

Ref : 41-2019

To: Jordan Securities Commission Amman Stock Exchange	السادة هيئة الأوراق المالية السادة بورصة عمان
Date :	التاريخ:- الموضوع: البيانات المالية للربع الثالث كما هو في 2019/09/30
Subject: 3 rd Quarterly as of 30/09/2019	
Attached the company's 3 rd Quarterly Report in English of (Al Dawliyah For Hotels And Malls P.L.C.) As of 30/09/2019	مرفق طيه نسخة من البيانات المالية للربع الثالث باللغة الإنجليزية للشركة (الدولية للفنادق والاسواق التجارية) كما هو بتاريخ 2019/09/30م
Kindly accept our highly appreciation and respect	وتفضلوا بقبول فائق الاحترام،،،
Company's Name: Al Dawliyah For Hotels And Malls P.L.C.	اسم شركة : الدولية للفنادق والاسواق التجارية
General Manager's Signature	توقيع المدير العام عمان 2019-10-30

الشركة الدولية
للفنادق والأسواق التجارية
عمان - الأردن

ملاحظة: مرفق البيانات المالية CD باللغة الإنجليزية

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٠ تشرين الأول ٢٠١٩
الرقم المتسلسل: ٤٩٤١
رقم الملف: ٢١٠٤٨
الجهة المختصة: ٦١١ الاسواق

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2019



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working world

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**REPORT ON REVIEW OF
INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Dawliyah for Hotels and Malls Public Shareholding Company as at 30 September 2019, comprising of the interim condensed statement of financial position as at 30 September 2019 and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
28 October 2019

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	30 September 2019 JD (Unaudited)	31 December 2018 JD (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	5	56,025,287	55,698,325
Investment properties		1,523,038	1,523,038
Investment in associate		40,609	40,609
Financial assets at fair value through other comprehensive income	11	3,733,180	3,864,045
Financial assets at amortized cost	6	500,000	500,000
		61,822,114	61,626,017
Current assets			
Inventories		309,793	345,331
Accounts receivable		778,844	441,647
Other current assets		465,369	471,146
Cheques under collection		-	17,417
Cash on hand and at banks	8	113,145	230,921
		1,667,151	1,506,462
Total Assets		63,489,265	63,132,479
<u>EQUITY AND LIABILITIES</u>			
Equity			
Paid-in capital		43,200,000	43,200,000
Statutory reserve		10,800,000	10,800,000
Fair value reserve		(873,753)	(629,591)
Retained earnings		983,394	1,778,588
Total Equity		54,109,641	55,148,997
LIABILITIES			
Non-current liability			
Long-term loans		2,724,362	2,464,083
Current liabilities			
Due to banks		654,523	290,368
Current portion of long-term loans		3,035,944	2,444,533
Accounts payable		986,832	774,251
Other current liabilities		1,909,188	1,946,329
Income tax provision	4	68,775	63,918
		6,655,262	5,519,399
Total Liabilities		9,379,624	7,983,482
Total Equity and Liabilities		63,489,265	63,132,479

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	For the three months ended 30		For the nine months ended	
	September		30 September	
	2019	2018	2019	2018
	JD	JD	JD	JD
Operating revenues from Amman Sheraton Hotel	3,251,156	2,859,225	8,360,430	8,733,089
Operating expenses from Amman Sheraton Hotel	(2,232,637)	(2,094,362)	(6,213,876)	(6,455,419)
Depreciation on property and equipment	(394,334)	(387,770)	(1,183,002)	(1,163,310)
Net operating revenues from the hotel	624,185	377,093	963,552	1,114,360
Depreciation on property and equipment	(2,166)	(3,581)	(6,498)	(10,743)
Administrative expenses	(156,819)	(146,219)	(537,260)	(502,023)
Finance costs	(77,715)	(52,542)	(207,463)	(144,271)
Dividend income	-	-	113,704	146,087
Other income	6,761	10,592	29,971	35,939
Profit before income tax	394,246	185,343	356,006	639,349
Income tax expense	(71,200)	(37,069)	(71,200)	(127,870)
Profit for the period	323,046	148,274	284,806	511,479
	JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share	0/007	0/003	0/007	0/012

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	JD	JD	JD	JD
Profit for the period	323,046	148,274	284,806	511,479
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income	(67,567)	2,649	(244,162)	(34,487)
Total comprehensive income for the period	255,479	150,923	40,644	476,992

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Paid-in capital JD	Statutory reserve JD	Fair value reserve* JD	Retained earnings JD	Total JD
2019 -					
Balance at 1 January 2019	43,200,000	10,800,000	(629,591)	1,778,588	55,148,997
Total comprehensive income for the period	-	-	(244,162)	284,806	40,644
Dividends paid (Note 10)	-	-	-	(1,080,000)	(1,080,000)
Balance at 30 September 2019	<u>43,200,000</u>	<u>10,800,000</u>	<u>(873,753)</u>	<u>983,394</u>	<u>54,109,641</u>
2018 -					
Balance at 1 January 2018	43,200,000	10,800,000	(580,315)	3,559,609	56,979,294
Total comprehensive income for the period	-	-	(34,487)	511,479	476,992
Dividends paid	-	-	-	(2,160,000)	(2,160,000)
Balance at 30 September 2018	<u>43,200,000</u>	<u>10,800,000</u>	<u>(614,802)</u>	<u>1,911,088</u>	<u>55,296,286</u>

* The Company is restricted from the use an amount of JD 873,753 from retained earnings, which represents the negative balance of the fair value reserve at 30 September 2019.

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	For the nine months ended	
	30 September	
Note	2019	2018
	JD	JD
<u>OPERATING ACTIVITIES</u>		
Profit before income tax	356,006	639,349
Adjustments:		
Depreciation	1,189,500	1,174,053
Finance costs	207,463	144,271
Interest income	(21,260)	(27,849)
Gain on Sale of Property and equipment	(8,711)	-
Dividends income	(113,704)	(146,087)
Changes in working capital:		
Accounts receivable and cheques under collection	(319,780)	(13,894)
Inventories	35,538	13,319
Other current assets	5,777	(24,952)
Accounts payable	212,581	(610,980)
Other current liabilities	(37,141)	71,166
Income tax paid	(66,343)	(235,997)
Net cash flows from operating activities	1,439,926	982,399
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(1,516,462)	(753,288)
Proceeds from Sale of Property and equipment	8,711	-
Interest income received	21,260	27,849
Dividend income received	113,704	146,087
Purchase of financial assets at fair value through other comprehensive income	(113,297)	-
Net cash flows used in investing activities	(1,486,084)	(579,352)
<u>FINANCING ACTIVITIES</u>		
Received from loans	4,258,795	2,160,000
Repayments of loans	(3,407,105)	(560,499)
Dividends paid	(1,080,000)	(2,160,000)
Finance costs paid	(207,463)	(144,271)
Net cash flows used in financing activities	(435,773)	(704,770)
Net decrease in cash and cash equivalents	(481,931)	(301,723)
Cash and cash equivalents at the beginning of the period	(59,447)	787,171
Cash and cash equivalents end of the period	8 (541,378)	485,448

The accompanying notes from 1 to 12 form part of these interim condensed financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2019 (UNAUDITED)

(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 is JD 43,200,000 divided into 43,200,000 shares at par value of JD 1 per share.

The Company's main activities are to develop, construct, sale, purchase, rent, and leasing hotels, restaurants, theatres, 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.

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

(2) BASIS OF PREPARATION

The interim condensed financial statements for the nine-month period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

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

The interim condensed 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 at the date of the financial statements.

The interim condensed financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual report as of 31 December 2018. In addition, the results for the nine-month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Company has no effect of adoption IFRS 16 as at 1 January 2019 as the Company's lease contracts have a lease term of 12 months or less and do not contain a purchase option.

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.

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

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

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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

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.

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

(4) INCOME TAX

The income tax for the period ended 31 September 2019 has been calculated in accordance with income tax law no. (34) of 2014 amended by tax law no. (38) of 2018 and the income tax for the period ended 31 September 2018 has been calculated in accordance with the Income Tax Law No. (34) of 2014.

The Company obtained a tax clearance letter up to the year 2018 except for the year 2017 as the income tax department have reviewed the Company's records but did not grant a clearance up to date of these financial statements.

(5) PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2019, The Company purchased property and equipment of JD 1,516,462 (30 September 2018: JD 753,288).

(6) FINANCIAL ASSETS AT AMORTIZED COST

During January 2017, the Company has purchased 500 bonds from the bonds issued by Arab International Hotels Company (sister company) with total value of JD 500,000 and bears an interest rate of 5.5% payable every six months. The bonds mature on 22 January 2022.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2019 (UNAUDITED)

(7) TRANSACTION WITH RELATED PARTIES

Related parties represent shareholders, sister companies, directors and key management personnel of the Company and other related parties. The Company's management approves pricing policies and terms of these transactions.

Related parties' balances in the interim condensed statement of financial position are as follows:

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Loans from Jordan Ahli Bank (shareholder)	5,760,306	4,908,616
Current accounts at Jordan Ahli Bank (shareholder)	101,145	206,111
Overdraft account from Jordan Ahli Bank (shareholder)	654,523	290,368
Financial asset at amortized cost		
Arab International Hotels Company (sister company)	500,000	500,000
Financial Assets at fair value through other comprehensive income		
Jordan Worsted Mills. Co (sister company)	790,578	866,400
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	40,609
Accounts receivable		
Accounts receivable – Board of Directors	-	100,000

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2019 (UNAUDITED)

Transactions with related parties included in the interim condensed statement of profit or loss are as follows:

	For the nine months ended	
	30 September (Unaudited)	
	2019	2018
	JD	JD
Salaries and other benefits-Key management personnel	165,330	152,190
Transportation allowances Board of Directors benefits	64,800	66,000
Chairman Remuneration	50,000	50,000
Finance cost - Jordan Ahli Bank (shareholder)	207,463	144,271
Interest income on deposits - Jordan Ahli Bank (shareholder)	635	7,224
Interest income on Financial assets at amortized cost - Arab International Hotels Company (sister company)	20,625	20,625
Dividends income	113,704	146,087

(8) CASH AND CASH EQUIVALENTS

	30 September	31 December
	2019	2018
	JD	JD
	(Unaudited)	(Audited)
Cash on hands and at banks	113,145	230,921
Due to banks	(654,523)	(290,368)
	<u>(541,378)</u>	<u>(59,447)</u>

(9) LEGAL RESERVES

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 permitted to stop the yearly transfer when the reserve balance reaches 25% of the share capital. Hence, the Company did not transfer any additional amount to statutory reserve.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2019 (UNAUDITED)

(10) Dividends

The General Assembly approved in its meeting held on 30 April 2019, the distribution of cash dividends of JD 1,080,000 representing 2.5% of the paid in capital and related to 2018 results.

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

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(audited)
Investment in companies shares - quoted	1,396,274	1,527,139
Investment in companies shares - unquoted	2,336,906	2,336,906
	<u>3,733,180</u>	<u>3,864,045</u>

(12) 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. Segment results are as follows:

	For the nine months ended in 30 September (Unaudited)	
	2019	2018
	JD	JD
Rooms revenues	4,360,894	4,692,922
Food and beverage revenues	3,236,390	3,306,392
Other revenues	763,146	733,775
	<u>8,360,430</u>	<u>8,733,089</u>

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2019 (UNAUDITED)

	Hotel sector	Investment in financial assets	Total	
	JD	JD	JD	
For the nine-month period ended 30 September 2019 (unaudited) -				
Revenues	8,390,401	113,704	8,504,105	
Results -				
Income before income tax	242,302	113,704	356,006	
Income tax	(65,515)	(5,685)	(71,200)	
Net profit for the period	176,787	108,019	284,806	
<u>Other Segment information</u>				
Capital expenditures	1,516,462	-	1,516,462	
Depreciation	1,189,500	-	1,189,500	
For the nine-month period ended 30 September 2018 (unaudited) -				
Revenues	8,769,028	146,087	8,915,115	
Results -				
Income before income tax	493,262	146,087	639,349	
Income tax	(120,566)	(7,304)	(127,870)	
Net profit for the period	372,696	138,783	511,479	
<u>Other Segment information</u>				
Capital expenditures	753,288	-	753,288	
Depreciation	1,174,053	-	1,174,053	
	Hotel sector	Property investments	Investment in financial assets	Total
	JD	JD	JD	JD
<u>Assets and liabilities</u>				
As at 30 September 2019 (unaudited)				
Assets for the sector	57,692,438	1,523,038	4,273,789	63,489,265
Liabilities for the sector	9,379,624	-	-	9,379,624
As at 31 December 2018 (audited)				
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

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