

METICO

Mediterranean Tourism Investment Company
شركة البحر المتوسط للاستثمارات السياحية

التاريخ : ٢٠١٧/٥/١٥

تاريخ
٥/١٥
٤٢

السادة/ هيئة الاوراق المالية المحترمين
دائرة الإفصاح
عمان - المملكة الأردنية الهاشمية

تحية واحتراماً وبعد،،،

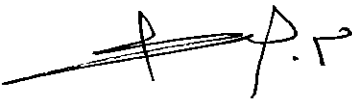
الموضوع : القوائم المالية المرحلية الموجزة مع تقرير المراجعة
لشركة البحر المتوسط للاستثمارات السياحية
كما في ٢٠١٧/٣/٣١
(النسخة الإنجليزية)

يسرنا أن نرفق لكم القوائم المالية المرحلية الموجزة مع تقرير المراجعة لشركة لشركة البحر المتوسط للاستثمارات السياحية للفترة المالية المنتهية في ٢٠١٧/٣/٣١ بعد أن تم مراجعتها من قبل مدققي حسابات الشركة.

وتفضلوا بقبول فائق الاحترام،،،

METICO

Mediterranean Tourism Investment Company
شركة البحر المتوسط للاستثمارات السياحية
عن / المدير المالي



هيئة الاوراق المالية
(البحر المتوسط للاستثمارات السياحية)
١٥
٢٠١٧
١٩٩٢٤
١١/١٥

MEDITERRANEAN TOURISM
INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN

CONDESED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2017
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL INFORMATION

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
MARCH 31, 2017

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Review Report on the Condensed Interim Financial Statements

AM/ 32794

To the Chairman and members of the Board of Directors
Mediterranean Tourism Investment Company
(A Public Shareholding Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed interim financial position of Mediterranean Tourism Investment Company (A Public Shareholding Company) as of March 31, 2017 and the related condensed interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information 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 Company". A review of condensed 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 the accompanying condensed interim financial statements for Mediterranean Tourism Investment Company are not prepared in accordance with International Accounting Standard No. (34) Related to Interim Financial Reporting.

Explanatory Paragraphs

The Company's financial year end is on December 31st of each year, and the accompanying condensed interim financial statements are prepared for management and Jordanian Securities Exchange Commission purposes only.

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

Amman - Jordan
April 27, 2017

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2017 (Reviewed not Audited)	December 31, 2016 (Audited)
<u>ASSETS</u>		JD	JD
Non-Current Assets:			
Property and equipment - net	4	45,507,484	45,274,786
Financial assets at fair value through other comprehensive income	5	<u>647,597</u>	<u>614,708</u>
Total Non-Current Assets		<u>46,155,081</u>	<u>45,889,494</u>
Current Assets:			
Inventory		313,196	368,141
Other debit balances	6	324,455	293,087
Accounts receivables - net		819,852	1,031,569
Cash on hands and at banks	7	<u>8,293,204</u>	<u>7,908,511</u>
Total Current Assets		<u>9,750,707</u>	<u>9,601,308</u>
Total Assets		<u>55,905,788</u>	<u>55,490,802</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
Shareholders' Equity:			
Paid-up capital	8/a	45,000,000	45,000,000
Share premium	8/b	63,624	63,624
Statutory reserve		3,947,566	3,947,566
Fair value reserve - net after tax		231,264	198,375
Retained earnings	8/c	51,007	2,863,502
Profit for the period		<u>551,768</u>	<u>-</u>
Net Shareholders' Equity		<u>49,845,229</u>	<u>52,073,067</u>
Current Liabilities:			
Accounts payable		1,085,311	1,005,068
Due to related parties	13	148,106	229,539
Other credit balances	9	4,119,451	1,406,451
Income tax provision	10	<u>707,691</u>	<u>776,677</u>
Total Liabilities		<u>6,060,559</u>	<u>3,417,735</u>
Net Shareholders' Equity and Total Liabilities		<u>55,905,788</u>	<u>55,490,802</u>

Authorized Member from Board of Directors

Board of Directors Chairman

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART
OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS
AND SHOULD BE READ WITH THE ACCOMPANYING REVIEW REPORT.

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three Months	
		Ended on March 31,	
		2017	2016
		JD	JD
Four Seasons Hotel operating revenue	11	4,254,947	4,035,793
<u>Less: Four seasons cost of revenue</u>		(801,420)	(499,719)
General and administrative expenses-Four Seasons Hotel		<u>(2,269,464)</u>	<u>(2,174,491)</u>
Hotel Gross Operating Profit		1,184,063	1,361,583
Other revenue		89,448	125,966
General and administrative expenses - Owner Company		(22,037)	(25,635)
Depreciation of property and equipments		(347,452)	(478,651)
Other expenses		<u>(214,313)</u>	<u>(232,431)</u>
Profit for the period before tax		689,709	750,832
Income tax for the period	10	<u>(137,941)</u>	<u>(150,164)</u>
Profit for the Period		<u>551,768</u>	<u>600,668</u>
		JD/Share	JD/Share
Earnings per Share for the Period-Basic and Diluted	12	<u>0/012</u>	<u>0/013</u>

Authorized Member from Board of Directors

Board of Directors Chairman

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MEDITERRANEAN TOURISM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months	
	<u>Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	JD	JD
Profit for the period	551,768	600,668
Net change in reserve for valuation of financial assets	<u>32,889</u>	<u>(35,493)</u>
Total Comprehensive Income for the Period	<u>584,657</u>	<u>565,175</u>

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MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Fair											
	Paid-up Capital		Share Premium		Statutory Reserve		Value Reserve - Net after Tax		Retained Earnings		Profit for the Period	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended on March 31, 2017</u>												
Beginning balance	45,000,000	63,624	3,947,566	198,375	2,863,502	-	-	-	-	-	-	52,073,067
Profit for the period	-	-	-	-	-	551,768	-	-	-	-	551,768	551,768
Changes in financial assets reserve	-	-	-	32,889	-	-	-	-	-	-	-	32,889
Total Comprehensive Income for the Period	-	-	-	32,889	-	551,768	-	-	-	-	551,768	584,657
Distributed dividends *	-	-	-	-	(2,812,495)	-	-	-	-	-	-	(2,812,495)
Ending Balance	45,000,000	63,624	3,947,566	231,264	51,007	551,768	51,007	551,768	551,768	551,768	551,768	49,845,229
<u>For the Three Months Ended on March 31, 2016</u>												
Beginning balance	45,000,000	63,624	3,528,063	198,713	2,608,021	-	-	-	-	-	-	51,398,421
Profit for the period	-	-	-	-	-	600,668	-	-	-	-	600,668	600,668
Changes in financial assets reserve	-	-	-	(35,493)	-	-	-	-	-	-	-	(35,493)
Total Comprehensive Income for the Period	-	-	-	(35,493)	-	600,668	-	-	-	-	600,668	565,175
Distributed dividends *	-	-	-	-	(2,587,500)	-	-	-	-	-	-	(2,587,500)
Ending Balance	45,000,000	63,624	3,528,063	163,220	20,521	600,668	20,521	600,668	600,668	600,668	600,668	49,376,096

* The General Assembly approved in their meeting held on March 30, 2017, to distribute 6.25% from the paid up capital which is equivalent to JD 2,812,500 as a cash dividends for the year 2016 (JD 2,587,500 for the year 2015).

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MEDITERRANEAN TOURISM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	For the Three Months		
	Ended on March 31,		
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
		JD	JD
Profit for the period before tax		689,709	750,832
Adjustments for:			
Depreciation of property and equipments		<u>347,452</u>	<u>478,651</u>
Cash Flow from Operating Activities Before Change in Working Capital		1,037,161	1,229,483
Decrease (Increase) in accounts receivables		211,717	(334,693)
Decrease in inventory		54,945	56,361
(Increase) in other debit balances		(31,368)	(377,770)
Increase in accounts payable		80,243	148,794
(Decrease) in due to related parties		(81,433)	(65,911)
Increase in other credit balances		<u>105,978</u>	<u>109,921</u>
Cash flow from Operating activities before Income Tax Paid		1,377,243	766,185
Income tax paid	10	<u>(206,927)</u>	<u>(200,633)</u>
Net Cash Flows from Operating Activities		<u>1,170,316</u>	<u>565,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchases) of property and equipment	4	<u>(580,150)</u>	<u>(767,635)</u>
Net Cash Flows (used in) Investing Activities		<u>(580,150)</u>	<u>(767,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends		<u>(205,473)</u>	<u>(2,307,703)</u>
Net Cash Flows (used in) Financing Activities		<u>(205,473)</u>	<u>(2,307,703)</u>
Net Increase (Decrease) in Cash		384,693	(2,509,786)
Cash on hand and at bank - beginning of the period		<u>7,908,511</u>	<u>9,982,796</u>
Cash on Hand and at Bank - End of the Period	7	<u>8,293,204</u>	<u>7,473,010</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART
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MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Mediterranean Tourism Investment Company is a Public Shareholding Company that was established on November 20, 1996 in Amman - Hashemite kingdom of Jordan with an authorized capital of JD 15,000,000 represented by 15,000,000 shares at a par value of Jordanian Dinar one per share. This capital have been increased several times, and the last of which was in 2003 to become 45,000,000 share/JD.
- The Company's main objectives are establishment and management of hotels, resorts and hotel facilities as well as the building of hotels, restaurants and swimming pools, including establishment and operating Four Seasons Hotel in Amman.
- The Company and Four Seasons Hotels and Resorts 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, moreover. The Hotel consists of 193 rooms, and according to this agreement the following fees should be paid to the Four Seasons Hotels and Resorts:
 1. Administrative expenses at 0.25 % of operating revenue.
 2. Franchise fees at 0.05 % of operating revenue.
 3. Consultation fees at 1.75 % of operating revenue.
 4. Operating expenses at 9 % of the modified operating revenue.
 5. Marketing fees at 0.87 % of the budgeted operating revenue of the Hotel.
 6. Advertising fees at 0.6 % of operating revenue.
- The condensed interim financial statements have been approved by the chairman of the board of directors on April 24, 2017.

2. Significant Accounting Policies

a. Basis of Preparation of the Condensed Interim Financial Statements:

- The accompanying condensed interim financial statements are prepared in accordance with the international accounting standard (34) related to interim financial statements.
- The condensed interim financial statements are prepared under the historical cost convention, except for financial assets and financial liabilities, which are stated at fair value in the condensed interim financial statements.
- The condensed interim financial statements are stated in Jordanian Dinar which represents the functional currency of the Company.
- The accompanying condensed interim financial statements do not include all the information and disclosures required for the annual financial statements of the Company, which are prepared in accordance with International Financial Reporting Standards as of December 31, 2016. In addition, the results of the Company's operations for the three months ended on March 31, 2017 do not necessarily represent indication of the expected results for the year ending December 31, 2017, and do not contain the appropriation of the profit of the current period, which is usually performed at year - end.

- b The accounting policies adopted in preparing the condensed interim financial statements is consistent with those applied in the year ended December 31, 2016 except for the effect of the adoption of the new and revised standards which is applied in the first of January of 2017.

3. Use of Estimates

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

We believe that the estimates used in the condensed interim financial statements is reasonable and consistent with that followed in the preparation of the financial statements for the year ended 2016.

4. Property and Equipment - Net

Additions on property and equipment during the first quarter of 2017 is amounted to JD 580,150 representing the renovation of hotel floors and other facilities (against JD 767,635 for the same period in the previous year).

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	March 31, 2017	December 31, 2016
<u>Quoted Shares in Amman Stock Exchange</u>	JD	JD
Al-Dawliyat for Hotels and Malls	570,000	540,000
Arab Jordan Investment Bank	52,033	49,144
	<u>622,033</u>	<u>589,144</u>
<u>Un-Quoted Shares in Amman Stock Exchange</u>		
Jordan Hospitality and Tourism Education Company*	25,564	25,564
	<u>25,564</u>	<u>25,564</u>
	<u>647,597</u>	<u>614,708</u>

- * The fair value for this investment is calculated using the latest issued information for the year ended December 31, 2015.

10. Income Tax Provision

a. Income tax provision:

The movement of the income tax provision is as follow:

	For the Three Months Ended on March 31, 2017	For the Year Ended on December 31, 2016
	JD	JD
Beginning balance for the period / year	776,677	667,481
Income tax paid	(206,927)	(768,354)
Income tax expense for the period / year	137,941	877,550
	<u>707,691</u>	<u>776,677</u>

b. The income tax represented in condensed interim income statement is as follow:

	For the Three Months Ended on March 31, 2017	2016
	JD	JD
Accrued income tax for the profit of the period	137,941	150,164
	<u>137,941</u>	<u>150,164</u>

- The Company did not book deferred tax assets due to immateriality, moreover, management does not expect to benefit from these assets in the near future.
- The Company has reached a final settlement with Income Tax Department up to the year 2015. In the opinion of the management and its tax advisor the booked provisions in the financial statements are sufficient to meet the tax obligations.
- Mediterranean Tourism Investment Company (Four Seasons Hotel) was considered as financial project thus its granting exemptions from the prescribed fees in articles (6&7) of the investment promotion law No. 16 for the year 1995 as follows :
 - a. Exempting imported property and equipment that are used exclusively in the project from all fees and customs.
 - b. Exempting imported spare parts equivalent to 15% of the value of property and equipments from all fees taxes and customs duties.
 - c. The Company was exempted from taxes and customs fees related to capital expenditures, this exemption will expire on May 27, 2017.

11. Four Seasons Hotel Operating Revenue

This item consists of the following:

	For the Three Months Ended on March 31, 2017	2016
	JD	JD
Rooms revenue	1,778,089	2,593,764
Food revenue	1,195,460	816,464
Beverage revenue	357,262	134,637
Banqueting revenue	198,657	77,974
Others	725,479	412,954
	<u>4,254,947</u>	<u>4,035,793</u>

12. Earnings Per Share for the Period – Basic and Diluted

This item consists of the following:

	For the Three Months Ended on March 31,	
	2017	2016
	JD	JD
Income for the period	551,768	600,668
Weighted-average number of shares	<u>45,000,000</u>	<u>45,000,000</u>
Earnings per Share for the Period-Basic and Diluted	<u>0.012</u>	<u>0.013</u>

13. Balances and Transactions with Related Parties

The following is the Balances and transactions with related parties details:

	March 31,	December 31,
	2017	2016
<u>Items in condensed interim financial position:</u>	JD	JD
Cash at Bank:		
Deposits and current account - AJIB *	8,273,204	7,888,511
Accounts Receivables:		
Board of directors members	33,184	20,714
Due to Related Parties:		
Four Seasons Hotels and Resorts **	148,106	229,539
<u>Items off condensed interim financial position:</u>		
Bank Guarantees – AJIB *	24,872	24,872

	For the Three Months Ended on March 31,	
	2017	2016
<u>Items in the condensed interim income statements:</u>	JD	JD
Four Seasons Hotels and Resorts management fees**	214,313	232,431
Interest Income - AJIB *	33,522	49,506
Salaries and benefits for upper management of the Hotel	314,031	220,217

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

** The operator Company of the hotel business.

14. Sectoral and Geographical Distribution

a. Information about the Company's Business Sectors

The Company is organized, for managerial purposes, into building a residence and managing hotels and resorts, hotels preparations and constructing hotels, restaurants, and swimming pools. Note (16) illustrate the distribution of the Company's revenue.

b. Information about Geographical Sector

All the Company's assets, liabilities, and operations is in the Hashemite Kingdom of Jordan.

15. Lawsuits

There are lawsuits raised against the Company amounted to JD 39,989 in the courts as of March 31, 2017. The Management of the Company believes that the booked provisions amounted to JD 25 K are sufficient and no need to book additional provision.

16. Fair Value Hierarchy

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

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

Financial Assets/ Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	March 31, 2017	December 31, 2016				
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through comprehensive income						
Quoted shares	622,033	589,144	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	25,564	25,564	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
Total	647,597	614,708				

There were no transfers between Level 1 and 2 during the first quarter of the year 2017.

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 carrying amount of financial assets and liabilities shown in the financial statements approximates their fair value because the Company's management believes that the carrying value of the items is equivalent to their fair value. This is due to either maturity or short-term interest rates repriced during the year.

	March 31, 2017		December 31, 2016		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Deposits with bank	4,156,814	4,174,916	3,883,815	3,929,874	Level 2
Total financial assets not calculated at fair value	4,156,814	4,174,916	3,883,815	3,929,874	

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.