

للمصاح
بورصة عمان
السادة
التيه

عمان في 2019/3/24
رقم : 2019/15

٣/٢٦

السادة هيئة الأوراق المالية المحترمين
دائرة الإفصاح والمعايير المحاسبية
السادة بورصة عمان المحترمين
السادة مركز ايداع الاوراق المالية المحترمين

الموضوع : التقرير السنوي والبيانات المالية لعام 2018

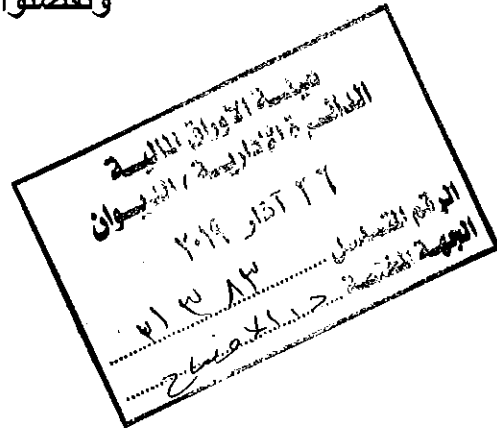
تحية واحترام ،،،

ارفق طيه ما يلي :

- 1- نسخة اصلية للقوائم المالية 2018 باللغة العربية.
- 2- نسخة اصلية للقوائم المالية 2018 باللغة الانجليزية.
- 3- نسخة اصلية للتقرير السنوي والبيانات المالية 2018.
- 4- نسخة على CD للتقرير السنوي والبيانات المالية 2018.
- 5- دعوة الهيئة العامة العادية التي سترسل للمساهمين للاجتماع الساعة الحادية عشرة قبل ظهر يوم الثلاثاء الموافق 2019/4/30 في فندق شيراتون عمان.

وتفضلوا بقبول فائق الاحترام

المدير العام
الشركة مساهمة مدانات
للفنادق والأسواق التجارية
عمان - الأردن



AL DAWLIYAH FOR HOTELS AND MALLS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2018



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Ernst & Young Jordan

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Al Dawliyah for Hotels and Malls Public Shareholding Company
Amman – Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Dawliyah for Hotels & Malls Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, the statement of comprehensive income, statement of changes in 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 at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 year ended 31 December 2018. 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. For each matter below, our description of how our audit addressed the matter provided in that context.

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.

Revenue recognition	
Key Audit Matter	How the key audit matter was addressed
<p>We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue due to high volume of revenues with low value transactions. In addition, We focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenue. The Company focuses on revenue as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service.</p>	<p>We considered the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable International Financial Reporting Standards. We tested the Company's controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures for the gross margin for rooms and food and beverages departments.</p> <p>Having built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts.</p> <p>Refer to Note 28 to the financial statements for more details about revenues and note 5 for significant accounting policies and significant judgements and estimates applicable to revenue account.</p>

Other information included in the Company's 2018 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 ISAs, we exercise professional judgment 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence 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 exist, 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.



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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 period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Mohammad Ibrahim Al-Karaki; license number 882.

Amman – Jordan
3 March 2019

Ernst + Young

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
<u>ASSETS</u>			
Non-current assets			
Property and equipment	6	55,698,325	56,237,798
Investments in properties	8	1,523,038	1,523,038
Investment in associate	9	40,609	66,353
Financial assets at fair value through other comprehensive income	10	3,864,045	3,913,321
Financial assets at amortized cost	7	500,000	500,000
		<u>61,626,017</u>	<u>62,240,510</u>
Current assets			
Inventories		345,331	404,075
Accounts receivable	11	441,647	478,970
Other current assets	12	471,146	318,195
Cheques under collection		17,417	30,053
Cash and deposits at banks	22	230,921	845,768
		<u>1,506,462</u>	<u>2,077,061</u>
Total Assets		<u>63,132,479</u>	<u>64,317,571</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Paid-in capital	13	43,200,000	43,200,000
Statutory reserve	14	10,800,000	10,800,000
Fair value reserve	10	(629,591)	(580,315)
Retained earnings		1,778,588	3,559,609
Total Equity		<u>55,148,997</u>	<u>56,979,294</u>
LIABILITIES			
Non-current liability			
Long-term loans	15	<u>2,464,083</u>	<u>2,923,967</u>
Current liabilities			
Due to banks	16,22	290,368	58,597
Current portion of long –term loans	15	2,444,533	753,879
Accounts payable		774,251	1,504,801
Other current liabilities	17	1,946,329	1,897,355
Income tax provision	23	63,918	199,678
		<u>5,519,399</u>	<u>4,414,310</u>
Total Liabilities		<u>7,983,482</u>	<u>7,338,277</u>
Total Equity and Liabilities		<u>63,132,479</u>	<u>64,317,571</u>

The accompanying notes from 1 to 29 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Notes</u>	<u>2018</u> <u>JD</u>	<u>2017</u> <u>JD</u>
Operating revenues from Amman Sheraton Hotel		11,233,953	11,973,807
Operating expenses from Amman Sheraton Hotel		(8,419,891)	(8,492,538)
Depreciation on property and equipment		(1,551,079)	(1,461,587)
Net operating revenues from the hotel		1,262,983	2,019,682
Other income	19	43,314	66,196
Depreciation		(14,325)	(17,794)
Finance costs		(202,546)	(44,715)
Administrative expenses	20	(710,919)	(895,557)
Share of loss from an associate	9	(25,744)	(7,927)
Dividends income		146,087	161,914
Profit before income tax		498,850	1,281,799
Income tax expense	23	(119,871)	(257,945)
Profit for the year		378,979	1,023,854
		<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share	21	<u>0/0088</u>	<u>0/024</u>

The accompanying notes from 1 to 29 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u> JD	<u>2017</u> JD
Profit for the year	378,979	1,023,854
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods		
Net change in fair value reserve	<u>(49,276)</u>	<u>(232,364)</u>
Total comprehensive income for the year	<u><u>329,703</u></u>	<u><u>791,490</u></u>

The accompanying notes from 1 to 29 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Paid-in capital JD	Statutory reserve JD	Fair value reserve JD	Retained earnings* JD	Total JD
2018 -					
Balance as at 1 January 2018	43,200,000	10,800,000	(580,315)	3,559,609	56,979,294
Total comprehensive income for the year	-	-	(49,276)	378,979	329,703
Dividends (note 18)	-	-	-	(2,160,000)	(2,160,000)
Balance as at 31 December 2018	<u>43,200,000</u>	<u>10,800,000</u>	<u>(629,591)</u>	<u>1,778,588</u>	<u>55,148,997</u>
2017 -					
Balance as at 1 January 2017	43,200,000	10,800,000	(347,951)	5,775,755	59,427,804
Total comprehensive income for the year	-	-	(232,364)	1,023,854	791,490
Dividends	-	-	-	(3,240,000)	(3,240,000)
Balance as at 31 December 2017	<u>43,200,000</u>	<u>10,800,000</u>	<u>(580,315)</u>	<u>3,559,609</u>	<u>56,979,294</u>

* It is restricted to use an amount of JD 629,591 from retained earnings, which represents the negative balance of the fair value reserve as of 31 December 2018.

The accompanying notes from 1 to 29 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
<u>OPERATING ACTIVITIES</u>			
Profit before income tax		498,850	1,281,799
Adjustments for:			
Depreciation	6	1,565,404	1,479,381
Finance costs		202,546	44,715
Interest income		(35,224)	(52,962)
(Excess in) provision for expected credit losses	11	(2,670)	10,734
Dividends income		(146,087)	(161,914)
Share of loss from an associate	9	25,744	7,927
Changes in working capital:			
Inventories		58,744	61,488
Accounts receivable and cheques under collection		52,629	(25,469)
Other current assets		(152,951)	44,336
Accounts payable		(730,550)	(193,390)
Other current liabilities		48,974	648,369
Income tax paid	23	(255,631)	(513,757)
Net cash flows from operating activities		1,129,778	2,631,257
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	6	(1,025,931)	(1,473,075)
Projects under construction		-	(521,957)
Financial assets at fair value through other comprehensive income		-	(1,416,924)
Purchase of financial assets at amortized cost		-	(500,000)
Accounts receivable/ Sales of investments in property		-	6,000,000
Interest income received		35,224	52,962
Dividends income received		146,087	161,914
Net cash flows (used in) from investing activities		(844,620)	2,302,920
<u>FINANCING ACTIVITIES</u>			
Repayments of loans		(929,230)	(2,178,025)
Proceeds from loans		2,160,000	710,000
Dividends paid		(2,160,000)	(3,240,000)
Finance costs paid		(202,546)	(44,715)
Net cash flows used in financing activities		(1,131,776)	(4,752,740)
Net increase (decrease) in cash and cash equivalents		(846,618)	181,437
Cash and cash equivalents at the beginning of the year		787,171	605,734
Cash and cash equivalents at the end of the year	22	(59,447)	787,171

The accompanying notes from 1 to 29 form part of these financial statements

(1) GENERAL

Al Dawliyah for Hotels and Malls Public Shareholding Company (the "Company") was established as a result of the merger of International Group of Hotels Association Public Shareholding Company and Development Company for Tourism and Trade Limited Liability Company on 1 August 1998 and then it was merged with Al Saad Company for Tourism and Trade Projects LLC. The Company's paid-in capital amounted to JD 43,200,000 divided into 43,200,000 shares with a par value of JD 1 per share.

The Company's main activities are to develop, construct, sale, purchase, renting, and leasing hotels, restaurants, theaters, swimming pools, and malls for its own accounts and for others.

The Company and Sheraton Overseas Management Corporation signed Amman Sheraton management agreement on 4 April 1995. The agreement is valid for 20 years commencing from the day of the official opening of the Hotel, that was on 1 July 2001.

The Company owns Amman Sheraton Hotel that has 267 rooms and suites and it started operating on 1 July 2001.

The financial statements were approved by the Company's Board of Directors on 13 February 2019. These financial statements require the approval of the general assembly of the shareholders of the Company.

(2) BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income which are presented at fair value as of the date of the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been presented in Jordanian Dinar, which is the functional currency of the Company.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the followings:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 is as follows :

(a) Sale of goods

The Company contracts with customers for the sale of equipment/goods generally include performance obligation(s). The Company has concluded that revenue from sale of equipment/goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Variable consideration

Some contracts for the sale of equipment/goods provide customers with a right of return and volume rebates. Prior to the adoption of IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company/Group deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Company previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

(b) Advances received from customers

Generally, the Company receives short-term advances from its customers. However, from time to time, the Company also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Company presented these advances as deferred revenue in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

IFRS 9 requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Company has applied the simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 *insurance contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Company.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Company's financial statements.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

In the opinion of the Company's management its estimates included in the financial statement are reasonable and are disaggregated as follows:

Allowance for expected credit loss:

Allowance for expected credit loss on receivables is reviewed in accordance with the simplified approach and under the principles and assumptions approved by the Company's management to estimate the allowance amount in accordance with IFRS requirements.

Income Tax provision:

The fiscal year shall be charged in respect of the income tax expense in accordance with the regulations, laws and accounting standards. The tax provision shall be calculated

Useful life of properties and equipment:

The Group's management estimates the useful life for its tangible and intangible assets for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually impairment is recorded in the statement of profit or loss (if any).

Legal Provision: To meet any legal obligations, provisions are made for these obligations based on the opinion of the Company's legal advisor.

(5) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses.

Property and equipment (except for lands) is depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	<u>%</u>
Hotel Building	1, 5
Machinery and equipment	6-20
Furniture and fixture	8
Vehicles	15

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Loss is recognized in the statement of profit or loss.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property and equipment. All other expenditures are recognised in the statement of profit and loss as the expense is incurred.

Investment properties

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses. Investment properties (except for land) are depreciated when it is ready to be used on a straight-line basis over their estimated useful lives.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Accounts receivable

Accounts receivable are stated at original invoice amount less any expected credit loss. The Company applies the simplified approach in calculating the expected credit loss in accordance with the international financial accounting standard number (9).

Inventories

Inventories are valued at cost (weighted average costing) or net realizable value whichever is lower.

Investments in associates

An associate is an entity in which the Company has significant influence on the financial and operating decision making (the Company does not control) which the company owns 20% to 50% from the voting rights. The Company's investments in its associates are accounted for using the equity method.

Income and expenses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

Financial assets at amortized cost

Financial assets at amortized cost are the financial assets that the Company's management, in accordance with its business model, intends to maintain in order to collect contractual cash flows which consist of payments of principal and interest on the outstanding debt balance.

These assets are recognized at cost, plus acquisition costs, and the allowance / discount is amortized using the effective interest method, restricted or credited to the interest, and any impairment charge is removed and the original or part of the asset cannot be recovered. Their value in the consolidated statement of income.

The amount of impairment in value of these assets represents the difference between the carrying value of the records and the present value of the expected cash flows discounted at the original effective interest rate.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the statement of other comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded at the statement of profit and loss and in the statement of equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings.

These assets are not subject to impairment testing and dividends received are recognised in the statement of profit and loss when declared.

Fair value

The Company measures financial instruments such as financial assets at fair value through other comprehensive income at fair value on the date of the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for services or goods received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and the cost to settle the obligation is both probable and able to be reliably measured.

Loans and borrowings

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest rate method.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments which are measured based on the reporting to management and the decision makers in the Company,

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Revenue and expenses recognition

Revenue is recognized based on the five-step model framework derived from the international financial reporting standard number (15) which includes the identification of the contract, price, allocating the contract price to the performance obligation in the contract and recognizing revenue when the company satisfies the performance obligation. Whereby revenue is recognized when selling goods to the customers and issuing the invoice to the customer at a point in time.

Hotel operating revenue is recognized when rendering services or selling food and beverage.

Other income is recognised on accrual basis.

Expenses are recognised on accrual basis.

Foreign currency

Foreign currency transactions during the year are recorded using exchange rates that are in effect at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the statement of profit or loss.

Income Taxes

Income tax for the years is accounted for in accordance with the Income Tax Law No. (34) of 2014 and International Accounting Standard No. 12 which states that deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

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(6) PROPERTY AND EQUIPMENT

	Lands and Work in progress	Amman Sheraton Hotel land	Amman Sheraton Hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Solar project	Total
2018- Cost	JD	JD	JD	JD	JD	JD	JD	JD
At 1 January 2018	3,809,058	6,531,407	50,162,278	6,490,216	6,557,426	150,218	3,634,782	77,335,385
Additions	-	-	403,753	71,312	189,113	-	361,753	1,025,931
At 31 December 2018	3,809,058	6,531,407	50,566,031	6,561,528	6,746,539	150,218	3,996,535	78,361,316
Accumulated depreciation								
At 1 January 2018	-	-	11,243,877	4,472,173	5,279,074	102,463	-	21,097,587
Depreciation for the year	-	-	752,434	374,991	237,437	18,802	181,740	1,565,404
At 31 December 2018	-	-	11,996,311	4,847,164	5,516,511	121,265	181,740	22,662,991
Net book value								
At 31 December 2018	3,809,058	6,531,407	38,569,720	1,714,364	1,230,028	28,953	3,814,795	55,698,325

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2017-	Lands and Work in progress	Amman Sheraton Hotel land	Amman Sheraton Hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Solar project	Total
Cost	JD	JD	JD	JD	JD	JD	JD	JD
At 1 January 2017	3,809,058	6,531,407	48,937,487	6,360,145	6,439,213	150,218	-	72,227,528
Additions	-	-	1,224,791	130,071	118,213	-	-	1,473,075
Transferred from projects in progress	-	-	-	-	-	-	3,634,782	3,634,782
At 31 December 2017	3,809,058	6,531,407	50,162,278	6,490,216	6,557,426	150,218	3,634,782	77,335,385
Accumulated depreciation								
At 1 January 2017	-	-	10,509,815	4,095,693	4,932,768	79,930	-	19,618,206
Depreciation for the year	-	-	734,062	376,480	346,306	22,533	-	1,479,381
At 31 December 2017	-	-	11,243,877	4,472,173	5,279,074	102,463	-	21,097,587
Net book value								
At 31 December 2017	3,809,058	6,531,407	38,918,401	2,018,043	1,278,352	47,755	3,634,782	56,237,798

(7) FINANCIAL ASSETS AT AMORTIZED COST

During January 2017, the Company has purchased 500 bond from the bonds issued by Arab International Hotels Company (sister company) with total amount of JD 500,000 the bonds bears interest rate of 5.5% which is due each six months from each year. The bonds mature in full on 22 January 2022.

(8) INVESTMENTS PROPERTIES

Investments properties represents lands presented at cost with a fair value of JD 1,523,038.

(9) INVESTMENT IN ASSOCIATE

This item represents the amount paid of the Company's share of 25% in the share capital of Interior Design Studio Limited Liability Company registered in Jordan amounting to JD 200,000 divided into 200,000 share with a par value of JD 1 per share and its main objective is interior designs work.

Movements in investment in associates is as follows:

	2018 JD	2017 JD
Balance at 1 January	66,353	74,280
Share of loss of an associate	(25,744)	(7,927)
Balance at 31 December	40,609	66,353

The summary of the financial statements on the Company's investment in Interior Design Studio Limited Liability Company is as follows:

	2018 JD	2017 JD
Non-current assets	27,582	39,463
Current assets	415,054	336,706
Current liabilities	(280,182)	(102,832)
Equity	162,454	273,337
Ownership %	25%	25%
Value on investment	40,609	66,353

	2018 JD	2017 JD
Revenues	449,385	47,931
Expenses	(552,361)	(79,639)
Loss for the year	(102,976)	(31,708)
The Company's share of loss for the year	(25,744)	(7,927)

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	JD	JD
Investment in quoted shares	1,527,139	1,576,415
Investment in unquoted shares	2,336,906	2,336,906
	<u>3,864,045</u>	<u>3,913,321</u>

Movements on fair value reserve is as follows:

	2018	2017
	JD	JD
Beginning balance at 1 January	(580,315)	(347,951)
Change in fair value	(49,276)	(232,364)
Ending balance at 31 December	<u>(629,591)</u>	<u>(580,315)</u>

(11) ACCOUNTS RECEIVABLE

	2018	2017
	JD	JD
Trade receivables	453,473	493,466
Less: Expected credit losses	(11,826)	(14,496)
	<u>441,647</u>	<u>478,970</u>

The total amount of expected credit losses is JD 11,826 as of 31 December 2018 compared to JD 14,496 as at 31 December 2017.

Movement on expected credit loss provision is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	14,496	3,762
Charge for the year	(2,670)	10,734
Balance at the end of the year	<u>11,826</u>	<u>14,496</u>

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As at 31 December, the ageing of unimpaired receivables net of provision for expected credit loss is as follows:

	Not past due and not impaired	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120 + days	Total
	JD	JD	JD	JD	JD	JD	JD
2018	47,831	188,148	130,791	35,861	29,602	9,414	441,647
2017	58,205	144,810	155,904	65,492	35,529	19,030	478,970

The management expects to collect all unimpaired receivables balances. It is not the practice of the Company to obtain collateral over receivable.

(12) OTHER CURRENT ASSETS

	2018	2017
	JD	JD
Prepaid expenses	96,307	106,544
Interest receivable	11,458	11,458
Refundable deposits	142,906	142,906
Advances	77,730	43,406
Employees receivables	104,298	3,330
Others	38,447	10,551
	<u>471,146</u>	<u>318,195</u>

(13) Paid in Capital

The Company authorized paid-in capital amounted to JD 43,200,000 divided to 43,200,000 shares with par value of JD 1 per share as at 31 December 2018.

(14) Statutory Reserve

The accumulated amounts in this account represent cumulative appropriations of 10% of the profit before income tax. The statutory reserve is not available for distribution to the shareholders. The Company is allowed to stop the yearly transfer when the reserve amount reaches 25% of the share capital. Hence, the Company did not transfer any additional amount to statutory reserve.

(15) Loans

The classifications of these loan are as per the maturity date are as follows:

	Current Portion of Long- Term Loans JD	Long Term Loans JD	Total JD
2018	<u>2,444,533</u>	<u>2,464,083</u>	<u>4,908,616</u>
2017	<u>753,879</u>	<u>2,923,967</u>	<u>3,677,846</u>

All loans are granted from Jordan Ahli Bank and the details are as below:

Loan (1)

The Company signed an agreement with Jordan Ahli Bank on 5 November 2016 for an energy loan amounting to JD 4,000,000 and bears an annual interest rate of 4% on the utilized daily balance. The loan is repayable in 18 equal semi-annual instalments, the first instalment was due on 1 November 2016 and the last instalment is due on 1 May 2025. The loan balance amounted to JD 2,858,526 as of 31 December 2018.

Loan (2)

The Company signed an agreement with Jordan Ahli Bank on 19 September 2017 for a loan amounting to USD 2,000,000 and bears an annual interest rate of 5.125% on the utilized daily balance. The loan is repayable in 24 equal monthly instalments, the first instalment was due on 1 October 2018 and the last instalment is due on 20 August 2019. The loan balance amounted to JD 266,215 as of 31 December 2018.

Loan (3)

The Company signed an agreement with Jordan Ahli Bank on 31 March 2012 for a revolving loan amounting to USD 4,000,000 and bears an annual interest rate of 5.125% on the utilized daily balance. The loan is repayable in 4 quarterly instalments, the first instalment is due on 6 February 2019 and the last instalment is due on 25 November 2019. The loan balance amounted to JD 1,783,875 as of 31 December 2018.

The amount of annual payments and instalments of the loans are as follows:

Year	JD
2019	2,444,533
2020 and after	<u>2,464,083</u>
	<u>4,908,616</u>

These loans were granted against the Company's guarantee and mortgage on the land of Sheraton Hotel.

(16) DUE TO BANKS

This item represents the utilized amount of JD 290,368 from the overdraft facilities granted from Jordan Ahli Bank with a ceiling of JD 1,500,000 bearing annual interest rate of 8.625%. Those facilities were granted against mortgage on the land of Sheraton Hotel.

(17) OTHER CURRENT LIABILITIES

	<u>2018</u>	<u>2017</u>
	JD	JD
Accrued expenses	1,045,854	910,139
Sales tax payable	168,561	188,865
Deferred income	135,975	238,759
Board of Directors' benefits	41,600	65,000
Dividends payable	378,727	377,709
Others	175,612	116,883
	<u>1,946,329</u>	<u>1,897,355</u>

(18) Dividends

The General Assembly approved in its meeting held on 22 April 2018, the distribution of cash dividends amounted to JD 2,160,000 representing 5% of the paid in capital as of 2017.

(19) OTHER INCOME

	<u>2018</u>	<u>2017</u>
	JD	JD
Interest income	35,224	52,962
Other income	8,090	13,234
	<u>43,314</u>	<u>66,196</u>

(20) ADMINISTRATIVE EXPENSES

	2018	2017
	JD	JD
Salaries, wages and other benefits	232,920	222,600
Bonus expense	50,000	50,000
Social security expenses	11,424	10,986
Board of Directors transportation and benefits	129,200	155,600
Professional and consulting fees	8,211	8,120
Insurance expenses	61,032	62,356
Maintenance expenses	3,064	3,157
Rent	30,000	30,000
Governmental fees	94,119	97,604
Utilities expenses	8,483	7,877
Donations	22,600	182,600
Others	59,866	64,657
	<u>710,919</u>	<u>895,557</u>

(21) BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
Profit for the year (JD)	378,979	1,023,854
Weighted average number of shares (share)	43,200,000	43,200,000
Basic and diluted earnings per share JD/ Fils	<u>0/0088</u>	<u>0/024</u>

The diluted earnings per share of the profit for the year is equal to the basic earnings per share of profit for the year.

(22) CASH AND CASH EQUIVALENT

The cash and cash equivalents shown in the cash flow statement includes the following balances shown in the statement of financial position :

	2018	2017
	JD	JD
Cash on hands and at banks	230,921	845,768
Due to banks	(290,368)	(58,597)
	<u>(59,447)</u>	<u>787,171</u>

(23) INCOME TAX

The income tax for the years ended 31 December 2018 and 31 December 2017 is calculated in accordance with the Income Tax Law No. (34) of 2014. The Company received a final clearance from the tax authorities for the year 2016

The Company submitted its self-tax assessment for the year 2017; the income tax department has not reviewed the income tax declaration up to the date of these financial statements.

Movement on income tax provision is as follow:

	2018	2017
	JD	JD
Balance at the beginning of the year	199,678	455,490
Income tax paid	(255,631)	(513,757)
Income tax expense	100,223	257,945
Income tax on prior years	19,648	-
Balance at the end of the year	63,918	199,678

The reconciliation between the accounting profit before income tax and taxable income is as follows:

	2018	2017
	JD	JD
Accounting profit before tax	498,850	1,281,799
Less: non-taxable income	(278,348)	(161,914)
Add: non-deductible expenses	280,616	169,840
Taxable income	501,118	1,289,725
Income tax expense for the year	100,223	257,945
Effective income tax rate	20%	20%
Statutory income tax rate	20%	20%

(24) TRANSACTION WITH RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related parties' balance in the statement of financial position are as follows:

	2018 JD	2017 JD
Loans and credit facilities from Jordan Ahli Bank (shareholder)	4,908,616	3,677,846
Deposits at Jordan Ahli Bank (shareholder)	-	529,308
Current accounts at Jordan Ahli Bank (shareholder)	206,111	291,123
Overdraft account from Jordan Ahli Bank (shareholder)	290,368	58,597
Financial asset at amortized cost		
Arab International Hotels Company (sister company)	500,000	500,000
Financial Assets at fair value through OCI		
Jordan Worsted Mills. Co (sister company)	866,400	970,368
Beaches company for tourism hotels (sister company)	222,222	222,222
Jordan investor Center Co. (sister company)*	2,066,684	2,066,684
Investments in affiliates		
Interior design studios Co. (affiliate company)	40,609	66,353
Accounts payable		
Accounts payable related to Jordan investor Center Co. (Shareholders)	-	650,000
Accounts receivable		
Accounts receivable – Board of directors	100,000	-

Transactions with related parties included in the statement of profit and loss are as follows:

	2018 JD	2017 JD
Salaries and other benefits-Key management personnel	202,920	195,000
Transportation allowances and benefits for Board of Directors	129,200	155,600
Chairman Remuneration	50,000	50,000
Interest income – Jordan Ahli Bank (shareholder)	7,724	27,752
Interest income - Financial assets at amortized cost - Arab International Hotels Company (sister company)	27,500	25,210
Finance cost – Jordan Ahli Bank (shareholder)	202,546	44,715
Dividends income – Jordan Worsted Mills. Co	64,980	72,200

(25) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits and bank overdraft and term loans.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2018.

The following table demonstrates the sensitivity of the statement of profit and loss to reasonably possible changes in interest rates as 31 December 2018, with all other variables held constant.

2018- Currency	<i>Increase in interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	(11,752)
USD	25	(301)
Currency	<i>Decrease in interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	11,752
USD	25	301
2017- Currency	<i>Increase in interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	(6,471)
USD	25	(767)
Currency	<i>Decrease in interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	6,471
USD	25	767

Equity price risk

The following table demonstrates the sensitivity of the cumulative effect in fair value to reasonably possible changes in equity prices, with all other variables held constant.

2018- Equity price	Change in equity price	Effect on equity
	(%)	JD
Amman Stock Market	10	152,714

2017 - Equity price	Change in equity price	Effect on equity
	(%)	JD
Amman Stock Market	10	157,641

The effect of decrease in equity price is expected to be equal and opposite to the effect of the increase shown above.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

The Company provides its services to a large number of customers. No customer represents 10% of the receivables as at 31 December 2018 and 2017.

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

31 December 2018	Less than 3 months	3 to 12 months	1 to 3 Years	Total
	JD	JD	JD	JD
Accounts payable	774,251	-	-	774,251
Loans and due to banks	747,858	1,995,439	2,648,340	5,391,637
Other current liabilities	420,327	-	-	420,327
Total	1,942,436	1,995,439	2,648,340	6,586,215

31 December 2017	Less than 3 months JD	3 to 12 months JD	1 to 3 years JD	Total JD
Accounts payable	1,504,801	-	-	1,504,801
Loans and due to banks	221,499	1,080,175	3,491,104	4,792,778
Other current liabilities	442,709	-	-	442,709
Total	<u>2,169,009</u>	<u>1,080,175</u>	<u>3,491,104</u>	<u>6,740,288</u>

Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollar. The Jordanian Dinar is fixed against US Dollar (1.41 USD / 1JD). Accordingly the effect of currency risk is not material to the financial statements.

(26) FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consists of cash on hand and at banks, account receivable, and other debit balances. Financial liabilities consist of accounts payable, due to banks, long-term loans, and other current liabilities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

2018-	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
Financial assets at fair value through other comprehensive income	<u>1,527,139</u>	<u>-</u>	<u>2,336,906</u>	<u>3,864,045</u>
2017-				
Financial assets at fair value through other comprehensive income	<u>1,576,415</u>	<u>-</u>	<u>2,336,906</u>	<u>3,913,321</u>

(27) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes for the current year and previous year.

Capital comprises of paid-in capital, statutory reserve, cumulative change in fair value, and retained earnings and is measured at JD 55,148,997 as at 31 December 2018 (2017: JD 56,979,294).

(28) SEGMENT INFORMATION

A business segment is the Company's assets and operations engaged in providing products together or are subject to risks and returns services differ from those of other business segments.

Geographical segment is associated in providing products or services in a particular economic environment subject to risks and rewards that are different from those in other segments operating in other economic environments.

The following table represent Sheraton Amman operating revenue:

	2018 JD	2017 JD
Rooms Revenues	6,051,078	6,808,602
F&B Revenues	4,242,391	4,292,631
Other Revenues	940,484	872,574
	<u>11,233,953</u>	<u>11,973,807</u>

	Hotel sector JD	Investment in financial assets JD	Total JD
31 December 2018 -			
Revenues	11,249,767	173,587	11,423,354
Business results -			
Income before income tax	325,263	173,587	498,850
Income tax	(112,567)	(7,304)	(119,871)
Net profit for the year	212,696	166,283	378,979
<u>Other Segment information</u>			
Capital expenditure	1,025,931	-	1,025,931
Depreciation	1,565,404	-	1,565,404

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	Hotel sector	Investment in financial assets	Total
31 December 2017 -	JD	JD	JD
Revenues	12,014,793	179,197	12,193,990
Business results -			
Income before income tax	1,102,602	179,197	1,281,799
Income tax	(248,985)	(8,960)	(257,945)
Net profit for the period	853,617	170,237	1,023,854

Other Segment information

Capital expenditure	1,995,032	-	1,995,032
Depreciation	1,479,381	-	1,479,381

	Hotel sector	Investment in properties	Investment in financial assets	Total
	JD	JD	JD	JD
<u>Assets and Liabilities</u>				
31 December 2018				
Assets for the sector	57,204,787	1,523,038	4,404,654	63,132,479
Liabilities for the sector	7,983,482	-	-	7,983,482
31 December 2017				
Assets for the sector	58,314,859	1,523,038	4,479,674	64,317,571
Liabilities for the sector	7,338,277	-	-	7,338,277

The Company's operations are in the Kingdom of Jordan.

(29) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

The Company has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Company will adopt IFRS 16 using the modified retrospective approach. During 2018, the Company has performed a detailed impact assessment of IFRS 16. The Company does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 16.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.