2021	2020
	JD	JD
Salaries, wages, and other benefits	2,549,704	2,618,848
Electricity and water	772,287	401,614
Fuel	52,996	30,288
Promotion and advertising	338,198	302,987
Designs and decorations	46,743	37,042
Guests supplies	282,541	203,328
Travel and transportation	59,511	40,319
Cleaning	91,127	76,093
Professional fees	123,778	100,713
Maintenance and services	172,468	152,657
Postage and telecommunication	11,585	14,755
Printing and stationery	9,342	6,776
Tools and supplies	280,372	385,890
Services fees	108,938	92,813
Others	360,370	211.328
	5,259,960	4,675,451

18. Other Revenue

This item consists of the following:

	2021	2020
	JD	JD
Bank Interest	7,104	15,206
Rental income	82,212	100,938
Gain from sale of property and equipment	4,286	50,588
Unneeded obligations	-	50,600
Other revenue	26,614	-
	120,216	217,332

19. General and Administrative Expenses- Owner Company

This item consists of the following:

	2021	2020
	JD	JD
Salaries, wages, and other benefits	62,000	32,000
Postage and telecommunication	1,029	1,434
Promotion and advertising	1,564	5,590
Printing and stationery	580	1,009
Professional fees	10,067	10,966
Fees and taxes	19,789	20,493
Insurance and licenses	2,865	4,229
Hospitality and transportation	-	1,223
Maintenance and services	7,589	1,438
Electricity and water	15,066	15,521
Legal provision and expenses	48,283	-
Other	-	647
	168,832	94,550

20. Management Expenses

This item consists of the following:

	2021	2020
	JD	JD
Managements fees for Four Seasons Hotels and Resorts International	326,249	104,959
	326,249	104,959

21. (Losses) per Share for the Year-Basic and Diluted

This item consists of the following:

	2021	2020
	JD	JD
(Loss) for the year	(1,316,208)	(3,649,603)
Weighted-average number of shares	45,000,000	45,000,000
	JD/Share	JD/Share
(Losses) per Share for the Year-Basic and Diluted	(0.029)	(0.081)

22. Lawsuits

There are lawsuits raised against the Company amounting to around JD 200 thousand (2020: JD 184 thousand) at the designated courts. Noting that the Company booked a provision amounted to around JD 40 thousand as of December 31, 2021 for these lawsuits. And the Management and the legal consultant believe that there is no need to book additional provision for these lawsuits.

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 15,586 as of December 31, 2021 (Bank guarantees which amounted to JD 26,586 as of December 31, 2020).

24. Related Parties Transactions and Balances

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

	December 31	
	2021	2020
On-Financial Position Items	JD	JD
Cash at Bank:		
Deposits and current accounts – Arab Jordan Investment Bank *	1,567,706	478,999
Accounts Receivable:		
Board of Directors members	15,598	12,579
Due to a related party:		
Four Seasons Hotels and Resorts International **	248,495	171,140
Loans:		
Arab Jordan Investment Bank *	10,432,264	6,545,000
Investment:		
Investment in Arab Jordan Investment Bank *	40,760	34,401
Off-Financial Position Items:		
Bank Guarantees - Arab Jordan Investment Bank *	15,586	26,586

	2021	2020
Income Statement items:	JD	JD
Four Seasons Hotels and Resorts International management fees **	326,249	104,959
Bank interest income - Arab Jordan Investment Bank *	7,104	11,428
Hotel executive management salaries and benefits	387,339	366,414
Bank interest expense - Arab Jordan Investment Bank *	239,792	175,423

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

** 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,	
	2021	2020
	JD	JD
Current assets	2,416,359	1,021,325
Less: Current liabilities	(3,682,760)	(4,367,178)
(Deficit) in Working Capital	(1,266,401)	(3,354,853)

The Company has a deficit in its working capital amounting to around JD 1.3 million as of December 31, 2021, which resulted from obtaining loans that matures within a year and suspension of the Hotel's operations as a result of the Coronavirus (Covid-19) pandemic, these loans were utilized for facilities renovation. During the month of July of the current year, the Hotel completed its renovation work and resumed its operational activities, which contributed to the generation of operational profits and reduction in the working capital deficit, where the Company was able to pay the due installments during the year 2021. As the hotel generated operating profits after the first half of 2021, which led to enhance the Company's cash liquidity, and the current year losses are from non-cash depreciation expense.

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 and loans 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%) which represents the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	1% +		(1% -)	
	2021	2020	2021	2020
	JD	JD	JD	JD
Income Statement	141,886	103,894	(141,886)	(103,894)

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 change with same market indicator changes:

	5% +		(5% -)	
	December 31,		December 31,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Shareholders' equity	20,038	17,621	(20,038)	(17,621)

26. Operational Segments

a. Information on the Company's Business Segments

The details of the business activities are as follow:

				For the Year Ended December 31,	
				2021	2020
	Rooms	Food and Beverage	Other	Total	Total
	JD	JD	JD	JD	JD
Revenue	3,012,791	3,546,474	1,708,006	8,267,271	3,824,021
Expenses	86,772	1,270,046	333,105	(1,689,923)	(1,020,374)
Total Sector Profit	2,926,019	2,276,428	1,374,901	6,577,348	2,803,647
Undistributed expenses				(8,013,772)	(6,670,582)
Other revenue				120,216	217,332
(Loss) for the Year before Tax				(1,316,208)	(3,649,603)
Income tax expense for the year				-	-
(Loss) for the year				(1,316,208)	(3,649,603)

b. Information on the Geographical Allocation

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

27. Adoption of new and revised Standards

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Both the Phase 1 and Phase 2 amendments are not relevant to the Company because the Company has no financial instrument linked to IBOR.

COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements as the Company did not have any leases impacted by the amendment.

a. Standards issued but not effective

At the date of authorization of these 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	Effective date
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.**

New and revised IFRSs	Effective date
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	**The effective date is yet to be set. Earlier application is permitted.**
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	**The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.**
Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	**The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.**

New and revised IFRSs	Effective date
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	**January 1, 2022, with early application permitted.**
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	**January 1, 2022, with early application permitted.**
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).	**January 1, 2022, with early application permitted.**

New and revised IFRSs	Effective date
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	**January 1, 2022, with early application permitted.**
IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.	**No effective date is stated.**
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	**January 1, 2023, with earlier application permitted and are applied prospectively.** **The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.**
Amendments to IAS 8 - Definition of Accounting Estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.	**January 1, 2023, with earlier application permitted**

New and revised IFRSs	Effective date
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	**January 1, 2023, with earlier application permitted**

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.

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, 2021	Fair Value December 31, 2020	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 through other comprehensive income						
Quoted shares	400,760	352,401	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	15,280	15,280	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
Total	416,040	367,681				

There were no transfers between Level 1 and 2 during 2021.

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, 2021		December 31, 2020		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Hierarchy
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits with bank	729,859	729,859	160,028	160,028	Level 1
Total financial assets not measured at fair value	729,859	729,859	160,028	160,028	

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.

29. Approval of the financial statements

The accompanying financial statements were approved by the Board of Directors on February 20, 2022 and these financial statements are subject to the approval of the General Assembly of Shareholders.