

Al Dawliyah For Hotels And Malls P.L.C.

(Public Share Holding Company, Capital 43.200.000 J.D)

الشركة الدولية للفنادق والأسواق التجارية

(شركة مساهمة عامة محدودة، رأسمالها المسجل ٤٣,٢ مليون دينار أردني)

عمان في ٢٠٢٠/٦/١٦

رقم : ٢٠٢٠/١٩

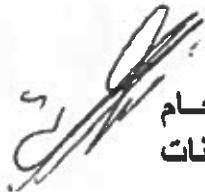
السادة هيئة الأوراق المالية المحترمين
دائرة الإفصاح والمعايير المحاسبية
السادة بورصة عمان المحترمين
السادة مركز ايداع الاوراق المالية المحترمين

الموضوع : البيانات المالية لعام ٢٠١٩ بالانجليزي

تحية واحترام ،،،

أرفق طيه نسخة اصلية للقوائم المالية ٢٠١٩ باللغة الإنجليزية بملف PDF.

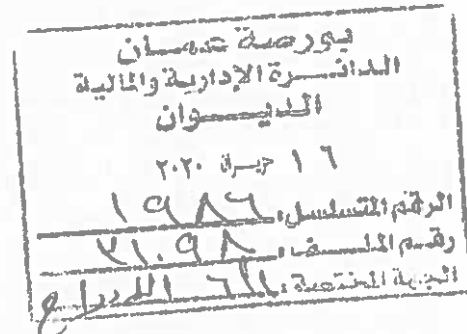
وتفضلوا بقبول فائق الاحترام



المدير العام

م. اسامة مدانات

الشركة الدولية
للفنادق والأسواق التجارية
عمان - الأردن



AL DAWLIYAH FOR HOTELS AND MALLS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2019

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 2019, 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 2019, 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 (including international independence standards)* (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 2019. 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 2019 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 Bishr Ibrahim Baker; license number 592.

Amman – Jordan
10 March 2020

Ernst + Young

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
ASSETS			
Non-current assets			
Property and equipment	6	55,305,639	55,698,325
Investment property	8	1,523,038	1,523,038
Investment in an associate	9	-	40,609
Financial assets at fair value through other comprehensive income	10	3,430,460	3,864,045
Financial assets at amortized cost	7	500,000	500,000
		<u>60,759,137</u>	<u>61,626,017</u>
Current assets			
Inventories		333,351	345,331
Accounts receivable	11	705,559	441,647
Other current assets	12	732,958	471,146
Cheques under collection		50,835	17,417
Cash and deposits at banks	22	646,437	230,921
		<u>2,469,140</u>	<u>1,506,462</u>
Total Assets		<u>63,228,277</u>	<u>63,132,479</u>
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	13	43,200,000	43,200,000
Statutory reserve	14	10,800,000	10,800,000
Fair value reserve	10	(1,176,475)	(629,591)
Retained earnings		1,184,242	1,778,588
Total Equity		<u>54,007,767</u>	<u>55,148,997</u>
LIABILITIES			
Non-current liability			
Long-term loans	15	2,546,523	2,464,083
Current liabilities			
Due to banks	16,22	353,290	290,368
Current portion of long-term loans	15	4,171,938	2,444,533
Accounts payable		866,310	774,251
Other current liabilities	17	1,187,325	1,946,329
Income tax provision	23	95,124	63,918
		<u>6,673,987</u>	<u>5,519,399</u>
Total Liabilities		<u>9,220,510</u>	<u>7,983,482</u>
Total Equity and Liabilities		<u>63,228,277</u>	<u>63,132,479</u>

The accompanying notes from 1 to 31 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
Operating revenues from Amman Sheraton Hotel		11,021,879	11,233,953
Operating expenses from Amman Sheraton Hotel		(8,234,208)	(8,419,891)
Depreciation of property and equipment		(1,558,435)	(1,551,079)
Net operating revenues from hotel operations		1,229,236	1,262,983
Other income	19	36,888	43,314
Depreciation		(8,664)	(14,325)
Finance costs		(274,619)	(202,546)
Administrative expenses	20	(736,951)	(710,919)
Share of loss from an associate	9	(40,609)	(25,744)
Dividends income		380,370	146,087
Profit before income tax		585,651	498,850
Income tax expense	23	(99,997)	(119,871)
Profit for the year		485,654	378,979
		JD / Fils	JD / Fils
Basic and diluted earnings per share	21	0/011	0/0088

The accompanying notes from 1 to 31 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	JD	JD
Profit for the year	485,654	378,979
Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods		
Net change in fair value reserve	(546,884)	(49,276)
Total comprehensive income for the year	<u>(61,230)</u>	<u>329,703</u>

The accompanying notes from 1 to 31 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid-in capital JD	Statutory reserve JD	Fair value reserve JD	Retained earnings* JD	Total JD
2019 -					
Balance as at 1 January 2019	43,200,000	10,800,000	(629,591)	1,778,588	55,148,997
Total comprehensive income for the year	-	-	(546,884)	485,654	(61,230)
Dividends (note 18)	-	-	-	(1,080,000)	(1,080,000)
Balance as at 31 December 2019	<u>43,200,000</u>	<u>10,800,000</u>	<u>(1,176,475)</u>	<u>1,184,242</u>	<u>54,007,767</u>
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	-	-	-	(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>

* It is restricted to use an amount of JD 1,176,475 (2018: 629,591) from retained earnings, which represents the negative balance of the fair value reserve as of 31 December 2019.

The accompanying notes from 1 to 31 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
<u>OPERATING ACTIVITIES</u>			
Profit before income tax		585,651	498,850
Adjustments for:			
Depreciation	6	1,567,099	1,565,404
Finance costs		274,619	202,546
Interest income		(28,135)	(35,224)
Provision for (excess in) expected credit losses	11	4,776	(2,670)
Dividends income		(380,370)	(146,087)
Share of loss from an associate	9	40,609	25,744
Gain from sale of property and equipment		(8,753)	-
Changes in working capital:			
Inventories		11,980	58,744
Accounts receivable and cheques under collection		(302,106)	52,629
Other current assets		4,854	(152,951)
Accounts payable		92,059	(730,550)
Other current liabilities		(140,026)	48,974
Income tax paid	23	(68,791)	(255,631)
Net cash flows from operating activities		1,653,466	1,129,778
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	6	(1,807,200)	(1,025,931)
Proceed from sale of property and equipment		22,562	-
Purchase of financial assets at fair value through other comprehensive income		(113,299)	-
Interest income received		28,135	35,224
Dividends income received		113,704	146,087
Net cash flows used in investing activities		(1,756,098)	(844,620)
<u>FINANCING ACTIVITIES</u>			
Repayments of loans		(2,448,950)	(929,230)
Proceeds from loans		4,258,795	2,160,000
Dividends paid		(1,080,000)	(2,160,000)
Finance costs paid		(274,619)	(202,546)
Net cash flows from (used in) financing activities		455,226	(1,131,776)
Net increase (decrease) in cash and cash equivalents		352,594	(846,618)
Cash and cash equivalents at the beginning of the year		(59,447)	787,171
Cash and cash equivalents at the end of the year	22	293,147	(59,447)

The accompanying notes from 1 to 31 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 10 March 2020. 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 2018 except for the following standards and interpretations which became effective on 1 January 2019:

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 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 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 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 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 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 it estimates included in the financial statement are reasonable and are disaggregated as follows:

Expected credit loss provision:

Expected credit loss provision on receivables is reviewed under the principles and assumptions approved by the Company's management to estimate the provision 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 carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of profit or loss.

Expenditures incurred to replace a component of an item of the property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is being replaced must be written off. Other subsequent expenditure is capitalized only when the future economic benefits of the related item of property and equipment will increase. All other expenditures are recognized in the consolidated statement of profit or loss as 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 with maturities of three months or less, net of outstanding bank overdrafts.

Accounts receivable

Accounts receivable are stated at original invoice amount less any provision for expected credit loss. The Company applies the simplified approach in calculating the expected credit loss in accordance with the International Financial Reporting Standards (IFRS 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

These assets represent investment in equity with the purpose of retaining for a long-term.

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.

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 due to banks

After initial recognition, interest bearing loans and due to banks 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.

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.

The Company's reporting segments consists of the revenues and expenditures of Sheraton Amman Hotel, investments in financial assets and investment property.

Revenue and expenses recognition

Revenue is recognized based on the five-step model framework derived from the International Financial Reporting Standards (IFRS 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 of the Hashemite Kingdom of Jordan and International Accounting Standard, IAS (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.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(6) PROPERTY AND EQUIPMENT

	Lands and projects under construction		Amman Sheraton Hotel land*		Amman Sheraton Hotel building		Machinery and equipment		Furniture and fixtures		Vehicles		Solar project		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
2019- Cost																
At 1 January 2019	3,809,058		6,531,407		50,566,031		6,561,528		6,746,539		150,218		3,996,535		78,361,316	
Additions	-		-		1,016,160		273,109		209,900		-		308,031		1,807,200	
Refunds from contractors	-		-		-		-		-		-		(618,978)		(618,978)	
Disposal	-		-		-		(164,076)		-		-		-		(164,076)	
At 31 December 2019	3,809,058		6,531,407		51,582,191		6,670,561		6,956,439		150,218		3,685,588		79,385,462	
Accumulated depreciation																
At 1 January 2019	-		-		11,996,311		4,847,164		5,516,511		121,265		181,740		22,662,991	
Depreciation for the year	-		-		758,490		367,462		246,639		13,575		180,933		1,567,099	
Disposal	-		-		-		(150,267)		-		-		-		(150,267)	
At 31 December 2019	-		-		12,754,801		5,064,359		5,763,150		134,840		362,673		24,079,823	
Net book value																
At 31 December 2019	3,809,058		6,531,407		38,827,390		1,606,202		1,193,289		15,378		3,322,915		55,305,639	

* The Sheraton Amman Hotel land is mortgage under first degree (Note 15).

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

	Lands and projects under construction	Amman Sheraton Hotel land	Amman Sheraton Hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Solar project	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2018- Cost								
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

(7) 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 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 higher than cost.

(9) INVESTMENT IN AN 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 designing work.

Movements in investment in associates is as follows:

	2019 JD	2018 JD
Balance at 1 January	40,609	66,353
Share of loss of an associate	(40,609)	(25,744)
Balance at 31 December	-	40,609

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

	2019 JD	2018 JD
Non-current assets	14,553	27,582
Current assets	310,897	415,054
Current liabilities	(376,334)	(280,182)
Equity	(50,884)	162,454
Ownership %	25%	25%
Value on investment	-	40,609
	2019 JD	2018 JD
Revenues	371,959	449,385
Expenses	(583,923)	(552,361)
Loss for the year	(211,964)	(102,976)
The Company's share of loss for the year	(40,609)	(25,744)

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

	2019	2018
	JD	JD
Investment in quoted shares	1,386,684	1,527,139
Investment in unquoted shares	2,043,776	2,336,906
	<u>3,430,460</u>	<u>3,864,045</u>

Movements on fair value reserve is as follows:

	2019	2018
	JD	JD
Balance as at 1 January	(629,591)	(580,315)
Change in fair value	(546,884)	(49,276)
Balance as at 31 December	<u>(1,176,475)</u>	<u>(629,591)</u>

(11) ACCOUNTS RECEIVABLE

	2019	2018
	JD	JD
Trade receivables	722,161	453,473
Less: Provision for expected credit losses	(16,602)	(11,826)
	<u>705,559</u>	<u>441,647</u>

Provision for expected credit losses amounted to JD 16,602 as of 31 December 2019 compared to JD 11,826 as of 31 December 2018.

Movement on provision for expected credit losses is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	11,826	14,496
Provision for the year	4,776	(2,670)
Balance at the end of the year	<u>16,602</u>	<u>11,826</u>

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

	Not past due nor impaired	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120 + days	Total
	JD	JD	JD	JD	JD	JD	JD
2019	77,126	264,516	171,734	116,808	52,954	22,421	705,559
2018	47,831	188,148	130,791	35,861	29,602	9,414	441,647

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

	2019	2018
	JD	JD
Dividends receivable	266,666	-
Prepaid expenses	151,076	96,307
Interest receivable	11,458	11,458
Refundable deposits	142,906	142,906
Advance payments	26,318	77,730
Employees receivable	2,507	104,298
Station maintenance deposits	123,419	28,241
Others	8,608	10,206
	<u>732,958</u>	<u>471,146</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.

(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 loans are as per the maturity date as follows:

	Current Portion of Long- Term Loans due within a year JD	Long Term Loans JD	Total JD
2019	4,171,938	2,546,523	6,718,461
2018	2,444,533	2,464,083	4,908,616

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 2,414,082 as of 31 December 2019.

Loan (2)

The Company signed an agreement with Jordan Ahli Bank on 19 September 2018 for a loan amounting to USD 2,000,000 and bears an annual interest rate of 5.125% on the utilized daily balance. During 2019, the Company has restructured the ceiling of the loan to be USD 3,000,000 and bearing annual interest rate of 4.75% on the utilized daily balance. The loan is repayable in 24 equal monthly instalments, the first instalment was due on 18 December 2019 and the last instalment is due on 18 November 2021. The loan balance amounted to JD 1,464,389 as of 31 December 2019.

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 4.75% on the utilized daily balance. The loan is repayable in 4 quarterly instalments, the first instalment is due on 20 February 2020 and the last instalment is due on 21 November 2020. The loan balance amounted to JD 2,840,000 as of 31 December 2019.

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

<u>Year</u>	<u>JD</u>
2020	4,171,938
2021 and after	2,546,523
	<u>6,718,461</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 353,290 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>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Accrued expenses	446,460	1,045,854
Sales tax payable	182,190	168,561
Deferred revenues	141,216	135,975
Board of Directors' benefits	39,000	41,600
Undistributed dividends	351,171	378,727
Others	27,288	175,612
	<u>1,187,325</u>	<u>1,946,329</u>

(18) Dividends

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

(19) OTHER INCOME

	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Interest income	28,135	35,224
Other income	8,753	8,090
	<u>36,888</u>	<u>43,314</u>

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(20) ADMINISTRATIVE EXPENSES

	<u>2019</u>	<u>2018</u>
	JD	JD
Salaries, wages and other benefits	265,620	232,920
Bonuses expense (Note 24)	50,000	50,000
Social security expenses	11,952	11,425
Board of Directors transportation and benefits (Note 24)	125,400	129,200
Professional and consulting fees	8,508	8,221
Insurance expenses	64,368	61,031
Maintenance expenses	5,416	3,064
Rent	30,000	30,000
Governmental fees	97,042	94,108
Utilities expenses	7,317	8,483
Donations	10,800	22,600
Tax expense and penalties	29,288	28,200
End of service provision	19,673	18,294
Others	11,567	13,373
	<u>736,951</u>	<u>710,919</u>

(21) BASIC AND DILUTED EARNINGS PER SHARE

	<u>2019</u>	<u>2018</u>
Profit for the year (JD)	485,654	378,979
Weighted average number of shares (share)	43,200,000	43,200,000
Basic and diluted earnings per share JD/ Fils	<u>0/011</u>	<u>0/0088</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:

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash on hands and at banks	445,902	230,921
Short term deposits*	200,535	-
Due to banks	(353,290)	(290,368)
	<u>293,147</u>	<u>(59,447)</u>

* The short term deposits are deposits in Jordanian Dinar with a maturity ranging from one day to three months, and bears an annual interest rate of 3%.

(23) INCOME TAX

The income tax for the year ended 31 December 2019 was calculated in accordance with income tax law no. (34) of 2014 amended by tax law no. (38) of 2018, while the income tax for the year ended 31 December 2018 was 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 2018.

Movement on income tax provision is as follow:

	2019	2018
	JD	JD
Balance at the beginning of the year	63,918	199,678
Income tax paid	(68,791)	(255,631)
Income tax expense	88,511	100,223
Prior year taxes	7,060	19,648
National contribution tax	4,426	-
Balance at the end of the year	95,124	63,918

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

	2019	2018
	JD	JD
Accounting profit	585,651	498,850
Less: non-taxable income	(452,770)	(278,348)
Add: non-deductible expenses	309,675	280,616
Taxable income	442,556	501,118
Income tax expense for the year	88,511	100,223
Effective income tax rate	20%	20%
Statutory income tax rate	20%	20%

(24) TRANSACTION WITH RELATED PARTIES

Related parties represent Jordan Ahli Bank, major shareholders, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

	2019 JD	2018 JD
Loans and credit facilities from Jordan Ahli Bank (shareholder)	6,718,461	4,908,616
Deposits at Jordan Ahli Bank (Shareholder)	200,535	-
Current accounts at Jordan Ahli Bank (Shareholder)	433,902	217,500
Overdraft account from Jordan Ahli Bank (Shareholder)	353,290	290,368
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)	777,064	866,400
Beaches company for tourism and 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
Accounts payable		
Accounts payable related to Jordan investor Center Co. (Shareholders)	6,248	-
Accounts receivable		
Accounts receivable – Board of directors	-	100,000

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

	2019 JD	2018 JD
Salaries and other benefits-Key management personnel	211,088	202,920
Transportation allowances and benefits for Board of Directors	125,400	129,200
Chairman Remuneration	50,000	50,000
Interest income – Jordan Ahli Bank (Shareholder)	635	7,724
Interest income - Financial assets at amortized cost - Arab International Hotels Company (sister company)	27,500	27,500
Finance cost – Jordan Ahli Bank (Shareholder)	274,619	202,546
Dividends income (Sister Company)	331,646	64,980

(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 2019.

The following table demonstrates the sensitivity of the statement of profit and loss to reasonably possible changes in interest rates as 31 December 2019, with all other variables held constant.

2019- Currency	<i>Increase in interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	16,429
USD	25	279
Currency	<i>Decrease In interest rate (basis points)</i>	<i>Effect on Profit for the year JD</i>
JD	25	(16,429)
USD	25	(279)
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

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.

2019- Index	<u>Change in Index</u> (%)	<u>Effect on equity</u> JD
Amman Stock Exchange	10	138,668
2018 - Index	<u>Change in Index</u> (%)	<u>Effect on equity</u> JD
Amman Stock Exchange	10	152,714

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 2019 and 2018.

Liquidity risk

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

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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 2019	Less than 3 months JD	3 to 12 months JD	1 to 3 Years JD	Total JD
Accounts payable	866,310	-	-	866,310
Loans and due to banks	2,004,990	2,738,447	2,661,117	7,404,554
Other current liabilities	863,919	-	-	863,919
Total	3,735,219	2,738,447	2,661,117	9,134,783

31 December 2018	Less than 3 months JD	3 to 12 months JD	1 to 3 years JD	Total 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	1,641,793	-	-	1,641,793
Total	3,163,902	1,995,439	2,648,340	7,807,681

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, other debit balances and financial assets. Financial liabilities consist of accounts payable, due to banks, 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

2019-	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Financial assets at fair value through other comprehensive income	<u>1,386,684</u>	<u>-</u>	<u>2,043,776</u>	<u>3,430,460</u>
2018-				
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>

(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 54,007,767 as at 31 December 2019 (2018: JD 55,148,997).

(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:

	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Rooms revenues	5,852,934	6,051,078
Food and beverage revenues	4,168,822	4,242,391
Other revenues	1,000,123	940,484
	<u>11,021,879</u>	<u>11,233,953</u>

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

	Hotel sector	Investment in financial assets	Total
31 December 2019 -	JD	JD	JD
Revenues	11,031,267	407,870	11,439,137

Business results -

Income before income tax	177,781	407,870	585,651
Income tax	(76,552)	(23,445)	(99,997)
Net profit for the year	101,229	384,425	485,654

Other Segment information

Capital expenditure	1,188,222	-	1,188,222
Depreciation	1,567,099	-	1,567,099

	Hotel sector	Investment in financial assets	Total
31 December 2018 -	JD	JD	JD
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 period	212,696	166,283	378,979

Other Segment information

Capital expenditure	1,025,931	-	1,025,931
Depreciation	1,565,404	-	1,565,404

	Hotel sector	Investment property	Investment in financial assets	Total
	JD	JD	JD	
<u>Assets and liabilities</u>				
31 December 2019				
Assets for the sector	57,774,779	1,523,038	3,930,460	63,228,277
Liabilities for the sector	9,216,084	-	-	9,216,084
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

The Company's operations are in the Hashemite 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 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 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Company.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. 'The amendments to the definition of material is not expected to have a significant impact on the Company financial statements.

(30) COMPARATIVE FIGURES

Some of 2018 comparative figures were reclassified to correspond with 31 December 2019 presentation. The reclassification has no effect on the profit and equity of the year 2018.

(31) SUBSEQUENT EVENTS

Subsequent to year-end, the coronavirus outbreak has impacted the global economy and caused significant disruption in the global markets. Accordingly, the Hotels and tourism industry has been affected by the travel restrictions, large-scale quarantines, conference cancellations and lower reservations demand. Management is in the process of completing its assessment of the coronavirus on their operations in order to take the necessary actions and properly address the situation.