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)

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٨ آذار ٢٠١٨
الرقم المتسلسل ...
الجهة المختصة ...

للإفصاح
* بورصة عمان
* السيد صالح
السيد عمر
السيدة روان
السيد عبدالله

عمان في 2018/3/28
رقم : 2018/24

٢/٢٨

السادة هيئة الأوراق المالية المحترمين
دائرة الإفصاح والمعايير المحاسبية

<u>الموضوع : البيانات المالية لعام 2018 باللغة الانجليزية</u>

تحية واحترام ،،،

أرفق طيه نسخة أصلية عن القوائم المالية الموحدة كما في 31 كانون الاول 2017 باللغة الانجليزية راجياً إيداعها لديكم.

وتفضلوا بقبول فائق الاحترام

المدير العام
م.اسامة مدانات

الشركة الدولية
للفنادق والأسواق التجارية
عمان - الأردن

- نسخة بورصة عمان
- نسخة مركز ايداع الاوراق المالية

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Sheraton Amman
AL NABIL HOTEL & TOWERS

هاتف: ٥٦٠٤٧٣١، ٥٦٠٣٧٣٨، ٥٦٥٢١٧٣، ٥٦٨٠١٠٦ (٩٦٢ ٦)
فاكس: ٥٦٨٠١٠٥ (٩٦٢ ٦)
ص.ب ٩٤٢١٧٥ عمان ١١١٩٤ الأردن
البريد الإلكتروني: Hotels-Malls@wanadoo.jo
البريد الإلكتروني: Dawliyah@wanadoo.jo

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2017

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Al Dawliyah for Hotels and Malls Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Dawliyhah for Hotels & Malls Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, 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 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 2017. 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	**How the key audit matter was addressed in the audit**
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.	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. Having built expectations about revenue figures for the year, we performed substantive analytical procedures using financial and non-financial information. Also, we selected and tested a sample of journal entries on revenue accounts. Refer to Note 31 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

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Other information included in the Company's 2017 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 exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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.

Ernst & Young / Jordan

Ernst + Young

Waddah Isam Barkawi
Registration No. 591

Amman – Jordan
14 March 2018

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017	2016
ASSETS		JD	JD
Non-current assets			
Property and equipment	6	56,237,798	52,609,322
Project in progress	8	-	3,112,825
Investments in properties	9	1,523,038	1,523,038
Investment in associate	10	66,353	74,280
Financial assets at fair value through other comprehensive income	11	3,913,321	2,078,761
Financial assets at amortized cost	7	500,000	-
		62,240,510	59,398,226
Current assets			
Inventories		404,075	465,563
Accounts receivable	12	478,970	6,472,517
Other current assets	13	318,195	362,531
Cheques under collection		30,053	21,771
Cash and deposits at banks	23	845,768	634,355
		2,077,061	7,956,737
Total Assets		64,317,571	67,354,963
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	14	43,200,000	43,200,000
Statutory reserve	15	10,800,000	10,800,000
Fair value reserve		(580,315)	(347,951)
Retained earnings		3,559,609	5,775,755
Total Equity		56,979,294	59,427,804
LIABILITIES			
Non-current liability			
Long-term loans	16	2,923,967	2,748,927
Current liabilities			
Due to banks	17,23	58,597	28,621
Current portion of long –term loans	16	753,879	2,396,944
Accounts payable		1,504,801	1,048,191
Other current liabilities	18	1,897,355	1,248,986
Income tax provision	24	199,678	455,490
		4,414,310	5,178,232
Total Liabilities		7,338,277	7,927,159
Total Equity and Liabilities		64,317,571	67,354,963

The accompanying notes from 1 to 32 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
Operating revenues from Amman Sheraton Hotel		11,973,807	13,687,744
Operating expenses from Amman Sheraton Hotel		(8,492,538)	(9,098,820)
Depreciation on property and equipment		(1,461,587)	(1,564,346)
Net operating revenues from the hotel		2,019,682	3,024,578
Other income	20	66,196	44,391
Depreciation		(17,794)	(14,499)
Finance costs		(44,715)	(124,175)
Administrative expenses	21	(895,557)	(828,871)
Share of (loss) profit of an associate	10	(7,927)	16,482
Dividends income		161,914	108,007
Gain from sale of subsidiary	26	-	3,638,193
Profit before income tax		1,281,799	5,864,106
Income tax expense	24	(257,945)	(543,918)
Profit for the year		1,023,854	5,320,188
		JD / Fils	JD / Fils
Basic and diluted earnings per share	22	0/024	0/123

The accompanying notes from 1 to 32 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 JD	2016 JD
Profit for the year	1,023,854	5,320,188
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value reserve	(232,364)	(65,491)
Total comprehensive income for the year	791,490	5,254,697

The accompanying notes from 1 to 32 form part of these financial statements

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total
	JD	JD	JD	JD	JD
2017 -					
Balance as at 1 January 2017	43,200,000	10,800,000	(347,951)	5,775,755	59,427,804
Total comprehensive income for the year	-	-	(232,364)	1,023,854	791,490
Dividends (note 19)	-	-	-	(3,240,000)	(3,240,000)
Balance as at 31 December 2017	43,200,000	10,800,000	(580,315)	3,559,609	56,979,294
2016 -					
Balance as at 1 January 2016	43,200,000	10,800,000	(282,460)	2,615,567	56,333,107
Total comprehensive income for the year	-	-	(65,491)	5,320,188	5,254,697
Dividends	-	-	-	(2,160,000)	(2,160,000)
Balance as at 31 December 2016	43,200,000	10,800,000	(347,951)	5,775,755	59,427,804

* It is restricted to use an amount of JD 580,315 from retained earnings, which represents the negative balance of the fair value reserve as of 31 December 2017.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
OPERATING ACTIVITIES		JD	JD
Profit before income tax		1,281,799	5,864,106
Adjustments for:			
Depreciation	6	1,479,381	1,578,845
Finance costs		44,715	124,175
Interest income		(52,962)	(32,591)
Gain from sale of subsidiary		-	(3,638,193)
Provision for doubtful accounts	12	10,734	1,709
Dividends income		(161,914)	(108,007)
Share of loss (profit) of an associate	10	7,927	(16,482)
Changes in working capital:			
Inventories		61,488	(113,520)
Accounts receivable and cheques under collection		(25,469)	(40,137)
Other current assets		44,336	(14,927)
Accounts payable		(193,390)	411,660
Other current liabilities		648,369	2,382
Income tax paid	24	(513,757)	(554,757)
Net cash flows from operating activities		2,631,257	3,464,263
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(1,473,075)	(2,405,263)
Project in progress		(521,957)	(2,391,734)
Financial assets at fair value through other comprehensive income		(1,416,924)	(12,400)
Purchase of financial assets at amortized cost		(500,000)	-
Accounts receivable/ Sales of investments in property		6,000,000	-
Interest income received		52,962	32,591
Dividends income received		161,914	108,007
Net cash flows from (used in) investing activities		2,302,920	(4,668,799)
FINANCING ACTIVITIES			
Repayments of loans		(2,178,025)	(2,004,017)
Proceeds from loans		710,000	3,983,000
Dividends paid		(3,240,000)	(2,160,000)
Finance costs paid		(44,715)	(124,175)
Net cash flows used in financing activities		(4,752,740)	(305,192)
Net increase (decrease) in cash and cash equivalents		181,437	(1,509,728)
Cash and cash equivalents at the beginning of the year		605,734	2,115,462
Cash and cash equivalents at the end of the year	23	787,171	605,734

The accompanying notes from 1 to 32 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 a 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, 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, which happened end of 2001.

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

The financial statements were approved by the Company's Board of Directors on 13 February 2018 These financial statements require the approval of the general assembly of the shareholders of the Company.

(2-1) 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 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses
Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no 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.

(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:

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

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

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

Projects in progress
Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs.

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

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

Accounts receivable
Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full or part of the amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

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

Investments in associates

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

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

Financial assets at amortized cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments which are measured based on the reporting to management and the decision makers in the Company,
A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Revenue and expenses recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from hotel services is recongized when service is rendered or when food and beverages are sold to customers.

Other income is recognised on accrual basis.

Expense 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 ended 31 December 2017 and 31 December 2016 is accounted for in accordance with the Income Tax Law No. (34) of 2014 and International Accounting Standard No. 12 which states that deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

(6) PROPERTY AND EQUIPMENT

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

The cost of fully depreciated property and equipment as at 31 December 2017 is JD 4,587,974 (2016: JD 1,008,937).

* Land lots are pledged as collateral against the bank loans and overdraft facilities granted to the Company (note 16 & 17)
** The solar project was completed by the end of 2017; and the depreciation for the solar project will start on the beginning of 2018.
*** This item includes land and cost of building of the mall attached to the hotel as well as the parking lot land of Amman Sheraton Hotel.

	Lands and Work in progress	Amman Sheraton hotel land	Amman Sheraton hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Total
2016-	JD	JD	JD	JD	JD	JD	JD
Cost							
At 1 January 2016	3,771,488	6,531,407	47,184,775	5,846,460	6,367,917	120,218	69,822,265
Additions	37,570	-	1,752,712	513,685	71,296	30,000	2,405,263
At 31 December 2016	3,809,058	6,531,407	48,937,487	6,360,145	6,439,213	150,218	72,227,528
Accumulated depreciation							
At 1 January 2016	-	-	9,802,043	3,749,542	4,427,004	60,772	18,039,361
Depreciation for the year	-	-	707,772	346,151	505,764	19,158	1,578,845
At 31 December 2016	-	-	10,509,815	4,095,693	4,932,768	79,930	19,618,206
Net book value							
At 31 December 2016	3,809,058	6,531,407	38,427,672	2,264,452	1,506,445	70,288	52,609,322

(7) FINANCIAL ASSETS AT AMORTIZED COST

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

(8) PROJECTS IN PROGRESS

The projects in progress consist of solar electricity station. All works were completed in the last quarter of 2017 and have been fully transferred to property and equipment . The following is a summary of the movement of projects in progress.

	2017	2016
	JD	JD
Balance at 1 January	3,112,825	721,992
Additions	521,957	2,390,833
Transfers to property and equipment (note 6)	(3,634,782)	-
	-	3,112,825

(9) INVESTMENTS PROPERTIES

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

(10) INVESTMENT IN ASSOCIATE

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

Movements in investment in associates is as follows:

	2017	2016
	JD	JD
Balance at 1 January	74,280	57,798
Share of (loss) profit of an associate	(7,927)	16,482
Balance at 31 December	66,353	74,280

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

	2017	2016
	JD	JD
Non-current assets	39,463	41,973
Current assets	336,706	347,329
Current liabilities	(102,832)	(93,933)
Equity	273,337	295,369
Ownership %	25%	25%
Value on investment	66,353	74,280

	2017	2016
	JD	JD
Revenues	47,931	713,399
Expenses	(79,639)	(647,472)
(Loss) profit for the year	(31,708)	65,927
The Company's share of (loss) profit for the year	(7,927)	16,482

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

	2017	2016
	JD	JD
Investment in companies shares - quoted	1,576,415	1,808,539
Investment in companies shares– unquoted*	2,336,906	270,222
	3,913,321	2,078,761

* Investments in unquoted shares are stated at cost as it is practically difficult to reliably measure its fair value based on management opinion.

Movements on fair value reserve is as follows:

	2017	2016
	JD	JD
Beginning balance at 1 January	(347,951)	(282,460)
Change in fair value	(232,364)	(65,491)
Ending balance at 31 December	(580,315)	(347,951)

(12) ACCOUNTS RECEIVABLE

	2017	2016
	JD	JD
Trade receivables*	493,466	6,476,279
Allowance for doubtful debts	(14,496)	(3,762)
	478,970	6,472,517

* The trade receivables during 2016 included JD 6,000,000 which represents the selling price of the subsidiary International Real Estate for Investments and Properties Development Company (note 26) which was fully collected in February 2017.

The total amount of doubtful debts JD 14,497 as of December 31, 2017 compared to JD 3,762 as at 31 December 2016.

Movement on allowance for doubtful debts is as follows:

	2017	2016
	JD	JD
Balance at the beginning of the year	3,762	3,520
Charge for the year	10,734	1,709
Amounts written off during the year	-	(1,467)
Balance at the end of the year	14,496	3,762

As at 31 December, the ageing of unimpaired receivables is as follows:

	Not past due and not impaired	1 – 30 days	31 – 60 days	61 – 90 day	91 – 120 day	120 + day	Total
	JD	JD	JD	JD	JD	JD	JD
2017	58,205	144,810	155,904	65,492	35,529	19,030	478,970
2016	6,080,212	169,489	135,823	43,018	26,805	17,170	6,472,517

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

(13) OTHER CURRENT ASSETS

	2017	2016
	JD	JD
Prepaid expenses	106,544	124,945
Interest receivable	11,458	-
Refundable deposits	142,906	142,906
Advances	43,406	76,992
Employees receivables	3,330	3,288
Others	10,551	14,400
	318,195	362,531

(14) Paid in Capital

The Company authorized paid-in capital amounted to JD 43,200,000 divided to 43,200,000 shares with par value of JD 1 per share as at 31 December 2017.

(15) 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.

(16) Loans

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

	Current Portion of Long- Term Loans	Long Term Loans	Total
	JD	JD	JD
2017	753,879	2,923,967	3,677,846
2016	2,396,944	2,748,927	5,145,871

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 a 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 3,058,976 as of 31 December 2017.

Loan (2)
The Company signed an agreement with Jordan Ahli Bank on 19 September 2017 for a loan amounting to USD 2,000,000 and bears an annual interest rate of 4.375% on the utilized daily balance. The loan is repayable in 24 equal monthly instalments, the first instalment was due on 1 October 2017 and the last instalment is due on 20 August 2019. The loan balance amounted to JD 618,870 as of 31 December 2017.

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

Year	JD
2018	753,879
2019	706,944
2020	2,217,023
	3,677,846

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

(17) DUE TO BANKS

This item represents the utilized amount of JD 58,597 from the overdraft facilities granted from Jordan Ahli Bank with a ceiling of JD 1,500,000 bearing annual interest rate of 7,75%. Those facilities were granted against mortgage on the land of Sheraton Hotel.

(18) OTHER CURRENT LIABILITIES

	2017	2016
	JD	JD
Accrued expenses	910,139	388,555
Sales tax payable	188,865	151,300
Deferred income	238,759	223,722
Board of Directors' benefits	65,000	65,000
Dividends payable	377,709	349,167
Others	116,883	71,242
	1,897,355	1,248,986

(19) Dividends

The general assembly approved in its meeting held on 10 April 2017, the distribution of cash dividends amounted to JD 3,240,000 representing 7.5% of the paid in capital.

(20) OTHER INCOME

	2017	2016
	JD	JD
Interest income	52,962	32,591
Others	13,234	11,800
	66,196	44,391

(21) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Salaries, wages and other benefits	222,600	204,540
Bonus expense	50,000	80,000
Social security	10,986	10,144
Board of Directors	155,600	150,500
Professional and consulting fees	8,120	67,815
Insurance expenses	62,356	66,866
Maintenance expenses	3,157	607
Rent	30,000	30,000
Governmental fees	97,604	132,646
Utilities expenses	7,877	7,285
Donations	182,600	21,600
Others	64,657	56,868
	895,557	828,871

(22) BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
Profit for the year (JD)	1,023,854	5,320,188
Weighted average number of shares (share)	43,200,000	43,200,000
Basic and diluted earnings per share JD/ Fils	0/024	0/123

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

(23) CASH AND CASH EQUIVALENT

	2017	2016
	JD	JD
Cash on hands and at banks *	845,768	634,355
Due to banks	(58,597)	(28,621)
	787,171	605,734

* This item includes short term deposits at Jordan Ahli Bank amounting to JD 529,308 as of 31 December 2017 (2016: JD 286,543) with interest rate of 4.25% (2016: 3%).

(24) INCOME TAX

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

Movement on income tax provision is as follow:

	2017	2016
	JD	JD
Balance at the beginning of the year	455,490	466,329
Income tax paid	(513,757)	(554,757)
Income tax expense	257,945	543,918
Balance at the end of the year	199,678	455,490

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

	2017	2016
	JD	JD
Accounting profit before tax	1,281,799	5,864,106
Less: non-taxable income	(161,914)	(3,962,141)
Add: non-deductible expenses	169,840	817,625
Taxable income	1,289,725	2,719,590
Income tax expense for the year	257,945	543,918
Statutory income tax rate	20%	9%
Enacted income tax rate	20%	20%

(25) TRANSACTION WITH RELATED PARTIES

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

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

	2017	2016
	JD	JD
Loans from Jordan Ahli Bank (shareholder)	3,677,846	5,145,871
Deposits at Jordan Ahli Bank (shareholder)	529,308	286,543
Current accounts at Jordan Ahli Bank (shareholder)	291,123	310,738
Overdraft account from Jordan Ahli Bank (shareholder)	58,597	28,621
Financial asset at amortized cost		
Financial assets at amortized cost - Arab International Hotels Company (sister company)	500,000	-
Financial Assets at fair value through OCI		
Jordan Worsted Mills. Co (sister company)	970,368	1,146,298
Beaches company for tourism hotels (sister company)	222,222	222,222
Jordan investor Center Co. (sister company)*	2,066,684	-
Investments in affiliates		
Interior design studios Co. (affiliate company)	66,353	74,280
Account payables		
Account payables related to Jordan investor Center Co. (Shareholders)	650,000	-

Account payables

* The Company has purchased 7.5% of Jordan Investor Center Co. shares from related parties.

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

	2017	2016
	JD	JD
Salaries and other benefits-Key management personnel	195,000	209,700
Transportation allowances Board of Directors benefits	155,600	150,500
Chairman Remuneration	50,000	50,000
Interest income – Jordan Ahli Bank (shareholder)	27,752	32,591
Interest income on deposits - Financial assets at amortized cost - Arab International Hotels Company (sister company)	25,210	-
Finance cost – Jordan Ahli Bank (shareholder)	44,715	124,175
Dividends income – Jordan Worsted Mills. Co	72,200	71,387

(26) GAIN FROM SALE OF SUBSIDIARY

On 12 June 2016, the Company signed an agreement for the sale of 100% of its share in the capital of International Real Estate for Investments and Properties Development Company (subsidiary). The sales transaction resulted in gain of JD 3,638,193 as of 31 December 2016.

The book value of the assets and liabilities of the subsidiary as at the date of sale are as follows:

	JD
Investment properties	2,361,807
Total assets	2,361,807
Liabilities	-
Net book value of net investment	2,361,807
Sale price	6,000,000
Gain on sale	3,638,193

(27) 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 2017.

The following table demonstrates the sensitivity of the statement of profit and loss to reasonably possible changes in interest rates as 31 December 2017, with all other variables held constant.

2017- Currency	*Increase in interest rate* *(basis points)*	*Effect on Profit for the year* *JD*
JD	25	(6,471)
USD	25	(767)

Currency	*Decrease In interest rate* *(basis points)*	*Effect on Profit for the year* *JD*
JD	25	6,471
USD	25	767

2016- Currency	*Increase in interest rate* *(basis points)*	*Effect on Profit for the year* *JD*
JD	25	(7,338)
USD	25	(4,881)

Currency	*Decrease in interest rate* *(basis points)*	*Effect on Profit for the year* *JD*
JD	25	7,338
USD	25	4,881

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.

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

2016 -	Change in equity price	Effect on equity
Equity price	(%)	JD
Amman Stock Market	10	180,853

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.

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available.
The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

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

31 December 2016	Less than 3 months	3 to 12 months	1 to 3 years	Total
	JD	JD	JD	JD
Accounts payable	1,048,191	-	-	1,048,191
Loans and due to banks	779,946	1,807,768	2,989,462	5,577,176
Other current liabilities	414,167	-	-	414,167
Total	2,242,304	1,807,768	2,989,462	7,039,534

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.

(28) FAIR VALUE FINANCIAL INSTRUMENTS

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

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

2017-	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	1,576,415	-	2,336,906	3,913,321
2016-				
Financial assets at fair value through other comprehensive income	1,808,539	-	270,222	2,078,761

(29) 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 56,979,294 as at 31 December 2017 (2016: JD 59,427,804).

(30) CONTINGENCIES AND COMMITMENTS

Capital expenditure

	2017	2016
	JD	JD
Project on progress	-	865,894

(31) 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:

	Hotel sector	Investment In financial assets	Total
31 December 2017 -	JD	JD	JD
Revenues	12,014,793	179,197	12,193,990
Business results -			
Income before income tax	1,102,602	179,197	1,281,799
Income tax	(248,985)	(8,960)	(257,945)
Net profit for the year	853,617	170,237	1,023,854
<u>Other Segment Information</u>			
Capital expenditure	1,955,032	-	1,955,032
Depreciation	1,479,381	-	1,479,381

31 December 2016 -	Hotel sector	Investment in financial assets	Total
	JD	JD	JD
Revenues	13,732,135	3,762,682	17,494,817
Business results -			
Income before income tax	2,101,424	3,762,682	5,864,106
Income tax	(455,686)	(88,232)	(543,918)
Net profit for the period	1,645,738	3,674,450	5,320,188
Other Segment Information			
Capital expenditure	4,796,997	-	4,796,997
Depreciation	1,578,845	-	1,578,845

	Hotel sector	Investment in properties	Investment in financial assets	Total
	JD	JD	JD	JD
Assets and liabilities				
31 December 2017				
Assets for the sector	58,314,859	1,523,038	4,479,674	64,317,571
Liabilities for the sector	7,338,277	-	-	7,338,277
31 December 2016				
Assets for the sector	63,678,884	1,523,038	2,153,041	67,354,963
Liabilities for the sector	7,927,159	-	-	7,927,159

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

(32) 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 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; but providing comparative information is not mandatory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions

The Company plans to adopt the new standard on the effective date and will not restate comparative information.

(a) Classification and measurement

The Company does not expect a material impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The Company has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

During 2017, the Company has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company adopts IFRS 15, whereas,

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases

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

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

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

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

IFRS 17 Insurance Contracts

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

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

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed

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 1January 2019, but certain transition reliefs are available.