

التاريخ : ٢٠١٧/٥/١٥

السادة/ هيئة الأوراق 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 ٢٠١٦ / ١٢ / ٣١  
(النسخة الإنجليزية)

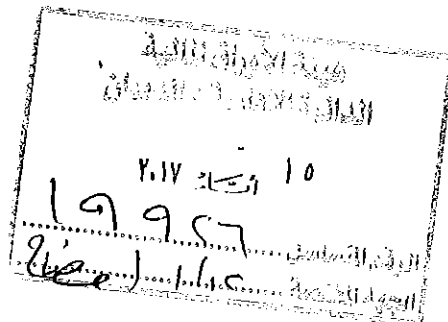
يسرنا أن نرفق لكم القوائم المالية المرحلية الموجزة مع تقرير المراجعة لشركة لشركة البحر المتوسط للاستثمارات السياحية للفترة المالية المنتهية في ٢٠١٦/١٢/٣١ بعد أن تم مراجعتها من قبل مدققي حسابات الشركة.

**وتفضلوا بقبول فائق الاحترام،،**

# METICO

عن / المدير المالي

عن / المدير المالي



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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT

## **Independent Auditor's Report**

To the Shareholders of  
Mediterranean Tourism Investments Company  
Amman - Jordan

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the financial statements of Mediterranean Tourism Investments Company, which comprise the statement of financial position as at December 31, 2016, and the statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, 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 most significant to 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.

#### **Property and Equipment**

Property and equipment is considered a key audit matter for our audit of the financial statements since it represents 81% of the Company's total assets as of December 31, 2016.

Estimating the useful lives for the property and equipment is based on assumptions and judgments made by management, the management reviews the useful lives of the property and equipment at the end of each year to check if there is any indications for impairment.

#### **Scope of Audit to Address the Risk**

Our audit procedures included an understanding of the Company's property and equipment nature, in addition to testing the adopted internal controls related to purchasing, counting of property and equipment and reviewing the accounting estimates that is prepared by the management for depreciation of these assets. Moreover, our audit procedures included reviewing any indications for impairment for these assets, furthermore, we have recalculated a sample of the depreciation expense for the year.

#### **Income Tax Provision**

The calculation of the income tax expense and income tax provision for open tax years involve assumptions and estimations of significant amounts in the financial statements as a whole. Furthermore, the Company undertakes extensive daily work within its regular operations as a result, the estimates and judgments for taxation is considered a significant matter.

#### **Scope of Audit to Address the Risk**

We have performed auditing procedures to obtain understanding of the risks related to income tax, the Company's procedures regarding evaluating and calculating of due taxes which are based on a tax consultant opinion, furthermore, we have also evaluated the appropriateness and adequacy of income tax provision disclosures.

### **Other Matter Paragraph**

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

### **Other Information**

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

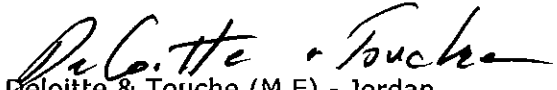
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

The Company maintains proper accounting records which are in agreement with the accompanying financial statements. We recommend that the General Assembly of Shareholders approve these financial statements.

Amman - Jordan  
March 2, 2017

  
Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**  
Public Accountants  
Amman - Jordan

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

		<u>December 31,</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
<b><u>ASSETS</u></b>			
<b>Non Current Assets:</b>			
Property and equipment - net	4	45,274,786	42,468,003
Financial assets at fair value through other comprehensive income	5	614,708	615,046
<b>Total Non Current Assets</b>		<b>45,889,494</b>	<b>43,083,049</b>
<b>Current Assets:</b>			
Inventory	6	368,141	332,990
Other debt balances	7	293,087	349,490
Accounts receivable - net	8	1,031,569	777,868
Cash on hand and at bank	9	7,908,511	9,982,796
<b>Total Non Current Assets</b>		<b>9,601,308</b>	<b>11,443,144</b>
<b>TOTAL ASSETS</b>		<b>55,490,802</b>	<b>54,526,193</b>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b>Shareholder's equity:</b>			
Paid-up capital	10	45,000,000	45,000,000
Share premium	10	63,624	63,624
Statutory reserve	11	3,947,566	3,528,063
Fair value reserve - net after tax		198,375	198,713
Retained earnings		2,863,502	2,608,021
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>52,073,067</b>	<b>51,398,421</b>
<b>Current Liabilities:</b>			
Accounts payable	13	1,005,068	559,780
Due to a related party	24	229,539	223,886
Other credit balances	14	1,406,451	1,676,625
Income tax provision	15	776,677	667,481
<b>Total Liabilities</b>		<b>3,417,735</b>	<b>3,127,772</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>55,490,802</b>	<b>54,526,193</b>

**Authorized Member from Board of Directors**

**Board of Directors Chairman**

THE ACCOMPANYING FROM (1) TO (28) NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

**MEDITERRANEAN TOURSIM INVESTMENT COMPANY****(A PUBLIC SHAREHOLDING COMPANY)****AMMAN - JORDAN****STATEMENT OF INCOME**

		<u>For the Year Ended December 31,</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
Four Seasons Hotel operating revenue	16	18,519,065	18,993,582
<u>Less:</u> Four Seasons Hotel cost of revenue		(2,450,564)	(2,432,574)
General and administrative expenses- Four Seasons Hotel	17	<u>(9,476,480)</u>	<u>(10,121,723)</u>
<b>Hotel Gross Operating Profit</b>		6,592,021	6,439,285
Other revenue	18	310,311	416,284
General and administrative expenses- Owner Company	19	(117,439)	(142,657)
Depreciation of property and equipment	4	(1,494,281)	(2,056,090)
Other expenses	20	<u>(1,150,578)</u>	<u>(1,147,784)</u>
<b>Income for the year before Income Tax</b>		4,140,034	3,509,038
Income tax expense	15	<u>(877,550)</u>	<u>(683,031)</u>
<b>Income for the Year</b>		<u><u>3,262,484</u></u>	<u><u>2,826,007</u></u>
		<u>JD/Share</u>	<u>JD/Share</u>
<b>Earnings per Share for the Year-Basic and Diluted</b>	21	<u><u>0,072</u></u>	<u><u>0,063</u></u>

**Authorized Member from Board of Directors****Board of Directors Chairman**

THE ACCOMPANYING FROM (1) TO (28) NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS  
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**MEDITERRANEAN TOURSIM INVESTMENT COMPANY**  
**(A PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN - JORDAN**  
**STATEMENT OF COMPREHINSIVE INCOME**

	<u>For the Year Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Income for the year	3,262,484	2,826,007
Comprehensive income items :		
Net Changes in fair value reserve	<u>(338)</u>	<u>(142,388)</u>
<b>Total Comprehensive Income for the Year</b>	<b><u>3,262,146</u></b>	<b><u>2,683,619</u></b>

THE ACCOMPANYING FROM (1) TO (28) NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

**MEDITERRANEAN TOURISM INVESTMENT COMPANY**  
**(A PUBLIC SHAREHOLDING COMPANY)**

**AMMAN - JORDAN**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Note	Paid-up Capital	Share Premium	Statutory Reserve	Fair Value Reserve - net after tax	Retained Earnings	Total
<b>For the Year Ended December 31, 2016</b>							
Balance - beginning of the year		45,000,000	63,624	3,528,063	198,713	2,608,021	51,398,421
Income for the year		-	-	-	-	3,262,484	3,262,484
Change in fair value reserve for financial assets at fair value through comprehensive income		-	-	-	(338)	-	(338)
<b>Total comprehensive income for the year</b>						3,262,484	3,262,146
Transferred to reserves		-	-	419,503	-	(419,503)	-
Distributed dividends *	12	-	-	-	-	(2,587,500)	(2,587,500)
<b>Balance - End of the Year</b>		<b>45,000,000</b>	<b>63,624</b>	<b>3,947,566</b>	<b>198,375</b>	<b>2,863,502</b>	<b>52,073,067</b>
<b>For the Year Ended December 31, 2015</b>							
Balance - beginning of the year		45,000,000	63,624	3,171,659	459,986	2,719,533	51,414,802
Income for the year		-	-	-	-	2,826,007	2,826,007
Change in fair value reserve		-	-	-	(142,388)	-	(142,388)
(Gain) from sale of financial assets at fair value		-	-	-	(118,885)	118,885	-
<b>Total comprehensive income for the year</b>						31,131,318	2,683,619
Transferred to reserves		-	-	356,404	-	(356,404)	-
Distributed dividends *	12	-	-	-	-	(2,700,000)	(2,700,000)
<b>Balance - End of the Year</b>		<b>45,000,000</b>	<b>63,624</b>	<b>3,528,063</b>	<b>198,713</b>	<b>2,608,021</b>	<b>51,398,421</b>

\* The General Assembly approved in their meeting held on March 17, 2016, the Board of Directors recommendation to distribute JD 2,587,500 as a dividends for the year 2015 (JD 2,700,000 for the year 2014).

THE ACCOMPANYING FROM (1) TO (28) NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

**MEDITERRANEAN TOURSIM INVESTMENT COMPANY**

**(A PUBLIC SHAREHOLDING COMPANY)**

**AMMAN - JORDAN**

**STATEMENT OF CASH FLOWS**

		For the Year Ended	
		December 31,	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>JD</b>	<b>JD</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income for the year before Income tax		4,140,034	3,509,038
Adjustment for:			
Depreciation of property and equipment	4	1,494,281	2,056,090
Interest income	18	(133,692)	(214,023)
<b>Cash Flows from Operating Activities before Changes in Working Capital</b>		5,500,623	5,351,105
(Increase) in accounts receivable		(313,028)	(205,451)
(Increase) in Inventory		(35,151)	(70,676)
Decrease in other debit balances		102,462	491,257
Increase (decrease) in accounts payable		445,288	(392,044)
Increase in due to a related party		5,653	21,952
(Decrease) Increase in other credit balances		(270,174)	406,045
<b>Cash Flows from Operating Activities before Income Tax Paid</b>		5,495,000	5,602,188
Income tax paid	15	(768,354)	(498,818)
<b>Net Cash Flows from Operating Activities</b>		4,726,646	5,103,370
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Purchase) of property and equipment	4	(705,223)	(735,151)
Advance payments for contractors and suppliers to acquire property and equipment	4	(3,595,841)	(638,622)
Proceeds from sale of financial assets at fair value through statement other comprehensive Income		-	427,105
Bank Interest received		87,633	136,433
<b>Net Cash Flows (used in) Investing Activities</b>		(4,213,431)	(810,235)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Distributed dividends		(2,587,500)	(2,700,000)
<b>Net Cash Flows (used in) Financing Activities</b>		(2,587,500)	(2,700,000)
Net (Decrease) Increase in Cash		(2,074,285)	1,593,135
Cash on hand and at bank - beginning of the year		9,982,796	8,389,661
<b>Cash on Hand and at Bank - End of the Year</b>	9	7,908,511	9,982,796

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART  
OF THESE STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURISM INVESTMENT COMPANY  
(A PUBLIC SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
DECEMBER 31, 2016  
NOTES TO FINANCIAL STATEMENTS

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**1. General**

- Mediterranean Tourism Investment Company is a Public Shareholding Company that was established on November 20, 1996 in Amman – Hashemite kingdom of Jordan and its address is P.O. Box 941654 Amman 11194 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, 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 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 date of the Hotel's operations which started during 2003. The Hotel consists of 193 rooms, and according to the signed agreement the following fees should be paid to 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 accompanying financial statements were approved by the Board of Directors on February 21, 2017, and these financial statements are subject to the approval of the General Assembly of Shareholders.

**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, 2015 except for the effect of the adoption of the new and revised standards mentioned in Note (27.a). The following are the most significant accounting policies used during the year ended December 31, 2016:

a. Accounts Receivable

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts according to management evaluation of the collectability from customers.

b. 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.

c. Financial Assets at Fair Value through Other Comprehensive Income

- These financial assets represent investments in equity instruments for the purpose of keeping them for the long term.
- 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.
- Dividends are taken to the statement of income.

d. Inventory

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

e. 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.
- Commission is booked as revenues when the related service is provided, when approved by dividend revenue from companies is recognized when its earned (when approved by the general assembly of shareholders).

f. Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the exchange rates prevailing at year-end. Transactions in foreign currencies are translated to Jordanian Dinar using the prevailing rates of exchange at the date of the transaction, and exchange differences are taken to the statement of income.

g. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the Hashemite Kingdom of Jordan.
- Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the consolidated financial statements and the value on the basis of which tax is calculated. Furthermore, deferred taxes are calculated using the liability method in the consolidated 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.
- 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 or no longer needed.

h. 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 group of assets and operations that collaborate together in providing products or services, subject to risks and reward that differ from those related to other business segments.
- A geographical segment relates to providing products or services in a specified economic environment, subject to risks and rewards that differ from those related to operating segments within other economic environments.

### 3. Accounting Estimates

Preparation of the accompanying 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 in the financial statements are reasonable. The details are as follows:

- A provision of doubtful debts is taken based on management's periodic evaluation of the collectability from customers in conformity with International Financial Reporting Standard.
- Income tax expense, income tax provision and deferred tax assets and liabilities for the year are accounted for in accordance with the laws, regulations, and International Financial Reporting Standards.
- Slow-moving and spoiled inventory items is taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.
- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their expected useful economic lives in the future. Impairment loss is charged to the statement of income.
- A provision for lawsuits raised against the Company 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.
- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

#### 4. Property and Equipment - Net

This item consists of the followings:

	2016										Advance Payments to Acquire	
	Lands	Buildings and constructions	Furniture and fixtures	Decorations	Electrical Supplies, Equipment's and Computers	Vehicles	Mobile Restaurant	Property and Equipment *	Total			
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Balance - beginning of the year	11,749,505	32,768,702	10,990,056	2,326,873	7,547,542	120,744	383,626	638,622	66,525,670			
Additions	-	-	128,857	34,890	541,476	-	-	3,595,841	4,301,064			
Transfers	-	141,529	-	-	-	-	-	(141,529)	-			
Balance - End of the Year	11,749,505	32,910,231	11,118,913	2,361,763	8,089,018	120,744	383,626	4,092,934	70,826,734			
Accumulated Depreciation :												
Balance - beginning of the year	-	9,377,762	8,865,562	1,878,282	3,637,106	130,739	178,216	-	24,057,667			
Current year depreciation	-	657,321	393,928	54,658	369,192	-	19,182	-	1,494,281			
Balance - End of the Year	-	10,035,083	9,259,490	1,932,940	4,006,298	120,739	197,398	-	25,551,948			
Net Book Value for Property and Equipment	11,749,505	22,875,148	1,859,423	428,823	4,082,720	5	186,228	4,092,934	45,274,786			
Cost:												
Balance - beginning of the year	11,749,505	32,672,812	10,805,741	2,305,873	7,113,596	120,744	393,626	-	65,151,897			
Additions	-	95,890	184,315	21,000	433,946	-	-	638,622	1,373,773			
Balance - End of the Year	11,749,505	32,768,702	10,990,056	2,326,873	7,547,542	120,744	393,626	638,622	66,525,670			
Accumulated Depreciation :												
Balance - beginning of the year	-	8,723,717	7,887,616	1,825,015	3,291,363	114,832	159,034	-	22,001,577			
Current year depreciation	-	654,045	977,946	53,267	345,743	5,907	19,182	-	2,056,090			
Balance - End of the Year	-	9,377,762	8,865,562	1,878,282	3,637,106	120,739	178,216	-	24,057,667			
Net Book Value for Property and Equipment	11,749,505	23,390,940	2,124,494	448,591	3,910,436	5	215,410	638,622	42,468,003			

- Property and equipment include fully depreciated assets amounting to JD 13,585,286 as of December 31, 2016 (JD 3,441,403 as of December 31, 2015).

\* This item includes JD 2,883,581 which represents the cost of renovation for the restaurants project and the expected time to complete this project is during the first quarter of 2017 after finalizing the construction work. Furthermore, this item includes advance payments to contractors and suppliers related to signed contracts for renovating the first floor of the Hotel in the amount of JD 1,209,353. The expected cost to complete these projects is around JD 688 K as of December 31, 2016.



**5. Financial Assets at Fair Value through Other Comprehensive Income**  
This item consists of the following:

	December 31			
	Number of Shares	2016 JD	Number of Shares	2015 JD
<u>Quoted Shares in Amman Stock Exchange:</u>				
Al-Dawliyah for Hotels and Malls	600,000	540,000	600,000	534,000
Arab Jordan Investment Bank	28,908	49,144	28,908	55,214
		<u>589,144</u>		<u>589,214</u>
<u>Un-Quoted Shares in Amman Stock Exchange:</u>				
Jordan Hospitality and Tourism Education Company*	40,000	25,564	40,000	25,832
		<u>25,564</u>		<u>25,832</u>
		<u>614,708</u>		<u>615,046</u>

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

**6. Inventory**

This item consists of the following:

	December 31,	
	2016 JD	2015 JD
Food and beverages	190,727	116,625
Others	<u>177,414</u>	<u>216,365</u>
	<u>368,141</u>	<u>332,990</u>

**7. Other Debit Balances**

This item consists of the following:

	December 31,	
	2016 JD	2015 JD
Insurance and licenses prepaid expenses	201,345	212,780
Accrued interest	46,059	77,590
Others	<u>45,683</u>	<u>59,120</u>
	<u>293,087</u>	<u>349,490</u>

**8. Accounts Receivable – Net**

This item consists of the following:

	December 31,	
	2016 JD	2015 JD
Trade receivables	987,322	743,952
Other receivables	<u>44,247</u>	<u>33,916</u>
	<u>1,031,569</u>	<u>777,868</u>

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31,	
	2016	2015
	JD	JD
1 - 30 days	386,575	613,401
31 - 60 days	103,631	120,722
61 - 90 days	456,648	2,289
91 - 120 days	565	4,437
More than 121 days *	39,903	3,103
	<u>987,323</u>	<u>743,952</u>

- \* This item represents receivable due from related parties. In the opinion of the management the Company will be able collect these receivables and there is no need to book any provisions against it.

**9. Cash on Hand and at Bank**

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Cash on hand	20,000	20,000
Bank current accounts	4,004,696	4,402,158
Deposits in the bank *	<u>3,883,815</u>	<u>5,558,638</u>
	<u>7,908,511</u>	<u>9,982,796</u>

- \* The annual interest for term deposits was 4%.

**10. Paid - Up Capital and Share Premium**

- The paid-up capital is amounted to JD 45 million divided into share 45 million at a par of JD 1 per share as of December 31, 2016 and 2015, moreover, there was no any changes over the paid-up capital during the current year and the previous year.
- The share premium is amounted to JD 63,624 as of December 31, 2016 and 2015.

**11. Statutory Reserve**

This item represents all the amounts that has been transferred to the annual profit before tax at a percentage of 10 % according to the Company's law and it is not distributable for the shareholders'.

**12. Distributed Dividends**

- a. The Board of Directors recommended to distribute cash dividends of JD 2,812,500 which represents 6.25% of the Company's capital for the year ended December 31, 2016, this recommendation is subject to the approval of the General Assembly of Shareholders.
- b. The Company's General Assembly approved in their meeting held on March 17, 2016, the recommendation of the Board of Directors to distribute JD 2,587,500 as cash dividends for the shareholders' which represents 5.75% of the paid-up capital of JD 45,000,000 for the year 2015 (JD 2,700,000 for the year 2014 which represents 6% of the capital).

**13. Accounts Payable**

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Trade payables	568,169	408,896
Other payables	436,899	150,884
	<u>1,005,068</u>	<u>559,780</u>

**14. Other Credit Balances**

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Accrual expenses	294,121	392,718
Advance payments from customers	421,761	636,677
Sales tax withholdings	127,480	117,509
Income tax withholdings	37,948	46,050
Increments for Hotel's employees	187,750	166,798
Social Security withholdings	55,628	49,886
Shareholders withholdings	65,965	66,013
Employees vacation provision	90,422	87,915
End of service indemnity provision	31,513	24,686
Other credit balances	93,863	88,373
	<u>1,406,451</u>	<u>1,676,625</u>

**15. Provision for Income Tax**

**a- Provision for income tax:**

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

	2016	2015
	JD	JD
beginning of the year	667,481	483,268
Income tax paid	(768,354)	(498,818)
Income tax expense for the year	877,550	683,031
End of the Year Balance	<u>776,677</u>	<u>667,481</u>

**b- The income tax shown in the statement of income is as follows:**

Income tax expense for the year shown in the statement of income represents the following:

	2016	2015
	JD	JD
Income tax expense for the year	<u>877,550</u>	<u>683,031</u>
	<u>877,550</u>	<u>683,031</u>

- The Company did not book deferred tax assets due to immateriality, in addition, management does not expect to benefit from them in the near future.
- The Company has reached a final settlement for the income tax up to the year 2014 and has submitted its tax returns for the years 2015 and 2016. In the opinion of the management and its tax advisor, the booked provisions in the financial statements are sufficient to meet the tax obligations.

- According to promotion Investment Law No. (16) for the year 1995, the Company has been granted exemption from fees mentioned in articles (6 and 7) as the Company is a commercial project as follows:
  - a. Exempting imported property and equipment that were used exclusively in the project.
  - b. Exempting imported spare parts equivalent to 15% from the exempted property and equipment from taxes and fees.
  - c. The Company was exempted from taxes and customs fees related to capital expenditures, this exemption will expire on May 27, 2017.

**16. Four Seasons Hotel Operating Revenue**

This item consists of the following:

	2016	2015
	JD	JD
Rooms revenue	8,793,765	8,653,241
Food revenue	5,291,965	5,811,383
Beverage revenue	618,950	734,424
Revenue from banqueting	614,481	532,471
Others	3,199,904	3,262,063
	<u>18,519,065</u>	<u>18,993,582</u>

**17. General and Administrative Expenses- Four Seasons Hotel**

This item consists of the following:

	2016	2015
	JD	JD
Salaries, wages and other benefits	5,012,609	5,055,144
Electricity, water and heating	918,296	1,418,402
Fuel	107,737	97,813
Promotion and advertising	658,987	672,669
Designs and decorations	141,343	135,288
Guests supplies	579,556	520,117
Travel and transportation	108,798	132,502
Cleaning	169,717	150,934
Professional fees	143,292	151,234
Maintenance and services	319,488	323,264
Postage and telecommunication	50,728	62,539
Printing and stationery	37,708	28,694
Tools and supplies	396,048	457,105
Services fees	178,340	130,934
Others	653,833	785,084
	<u>9,476,480</u>	<u>10,121,723</u>

**18. Other Revenue**

This item consists of the following:

	2016	2015
	JD	JD
Interest income	133,692	214,023
Rent revenue	133,970	129,552
Other revenue	42,649	72,709
	<u>310,311</u>	<u>416,284</u>

**19. General and Administrative Expenses- Owner Company**

This item consists of the following:

	2016	2015
	JD	JD
Salaries, wages and other benefits	12,509	11,704
Postage and telecommunication	1,437	1,490
Promotion and advertising	1,270	2,914
Printing and stationery	1,313	1,655
Professional fees	15,230	15,230
Fees and taxes	15,715	18,363
Insurance and licenses	21,219	33,401
Hospitality	9,874	10,356
Maintenance and services	1,392	1,392
Electricity and water	20,404	19,260
Others	17,075	26,892
	<u>117,439</u>	<u>142,657</u>

**20. Other Expenses**

This item consists of the following:

	2016	2015
	JD	JD
Managements fees for Four Seasons Hotels and Resorts	1,095,578	1,092,784
Board of Directors remuneration	55,000	55,000
	<u>1,150,578</u>	<u>1,147,784</u>

**21. Earnings per Share for the Year-Basic and Diluted**

This item consists of the following:

	2016	2015
	JD	JD
Income for the year	3,262,484	2,826,007
Weighted-average number of shares	<u>45,000,000</u>	<u>45,000,000</u>
	JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	<u>0.072</u>	<u>0.063</u>

**22. Lawsuits**

There are labor lawsuits raised against the Company amounted to JD 39,989, the Company booked a provision against these lawsuits amounted to JD 25,000 which represents the accrued expenses related to these employees as of December 31, 2016. The Management of the company believes that there is no need to book additional provisions for these lawsuits.

**23. Contingent Liabilities and Financial Commitments**

- As of the date of the statement of financial position, the Company had contingent liabilities for bank guarantees amounted to JD 24,872 as of December 31, 2016 (bank of guarantees amounted to JD 24,872 as of December 31, 2015).

- The Company signed construction and renovate agreements for the first floor of the Hotel by around JD 4.1 million, the completed work amounted to JD 3.4 million as of December 31, 2016, the expected cost to complete these construction and renovation is around JD 688 thousand as of December 31, 2016.

#### 24. Related Parties Transactions and Balances

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
<b>On-Financial Position Items</b>		
<b>Cash at Banks</b>		
Deposits and current account – AJIB*	7,888,511	9,960,796
<b>Accounts Receivable:</b>		
Board of Directors members	20,714	8,876
<b>Due to a related party</b>		
Four Seasons Hotels and Resorts **	229,539	223,886
<b>Off-Financial Position Items:</b>		
Bank Guarantees*- AJIB Bank	24,872	24,872
<b>Income Statement items:</b>	<b>2016</b>	<b>2015</b>
Four Seasons Hotels and Resorts management fees**	232,431	1,092,784
Interest Income - AJIB *	49,506	214,023
Executive management salaries – Hotel	220,217	399,612

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

\*\* 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.

Moreover, the Company adopted policy to maintain the debt ratio to shareholders' equity, in order maintain total debt not more than 10% from the Company's capital, and there is no change in the Company's overall policy since 2015.

## 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 bank, and financial assets at fair value through other comprehensive income, and these assets are available to meet short-term and medium financing requirements to manage the liquidity. The Company's liquidity as of financial position date is as follows:

	December 31,	
	2016	2015
	JD	JD
Current assets	9,601,308	11,443,144
<u>Less: Current liabilities</u>	<u>(3,417,735)</u>	<u>(3,127,772)</u>
Working Capital	<u>6,183,573</u>	<u>8,315,372</u>

## 3. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the Company the Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial losses from defaults.

The Company's financial assets consist mainly of accounts receivable, financial assets at fair value through comprehensive income, and cash on hand and at bank, which is does not represent material concentration for the credit risk, 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.

The accounts receivable are concentrated with three clients as of December 31, 2016 and amounted to JD 517,757 with is equal to 52% of total accounts receivable. The management believes that the concentration risk is immaterial due to the fact that these receivables related governmental, semi-governmental, and international organizations.

## 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 transactions are in Jordanian Dinar and there are no balances with foreign currencies, accordingly there are no any effect from changing of foreign currencies prices and which applicable to payments on foreign currencies.

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the deposits at bank as of the financial statements date. Moreover, the analysis has been prepared assuming that the amount at the financial statements date was outstanding during the whole year.

An increase or decrease of (1%) is used, representing the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	1% +		(1% -)	
	2016	2015	2016	2015
	JD	JD	JD	JD
Statement of income	38,838	55,586	(38,838)	(55,586)

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 owner's equity as of the financial position date. The sensitivity prepared assuming that the stocks prices changes with same market indicator changes:

	5% +		(5% -)	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Shareholders' equity	29,457	29,461	(29,457)	(29,461)

## 26. Sectorial and Geographical Distribution

### a. Information on the Company's Business Activities

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 on the Geographical Allocation

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

## 27. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

### 27. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, 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.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.



- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

27. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> The interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> <li>• there is consideration that is denominated or priced in a foreign currency;</li> <li>• the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and</li> <li>• the prepayment asset or deferred income liability is non-monetary.</li> </ul>	January 1, 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018

Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

January 1, 2018

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9

When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

When IFRS 9 is first applied

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

January 1, 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

January 1, 2018

#### IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

January 1, 2018

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

#### IFRS 16 Leases

January 1, 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date  
deferred indefinitely

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, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

However, it is not practicable to provide a reasonable estimate to effects of the application of these statement until the Company perform a detailed review.

## 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		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	December 31, 2016	2015				
	JD	JD				
<b>Financial assets at fair value:</b>						
Financial assets at fair value through other comprehensive income						
Quoted shares	589,144	589,214	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	25,564	25,832	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
<b>Total</b>	<b>614,708</b>	<b>615,046</b>				

There were no transfers between Level 1 and 2 during 2016.

### 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.

	December 31, 2016		December 31, 2015		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial assets not calculated at fair value</b>					
Deposits with banks	3,883,815	3,929,874	5,558,638	5,636,228	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>3,883,815</b>	<b>3,929,874</b>	<b>5,558,638</b>	<b>5,636,228</b>	

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.