

شركة وادي الشتا للاستثمارات السياحية ش.م.ع
Winter Valley Tourism Investment Company PLC

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Date: 29/3/2018

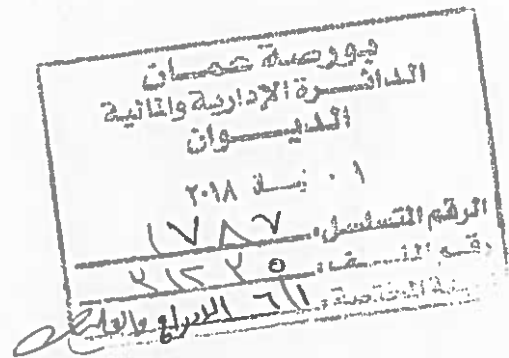
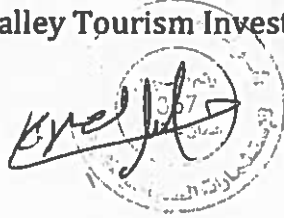
To: Jordan securities Commission
Amman Stock Exchange

Subject: Audited Financial Statements for the fiscal year ended 31/12/2017

Attached the Audited Financial Statements of (Winter Valley Tourism Investment Company) for the fiscal year ended at 31/12/2017.

Kindly accept our highly appreciation and respect

Winter Valley Tourism Investment Company



**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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Amman – Jordan

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INDEPENDENT AUDITOR'S REPORT

A TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN ARABIC

**To the General Assembly
Winter Valley for Tourism Investments
(Public Shareholding Company)
Amman – Jordan**

Opinion

We have audited the financial statements of **Winter Valley for Tourism Investments Company Public Shareholding Company** (the Company), which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly in all material respects, the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors' Responsibilities for the Audit of the financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

As mentioned in note (2-e) which describes that the Company has accumulated losses amounted to JOD 11,276,758 as of December 31, 2017 which equals 28.9% of paid up capital for the Company (December 31, 2016: JOD 10,171,837), and to the existence of a deficit in working capital amounted to JOD 2,064,592 (December 31, 2016: JOD 1,377,017), additionally the hotel's operating losses for the period ended in December 31, 2017 amounted to JOD 535,113 (December 31, 2016: JOD 780,978), and net loss for the period amounted to JOD 1,104,921 (December 31, 2016: JOD 1,886,210). These issues may give rise to substantial doubts about the Company's ability to continue as a going concern. Note (2-E) illustrates the management plan and procedures taken to address these conditions and ensure the Company's ability to continue as going concern. Accordingly, the management has prepared the financial statements on a going concern basis.



As mentioned in note (8) to the financial statements, during the year 2016 the Board of Directors of the Company calculated provisions related to entries for transactions not supported by documents amounted to JOD 83,184. The management of the company and its board of directors believe that the provision is sufficient and will not exceed JOD 83,184.

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 of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters, the description of these key audit matters is described below:

1- Revenue Recognition

Description of the key audit matter	<i>How the matter was addressed in our audit</i>
We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue recognition due to high volume of 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 revenues as a key performance measure, which may create an incentive for revenues to be recognized before rendering the service.	<p>We considered the appropriateness of the Company's revenue recognition accounting policies. We have tested a sample from revenue cycle. We performed analytical procedures for the gross margin for rooms, food and beverages departments.</p> <p>We have 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 3 of the financial statements for more details about the significant accounting policies related to the revenue recognition.</p>

2- Legal Cases and Contingent Liabilities

Description of the key audit matter	<i>How the matter was addressed in our audit</i>
In the normal course of business, contingent liabilities may arise from legal cases held against the Company and from related fines. These amounts involved could be potentially significant and the application of IFRS to determine the amount, if any, to be provided as a liability, require from management judgments and estimates, accordingly the determination of liabilities is considered a key audit matter. The disclosures relative to legal and contingent liabilities are summarized respectively in Note 18 to the financial statements.	Our audit procedures includes the assessment of the Company's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Company's external legal consultants on all significant legal cases and discussions with the Company's external legal consultant when necessary. In addition, we obtained formal opinion from the Company's external legal consultants for all significant litigation, analyzed correspondence with regulators, and monitored the procedures followed to obtain information from expert parties. We also assessed the disclosures made by the Management.



Other matters

The financial statements for the year ended December 31, 2016 were audited by another auditor who issued his unmodified opinion on April 9, 2017. In addition to the emphasis of matters relating to the uncertainty to continue on a going concern basis and to the management action for taking provisions related to unsupported transactions.

Other Information

Management is responsible for the other information. The other information does not include the financial statements and our auditors report on the financial statements.

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 were not provided with the annual report of the company or any other information as it relates to this paragraph until the date of this report.

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 IFRS, 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.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Obtain evidence sufficient and appropriate for audit evidence about corporate financial information or business activities within the company to express an opinion on the financial statements, we are responsible for the direction, supervision and performance of the company scrutiny. We officials individually for an opinion on the financial statements audit for this company.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditors' 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records. The accompanying financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these financial statements.

Kawasmy and Partners
KPMG Jordan

Hatem Kawasmy
License No (556)

KPMG
Kawasmy & Partners Co.

Amman – Jordan
March 29, 2018

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

STATEMENT OF FINANCIAL POSITION

<i>Jordanian Dinar</i>	Note	As of December 31,	
		2017	2016
Assets			
Non-Current Assets			
Property, and equipment	5	10,880,411	11,297,757
Advance payment for repurchased land	6	218,119	218,119
Total Non-Current Assets		11,098,530	11,515,876
Current Assets			
Inventory	7	32,046	57,531
Trade receivables	8	168,841	154,845
Other debit balances	9	115,012	109,312
Cash and cash at banks	10	117,626	63,845
Deferred tax assets	16	234,874	-
Total Non-Current Assets		668,399	385,533
Total Assets		11,766,929	11,901,409
Liabilities and Shareholders' Equity			
Shareholders' Equity			
Share capital	13	39,000,000	39,000,000
Share premium	13	350,000	350,000
Share discount	13	(19,067,815)	(19,067,815)
Statutory reserve	13	28,511	28,511
Accumulated losses	13	(11,276,758)	(10,171,837)
Net Shareholders' Equity		9,033,938	10,138,859
Current Liabilities			
Banks loans		-	5,882
Loan from related party	11	1,848,607	632,894
Accounts payable		518,731	759,449
Other credit balances	12	365,653	357,153
Due to related party	17	-	7,172
Total Current Liabilities		2,732,991	1,762,550
Total Liabilities		2,732,991	1,762,550
Total Liabilities and Shareholder's Equity		11,766,929	11,901,409

The accompanying notes on pages from (9) to (24) are an integral part of these financial statements.

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>Jordanian Dinar</i>	<i>Notes</i>	For the year ended December 31,	
		2017	2016
<u>Hotel Departmental revenues</u>			
Rooms		1,236,062	912,885
Food and beverage		825,697	689,936
Other departments		71,093	46,367
		2,132,852	1,649,188
<u>Hotel Departmental costs</u>			
Rooms		(341,052)	(244,895)
Food and beverage		(646,848)	(588,440)
Other departments		(92,035)	(55,465)
Administrative departments		(1,588,030)	(1,541,366)
		(2,667,965)	(2,430,166)
Net operating loss		(535,113)	(780,978)
Administrative expense	14	(164,920)	(217,740)
Depreciation		(614,079)	(654,453)
Interest income		5,747	7,839
Finance costs		(59,618)	(157,694)
Gain from sale of assets		28,188	-
Provision for doubtful debts		-	(83,184)
Loss for the year before tax		(1,339,795)	(1,886,210)
Tax surplus		234,874	-
Loss for the year		(1,104,921)	(1,886,210)
Comprehensive income for the year		(1,104,921)	(1,886,210)
Basic and diluted losses per share for the year	15	(0,028)	(0,086)

The accompanying notes on pages from (9) to (24) are an integral part of these financial statements.

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Jordanian Dinar</i>	<u>Paid in capital</u>	<u>Share premium</u>	<u>Share discount</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<u>Balance at 1 January 2017</u>	39,000,000	350,000	(19,067,815)	28,511	(10,171,837)	10,138,859
Total comprehensive income for the year	-	-	-	-	(1,104,921)	(1,104,921)
Balance at 31 December 2017	<u>39,000,000</u>	<u>350,000</u>	<u>(19,067,815)</u>	<u>28,511</u>	<u>(11,276,758)</u>	<u>9,033,938</u>
<u>Balance at 1 January 2016</u>	18,179,935	350,000	(3,660,967)	28,511	(8,128,639)	6,768,840
Capital increase (note 1)	20,820,065	-	(15,406,848)	-	-	5,413,217
Comprehensive income for the year	-	-	-	-	(1,886,210)	(1,886,210)
Capital increase expenses	-	-	-	-	(156,988)	(156,988)
Balance at 31 December 2016	<u>39,000,000</u>	<u>350,000</u>	<u>(19,067,815)</u>	<u>28,511</u>	<u>(10,171,837)</u>	<u>10,138,859</u>

The accompanying notes on pages from (9) to (24) are an integral part of these financial statements.

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHARHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

<i>Jordanian Dinar</i>	<u>Note</u>	<u>For the year ended</u>	<u>December 31,</u>
		<u>2017</u>	<u>2016</u>
Cash flows from operating activities			
Loss for the year before income tax		(1,339,795)	(1,886,210)
Adjustments			
Depreciation	5	614,079	654,453
Gain on sale of Property, and equipment's		(28,188)	-
Finance expenses		59,618	157,694
Interest income		(5,747)	(7,839)
Doubtful debts provision		-	83,184
Changes in working capital items			
Inventory		25,485	22,314
Trade receivables		(13,996)	(229,002)
Other debit balances		(5,700)	(79,491)
Account payables		(240,718)	188,418
Other credit balances		8,500	175,358
Due to related parties		(7,172)	6,462
Net cash flows used in operating activities		(933,634)	(914,659)
Cash flows from investing activities			
Acquisition of property and equipment	5	(212,045)	(318,860)
Proceeds from sale of property and equipment		43,500	-
Interest received		5,747	7,839
Net cash flows used in investing activities		(162,798)	(311,021)
Cash flows from financing activities			
Bank loans		1,161,062	-
Loans repayments		(5,882)	(4,310,588)
Paid finance cost		(4,967)	(157,694)
Capital increase expenses		-	(156,988)
Capital increment		-	5,413,217
Net cash flows from financing activities		1,150,213	787,947
Net change in cash and cash equivalents		53,781	(437,733)
Cash and cash equivalents at the beginning of the year		63,845	501,578
Cash and Cash Equivalents at the End of the Year		117,626	63,845

The accompanying notes on pages from (9) to (24) are an integral part of these financial statements.

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

Winter Valley Tourism Investment Company public shareholding company ("the Company") was established on 29 August 2005 with paid up capital of JD 1,500,000 divided into 1,500,000 shares with par value of JD 1 per share.

During 2016, the company increased its capital by issuing 20,820,065 shares for subscription with par value JD 1 per share and share discount of JD 0.74 per share were the authorized and paid in capital has become JD 39,000,000 divided into 39,000,000 shares with par value JD 1 per share.

The objective of the company is to construct, own, operate, manage and invest in hotels and touristic resorts and residential and commercial buildings and to operate in everything related to or sub related to or from a part of hotels activities, tourism, commercial and residential buildings and owning and purchasing lands for development.

The Company's address is Al Rabiah – Amman – Jordan, and the Company operates in the Dead Sea through Ramada Hotel - Dead Sea, where the company signed an agreement with a new operator (Ramada) on July 10, 2015 to manage the hotel. The new operator started operation on December 1, 2015.

The financial statements were authorized for issuance by the Board of Directors in its meeting held on February 1, 2018 the financial statement requires the general assembly's approval.

2) BASIS OF PREPARATION

a- Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS).

b- Basis of measurement

The financial statements have been prepared on the historical cost basis.

c- Functional and presentation currency

The financial statements are presented in the Jordanian Dinar, which is the Company's functional and presentation currency.

d- Use of estimates.

The preparation of the financial statements in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the Reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

- Management periodically reassesses the economic useful lives of Intangible assets and property and equipment based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's lawyer. This study highlights potential risks that the Company may incur in the future.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- Management recognizes income tax expense for the year based on management's estimate for taxable profit in accordance with the prevailing laws, regulations.

Fair value measurement

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:

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

The asset or liability measured at fair value might be either of the following:

- 1- A stand-alone asset or liability; or
- 2- A company of assets, a company of liabilities or a company of assets and liabilities. A number of the Company's accounting policies (for example a cash generating units for trading activities) and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management believes that its estimates and judgments are reasonable and adequate.

e- Going Concern

The financial statements of the company shows material challenges on company's performance on the future, and those challenges include the following:

- The company's accumulated losses amounted to JD 11,276,758 as of December 31, 2017, which equals to 28.9 % of the company's share capital (JD 10,171,837 which equals to 26% from the paid up capital as of December 31, 2016)
- The company has deficit in working capital as of December 31, 2017 amounted to JD 2,064,592 (JD 1,377,017: December 31, 2016).
- The company's net operating loss for the year ended December 31, 2017 amounted to JD 535,113 (JD 780,978: December 31, 2016). The net loss for the year amounted to 1,104,921 JOD (31, December 2016: 1,886,210).

**WINTER VALLEY FOR TOURISM INVESTMENTS
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AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

In order to face these conditions and challenges and to guarantee the continuation of the company, During 2016 the company has increase the company's capital to become JD 39 Million and the procedures for the capital increment has been completed at the end of the year 2016, Moreover, the company has paid its accrued loans granted from local banks and other liabilities through this increment, in addition to that some shareholders have injected cash to the company in the first quarter of 2017 as a loan from a related party to support the working capital of the company, Moreover, the board of directors have restructure the executive management for the hotel through hiring well experienced and qualified general manager and financial manager in order to increase the financial and the managerial level of the hotel and its expected that this recruitment will increase the operational efficiency of the hotel and will have a positive impact on the operational profit and loss of the hotel, accordingly the management of the company has prepared the financial statements on a going concern basis

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these financial statements for the year ended 31 December 2017 are the same as those applied by the Company in its financial statements for the year ended 31 December 2016, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2017:

New currently applied requirements

- Amendments on IAS (7): Disclosure Initiative.
- Amendments on IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses.
- Amendments on IFRS (12): Ownership of other firms disclosure: Annual Improvements to IFRSs 2014 2016 Cycle

The application of these amended standards did not have a significant effect on the Company's financial statements, below are the significant accounting policies applied by the company:

Property and equipment

Recognition and measurement:

- Items of property, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any).
- Cost includes all expenditures that are directly attributable to the acquisition of the asset.
- When parts of an item of property, and equipment have different useful lives, they are accounted for as separated items of property, and equipment.
- Gains and losses on disposal of an item of property, and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, and equipment and are recognized on a net basis within "other income" in the statement of profit or loss and other comprehensive income.

Subsequent costs:

- The cost of replacing part of an item of property, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- The costs of the day to day servicing of property and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation:

- Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, and equipment. And cost of leased assets should be depreciated over life of the assets or leased period which is lesser.

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

- The estimated annual depreciation rates of property and equipment for the current and previous year are as follows:

Property & Equipment	Annual Depreciation rate
	%
Buildings	2
Furniture, fixture and decoration	15
Electrical and office equipment	20 – 10
Computers and softwares	25
Vehicles	15

- The Company reviews the useful lives and residual values at each financial year-end, and makes adjustments if necessary.

Impairment

Financial Assets

- A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
- A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- Individually significant financial assets are tested for impairment on an individual basis.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of Profit or Loss and Other Comprehensive Income.

Non-Financial Assets

- The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the statement of Profit or Loss and Other Comprehensive Income.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

**WINTER VALLEY FOR TOURISM INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

Inventory

Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the weighted average method, including costs incurred in bringing inventory to its existing location and conditions.

a) Revenue 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.

Hotel's revenues are recognized upon rendering of services or sales of food and beverages to guests.

Interest revenue is recognized on an time basis to reflect the effective interest.

b) Accounts payable and accruals

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

c) Loans

The company initially recognizes loans at its fair value less issuance cost incurred to obtain the loan, and initial to recognition loans are measured at amortized cost using the effective interest method.

d) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

e) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

f) Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

g) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current taxes are calculated using a 5% tax rate and in accordance with the Income Tax Law in the Hashemite Kingdom of Jordan.

h) Foreign currencies

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the statement of profit or loss and other comprehensive income.

i) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4) New standards and interpretations not yet adopted

A number of new standards, amendments and improvements to standards and interpretations have been issued but are not effective yet:

New standards

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1st, 2018 except for Insurance Companies which will be effective on January 1st, 2021 with earlier application permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1st, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).

Amendments

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. (date to be determined).
- IAS (7): Disclosure Initiative (effective on January 1st, 2017 with earlier application permitted).
- IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses (effective on January 1st, 2017 with earlier application permitted).
- IAS (40): Clarify Transfers of Property to, or from, Investment Property (effective on January 1st, 2018)

Improvements

- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 12 disclosure of interest of other entities (effective on January 1st, 2017).

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- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 1 First-Time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective on January 1st, 2018).

Effect of application of International Financial Reporting standard No. (9):

The Company is required to apply IFRS 9 "Financial Instruments" starting from January 1st, 2018. Accordingly, the Company has working to estimate the expected impact of the adoption of the standard on the financial statements. The Company will book the full-expected impact taking into consideration the full estimates and tests required by the standard when issuing the Company's condensed interim financial statements for the period ending March 31, 2018.

The following are the most important aspects of application:

A- Classification and measurement of financial assets:

Management anticipates that there is no material impact on the application of the Standard. The Company has early adopted phase one of IFRS 9 as of January 1, 2011 based on the request of the Jordanian Security Exchange Commission.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (Revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit or loss as a result of changes in credit risk in the statement of comprehensive income.
 - The remaining amount of fair value valuation differences is recognized in the statement of profit or loss.
- The Company has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Moreover, there is no intention by the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS (9) to the financial statements.

C- Impairment of financial assets

IFRS (9) replaces the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the financial statements.

The expected credit loss mechanism depends on the probability of default (PD), which is calculated according to the credit risk and future economic factors, the loss in default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

There is no material impact for implementing IFRS 9 on the financial statements

D- Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk and expected credit losses. The Company is working to provides all the necessary details for these disclosures to be presented in the subsequent financial statements after application.

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E- Implementation

The company expects to get exemption from the application of IFRS 9 after recording the possible impact (If any) on opening balances for retained earnings and provisions instead of reissuance of the financial statements for the year ended December 31 ,2017 and earlier .

As mentioned earlier, the company's management doesn't expect any material impact on its financial statements from implementation of IFRS 9 "Financial instruments" and IFRS 15 "revenue from contracts"

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5) Property, and equipment

<i>Jordanian Dinar</i> 2017	Lands	Buildings	Furniture, fixture And decoration	Vehicles	Electrical and office Equipment	Computer and software	Total
<u>Cost</u>							
Balance as at January 1, 2017	307,614	10,336,410	1,452,992	167,973	1,614,923	245,254	14,125,166
Additions	-	17,500	3,375	-	186,630	4,540	212,045
Disposals	-	-	(150)	(102,526)	(5,194)	-	(107,870)
Balance as at December 31, 2017	307,614	10,353,910	1,456,217	65,447	1,796,359	249,794	14,229,341
<u>Accumulated depreciation</u>							
Balance as at January 1, 2017	-	854,009	925,522	105,546	697,078	245,254	2,827,409
Depreciation for the year	-	206,932	216,038	22,928	168,181	-	614,079
Disposals	-	-	(150)	(87,214)	(5,194)	-	(92,558)
Balance as at December 31, 2017	-	1,060,941	1,141,410	41,260	860,065	245,254	3,348,930
Net book value as at December 31, 2017	307,614	9,292,969	314,807	24,187	936,294	4,540	10,880,411
2016							
<u>Cost</u>							
Balance at 1 January 2016	307,614	10,047,682	1,447,360	143,473	1,614,923	245,254	13,806,306
Additions	-	288,728	5,632	24,500	-	-	318,860
Balance as at December 31, 2016	307,614	10,336,410	1,452,992	167,973	1,614,923	245,254	14,125,166
<u>Accumulated Depreciation</u>							
Balance as at January 1, 2016	-	630,753	708,378	83,106	536,881	213,838	2,172,956
Depreciation for the year	-	223,256	217,144	22,440	160,197	31,416	654,453
Balance as at December 31, 2016	-	854,009	925,522	105,546	697,078	245,254	2,827,409
Net book value as at December 31, 2016	307,614	9,482,401	527,470	62,427	917,845	-	11,297,757

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6) ADVANCE PAYMENT FOR REPURCHASED LAND

During 2008, the company signed an agreement to sell 7 land lots located at Swiemeh using irrevocable proxy by the amount of JD 480.000. There was a dispute between the company and the other party to this agreement, were the parties reached to a settlement agreement through the court by which the company will recover 3 land lots out of the 7 sold by an amount of JD 218,119 which was paid during 2014. The Land lots were not transferred to the company due to unpaid fines due to Department of Lands. The court decided that land registration fees should be paid by the other party as part of this settlement agreement.

7) INVENTORY

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2017	2016
Food	11,906	21,136
Beverage	8,005	8,393
Consumable items	6,393	19,532
Others	5,742	8,470
	32,046	57,531

8) ACCOUNTS RECEIVABLES

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2017	2016
Accounts receivable	256,990	267,440
Allowance for doubtful debts	(88,149)	(112,595)
	168,841	154,845

The movement of allowance for doubtful debts is as follows:

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2017	2016
Beginning balance	112,595	32,565
Provision for the year*	-	83,184
Write off	(24,446)	(3,154)
Ending balance	88,149	112,595

- * The Board of Directors of the Company has decided to take provision related to entries for transactions not supported by documents amounted to JOD 83,184. The Board of Directors of the Company approved these allocations and the aim is to protect the interests of the shareholders and the Company. In the opinion of the management and the board of directors of the Company, the allocated provision is sufficient.

The following table represent Account receivables aging as of December 31:

<i>In Jordanian Dinar</i>	As of December 31,	
	2017	2016
Less than 30 days	75,920	98,171
31-60 days	82,610	28,274
61-90 days	12,932	25,751
91 – 120 days	1,885	1,116
More than 120 days	83,643	114,128
	256,990	267,440

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9) OTHER DEBIT BALANCES

<i>In Jordanian Dinar</i>	As at December 31,	
	2017	2016
Prepaid expenses	66,521	73,816
Advance payments to suppliers	18,662	16,000
Refundable deposits	437	662
Other	29,392	18,834
	115,012	109,312

10) CASH AND CASH EQUIVALENTS

<i>In Jordanian Dinar</i>	As at December 31,	
	2017	2016
Cash on hand	7,776	7,030
Current accounts	66,887	28,486
Deposits on demand*	42,963	28,329
	117,626	63,845

The cash at banks and deposits on demand bear interest ranging from (2.9%-3.4%) annually.

11) LOAN FROM RELATED PARTIES

The Company signed loan agreement dated April 26, 2015 from Al-Jundoul Investments Company for 4,500,000 USD with interest rate of 3% annually to close all company's obligations or any operations related to the Company. It was agreed to pay the full amount of the loan and interest due by one payment after one year from the date of withdrawal of the full amount of the loan. On November 25, 2015, the Company signed an appendix on agreement to increase the amount of the loan to USD 7,733,167 provided that all the terms concluded between the parties on April 26, 2015 will be the same except what has been agreed on this appendix, and in 2017 additional payments were made in line with the future Management Plan.

Loan from a related parties include accrued and unpaid interests amounted as 200,879 as of December 31, 2017 (142,917 as of December 31, 2016).

The balance of loan shown in note 17.

12) OTHER CREDIT BALANCES

<i>In Jordanian Dinar</i>	As at December 31,	
	2017	2016
Contractors retention	3,200	1,397
Shareholders payable	15,861	15,859
Accrued expenses	110,261	129,978
Social security deposits	28,417	8,046
Income tax deposits	12,540	41,832
Sales tax deposits	23,160	135,319
Withholder tax deposits	39,300	7,909
Others	25,438	7,199
Operator deposits	107,476	9,614
	365,653	357,153

13) SHAREHOLDERS EQUITY

Paid up capital

The company has an authorized capital of JD 39,000,000 and paid in capital of JD 39,000,000 divided into 39,000,000 shares as of 31 December 2016 with par value JD 1 per share.

Share premium

The share premium represents the excess amount of the par value of the subscribed shares.

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Share discount

The shares discount represents the amount of the decrease in the par value of the subscribed shares.

Statutory reserve

The amounts collected under this heading represent 10% of the annual profit before tax during the years in accordance with the Companies Law and it is not available for distribution to shareholders.

14) ADMINSTRATIVE EXPENSES

<i>In Jordanian Dinar</i>	For the year ended 31, December	
	2017	2016
Salaries and benefits	18,900	14,400
Company contributions in social security	2,052	1,980
Government expenses	30,441	17,972
Water and electricity	1,025	1,195
Insurance	38,276	32,560
Telecommunication	2,316	1,917
Maintenance	1,706	1,007
Professional fees	27,534	82,336
Rents	34,059	36,306
Other	8,611	28,067
	164,920	217,740

15) BASIC AND DILUTED LOSSES PER SHARE FOR THE YEAR

<i>Jordanian Dinar</i>	As of December 31, 2017	
	2017	2016
Losses for the year	(1,104,921)	(1,886,210)
Weighted average number of shares (shares)	39,000,000	21,932,772
	(Fils/JD)	(Fils/JD)
Basic shares losses for the year	(0/028)	(0/086)

The diluted shares of losses for the year are equal to the basic shares

16) INCOME TAXES

No provision was calculated for income tax due from the Company's operational results for the year ended 31 December 2017 and 31 December 2016; this was a result of an increase in taxable expenses of taxable income.

The Company's income tax was audited from 2013 to 2015 and the audit decision was not issued until the date of these financial statements. The tax declaration for the year 2016 was submitted and the company is waiting for issuance of the samples.

This amount of income tax expense presented in statement of profit or loss and other comprehensive income consist of:

<i>Jordanian Dinar</i>	2017	2016
Income Tax		
Tax for the year	-	-
Deferred tax assets- Tax surplus *	234,874	-
	234,874	-

*This amount represent deferred taxes due to the accumulated losses related to the company as presented in the statement of financial position for the company as of December 31, 2017 which is expected to be used when it's probable that future taxable profits will be available, This amount calculated based on Jordanian tax applied for the company 5% and based on the tax advisor opinion that they will have a benefits of using this deferred tax in the near future.

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- Deferred tax assets for the year were calculated as below:

<i>Jordanian Dinar</i>	For year ended December 31	
	2017	2016
Company's accumulated losses approved by the income tax authority	4,697,491	-
Tax rate	5%	5%
Tax surplus for the year	234,874	-

17) TRANSACTIONS WITH RELATED PARTIES

Transactions with related transactions that are made with associates and key administrators and key management in the company and institutions controlled in whole or in part, or affect mainly on those entities related parties represent.

The table below represents transactions with related parties included in the balance sheet:

The table below represents transactions with related parties included in the balance sheet.				
<i>Jordanian Dinar</i>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Volume of transaction</u>	
			<u>2017</u>	<u>2016</u>
<u>(17-1) Balances with related parties</u>				
<u>Due to related parties</u>				
Al Jandoul investment company	Sister company	Loan	1,848,607	632,894
Due to operator - Ramada	Operator	commercial	-	7,172
			<u>1,848,607</u>	<u>640,066</u>

Jordanian Dinar

(17-2) Transactions with related parties

<u>Due from related parties</u>			2017	2016
Due to operator - Ramada	Operator	commercial	7,786	7,172
<u>Due to related parties</u>				
Al Jandoul investment company	Sister company	Financing	1,161,062	1,893,900

18) Key management benefits

Salaries and benefits of the key management personnel for the year ended December 31, 2017 amounted to 53,350 JOD. (2016: 63,600 JOD).

19) Contingent liabilities

Bank Guarantees

There are contingent liabilities on the company consisted of bank guarantees amounted to JD 3,900 (2016: JD 1,500)

Lawsuits

There are lawsuits held against the company amounted to JD394,685 and the opinion of the management and its legal counsel there are no obligations towards the company from those lawsuits.

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20) **Financial risk management**

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.
- Capital management.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

- **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, due from related parties and cash at banks.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

<i>Jordanian Dinar</i>	Carrying amount	
	2017	2016
Cash and Cash at Banks	111,376	57,495
Trade receivable	168,841	154,845
Other debit balances	29,829	19,496
	310,046	231,836

- **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet its expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains line of credit from its bank for sudden cash requirements.

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<i>Jordanian Dinar</i>	<u>Book Value</u>	<u>Contractual Cash Flows</u>	<u>Less than one year</u>	<u>More than one year</u>
<u>December 31, 2017</u>				
Loan from a related party	1,848,607	1,848,607	1,848,607	-
Accounts payable	518,731	518,731	518,731	-
Other credit balances	365,653	365,653	365,653	-
	<u>2,732,991</u>	<u>2,732,991</u>	<u>2,732,991</u>	-
<u>December 31, 2016</u>				
Loan from a related party	632,894	632,894	632,894	-
Accounts payable	759,449	759,449	759,449	-
Other credit balances	357,153	357,153	357,153	-
Due to a related party	7,172	7,172	7,172	-
Bank loans	5,882	5,882	5,882	-
	<u>1,762,550</u>	<u>1,762,550</u>	<u>1,762,550</u>	-

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Currency Risk

Currency risk is risk that is directly related to the change in value of financial assets due to the changes in foreign currencies rate.

Foreign currency transactions represent transactions is USD, and Due to the fact that JOD is pegged with USD , the Company's management believes that the foreign currency risk is not material on the consolidated Financial Statements.

- Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

<i>Jordanian Dinars</i>	<u>2017</u>	<u>2016</u>
Fixed rate instruments:		
Loan from a related party	1,848,607	632,894
	<u>1,848,607</u>	<u>632,894</u>

- Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, statutory reserve and retained earnings.

The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

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Debt-to-adjusted Capital Ratio

Jordanian Dinar

	2017	2016
Total Debt	2,732,991	1,762,550
(Less) cash and cash equivalents	(117,626)	(63,845)
Net Debt	2,615,365	1,698,705
Adjusted capital	39,000,000	39,000,000
Debt - to - adjusted capital ratio	6.7%	4.4%

FAIR VALUE HIERARCHY

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A. Financial assets and liabilities that are measured at fair value on a recurring basis

Company doesn't have any financial assets of liabilities which require fair value measurement on a recurring basis

B. Financial assets and liabilities that are not measured at fair value:

Jordanian Dinar

	Book Value	Fair Value		
		Level 1	Level 2	Level 3
<u>December 31, 2017</u>				
Cash and cash equivalent	117,626	117,626	-	-
Other debit balances	115,012	-	115,012	-
Trade receivable	168,841	-	168,841	-
Accounts payable	(518,731)	-	(518,731)	-
Other credit balances	(365,653)	-	(365,653)	-
Loans from related party	(1,848,607)	(1,848,607)	-	-
<u>December 31, 2016</u>				
Cash and cash equivalent	63,845	63,845	-	-
Other debit balances	109,312	-	109,312	-
Trade receivable	154,845	-	154,845	-
Accounts payable	(759,449)	-	(759,449)	-
Due to related parties	(7,172)	-	(7,172)	-
Other credit balances	(357,153)	-	(357,153)	-
Loan from banks	(5,882)	(5,882)	-	-
Loans from related party	(632,894)	(632,894)	-	-