

عمان في ٢٤/٤/٢٠١٧
رقم : ٢٠١٧/١٧

السادة هيئة الأوراق المالية المحترمين
دائرة الإفصاح والمعايير المحاسبية

الموضوع : البيانات المالية لعام ٢٠١٦ باللغة الانجليزية

تحية واحترام ،،،

أرفق طيه نسخة أصلية عن القوائم المالية الموحدة كما في ٣١ كانون الاول ٢٠١٦
باللغة الانجليزية راجياً إيداعها لديكم.

وتفضلوا بقبول فائق الاحترام

٧
المدير العام
الشركة الدولية
للضادق والأسواق التجارية
عمان - الأردن

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٥ نيس ٢٠١٧
الرقم المتسلسل: 24200
رقم الملف: 31098
الجهة المختصة: 211/م

نسخة بورصة عمان ✓
نسخة مركز ايداع الاوراق المالية -



AL DAWLIYAH FOR HOTELS AND MALLS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2016



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Jordan

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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-Dawliyah for Hotels & Malls Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2016. 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

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. We selected and tested a sample of journal entries on revenue accounts.

Refer to Note 26 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

Other information included in the Company's 2016 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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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.



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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 reasonably 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

Waddah Isam Barkawi
Registration No. 591

Amman – Jordan
7 March 2017

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
ASSETS			
Non-current assets -			
Property and equipment	6	52,609,322	51,782,904
Project in progress	7	3,112,825	721,091
Investments in properties	8	1,523,038	3,884,845
Investment in associate	9	74,280	57,798
Financial assets at fair value through other comprehensive income	10	2,078,761	2,131,852
		<u>59,398,226</u>	<u>58,578,490</u>
Current assets -			
Inventories		465,563	352,043
Accounts receivable	11	6,472,517	430,622
Other current assets	12	362,531	347,604
Cheques under collection		21,771	25,238
Cash and deposits at banks	22	634,355	2,254,911
		<u>7,956,737</u>	<u>3,410,418</u>
Total Assets		<u>67,354,963</u>	<u>61,988,908</u>
EQUITY AND LIABILITIES			
Equity -			
Paid-in capital	13	43,200,000	43,200,000
Statutory reserve	14	10,800,000	10,800,000
Fair value reserve	10	(347,951)	(282,460)
Retained earnings		5,775,755	2,615,567
Total Equity		<u>59,427,804</u>	<u>56,333,107</u>
LIABILITIES			
Non-current liabilities -			
Long-term loans	15	2,748,927	877,153
Current liabilities -			
Due to banks	16,22	28,621	139,449
Current portion of long-term loans	15	2,396,944	2,289,735
Accounts payable		1,048,191	636,531
Other current liabilities	17	1,248,986	1,246,604
Income tax provision	23	455,490	466,329
		<u>5,178,232</u>	<u>4,778,648</u>
Total Liabilities		<u>7,927,159</u>	<u>5,655,801</u>
Total Equity and Liabilities		<u>67,354,963</u>	<u>61,988,908</u>

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

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> <u>JD</u>	<u>2015</u> <u>JD</u>
Operating revenues from Amman Sheraton Hotel		13,687,744	15,075,471
Operating expenses from Amman Sheraton Hotel		(9,098,820)	(9,913,546)
Depreciation on property and equipment		(1,564,346)	(1,628,900)
Net operating revenues from the hotel		3,024,578	3,533,025
Other income	19	152,398	148,470
Depreciation		(14,499)	(10,330)
Finance costs		(124,175)	(169,144)
Administrative expenses	20	(828,871)	(715,896)
Share of profit of an associate	9	16,482	22,265
Gain from sale of subsidiary	25	3,638,193	-
Profit before income tax		5,864,106	2,808,390
Income tax expense	23	(543,918)	(537,338)
Profit for the year		5,320,188	2,271,052
		<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share		<u>0/123</u>	<u>0/053</u>

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

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u> JD	<u>2015</u> JD
Profit for the year	5,320,188	2,271,052
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	<u>(65,491)</u>	<u>56,244</u>
Total comprehensive income for the year	<u>5,254,697</u>	<u>2,327,296</u>

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

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid-in capital JD	Statutory reserve JD	Fair value reserve JD	Retained earnings* JD	Total JD
2016 -					
Balance 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 (note 18)	-	-	-	(2,160,000)	(2,160,000)
Balance at 31 December 2016	<u>43,200,000</u>	<u>10,800,000</u>	<u>(347,951)</u>	<u>5,775,755</u>	<u>59,427,804</u>
2015 -					
Balance at 1 January 2015	43,200,000	10,800,000	(310,750)	3,124,561	56,813,811
Total comprehensive income for the year	-	-	56,244	2,271,052	2,327,296
Gains from sale of financial assets at fair value through other comprehensive income	-	-	(27,954)	27,954	-
Dividends	-	-	-	(2,808,000)	(2,808,000)
Balance at 31 December 2015	<u>43,200,000</u>	<u>10,800,000</u>	<u>(282,460)</u>	<u>2,615,567</u>	<u>56,333,107</u>

*It is restricted to use an amount of JD 347,951 from retained earnings which represents the negative balance of the fair value reserve.

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

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
<u>OPERATING ACTIVITIES</u>			
Profit before income tax		5,864,106	2,808,390
Adjustments for:			
Depreciation	6	1,578,845	1,639,230
Finance costs		124,175	169,144
Interest income		(32,591)	(61,711)
Gain from sale of subsidiary		(3,638,193)	-
Provision for doubtful accounts		1,709	496
Dividends income of profit		(108,007)	(80,185)
Share of profit of an associate	9	(16,482)	(22,265)
Changes in working capital:			
Inventories		(113,520)	119,501
Accounts receivable and cheques under collection		(40,137)	185,751
Other current assets		(14,927)	13,064
Accounts payable		411,660	(125,947)
Other current liabilities		2,382	22,335
Income tax paid	23	(554,757)	(399,752)
Net cash flows from operating activities		3,464,263	4,268,051
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	6	(2,405,263)	(1,078,812)
Project in progress		(2,391,734)	(721,091)
Financial assets at fair value through other comprehensive income		(12,400)	339,396
Interest income received		32,591	61,711
Dividends income received		108,007	80,185
Net cash flows used in investing activities		(4,668,799)	(1,318,611)
<u>FINANCING ACTIVITIES</u>			
Repayments of loans		(2,004,017)	(2,165,446)
Proceeds from loans		3,983,000	2,783,467
Dividends paid		(2,160,000)	(2,776,920)
Finance costs paid		(124,175)	(169,144)
Net cash flows used in financing activities		(305,192)	(2,328,043)
Net (decrease) increase in cash and cash equivalents		(1,509,728)	621,397
Cash and cash equivalents at the beginning of the year		2,115,462	1,494,065
Cash and cash equivalents on 31 December	22	605,734	2,115,462

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

(1) GENERAL

Al Dawliyah for Hotels and Malls Public Shareholding Company (the "Company") was established as a result of the merger of International Group of Hotels Association Public Shareholding Company and Development Company for Tourism and Trade Limited Liability Company on 1 August 1998 and then it was merged with Al Saad Company for Tourism and Trade Projects LLC. The Company's paid-in capital amounted to JD 43,200,000 divided into 43,200,000 shares with a par value of JD 1 per share.

The Company's main activities are to develop, construct, sale, purchase, renting, and leasing hotels, restaurants, theaters, 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 9 February 2017. 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.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements of 2015 includes the assets and liabilities of International Real Estate for Investments and Properties Development Company (100% subsidiary). During 2016, the Company sold its full share amounting to 100% of the share capital of International Real Estate for investments and Properties Development Company and this transaction resulted in a gain of JD 3,638,193 recorded in statement of profit or loss as of 31 December 2016 (note 25).

(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 2015 except for the followings:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to :

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Company's financial position or performance and became effective for annual periods which started from 1 January 2016.

(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.

The Board of Directors decided in their meeting held on 16 December 2015 to change the useful life of Amman Sheraton Hotel building and this resulted in a decrease in annual depreciation rate from 2% to 1.5% starting from 1 January 2015 and hence the depreciation charge for the year 2015 has decreased by an amount of JD 232,905 (note 6).

(5) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses.

Property and equipment (except for lands) is depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

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

The 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 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.

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 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 recognized 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 2016 and 31 December 2015 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.

AL DAWLIYAH FOR HOTELS AND MALLS COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

(6) PROPERTY AND EQUIPMENT

		Lands and Work in progress	Amman Sheraton hotel land*	Amman Sheraton hotel building	Machinery and equipment	Furniture and fixtures	Vehicles	Total
		JD	JD	JD	JD	JD	JD	JD
2016- 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	19,618,205
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

The cost of fully depreciated property and equipment as at 31 December 2016 is JD 1,008,937 (2015: JD 957,000).

* Land lots are pledged as collateral against the bank loans and overdraft facilities granted to the Company (note 15 & 16)

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2015- Cost	Lands and Work in progress**	Amman Sheraton hotel land	Amman Sheraton hotel building***	Machinery and equipment	Furniture and fixtures	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
At 1 January 2015	3,361,302	6,531,407	46,754,995	5,677,927	6,297,604	120,218	68,743,453
Additions	410,186	-	429,780	168,533	70,313	-	1,078,812
At 31 December 2015	3,771,488	6,531,407	47,184,775	5,846,460	6,367,917	120,218	69,822,265
Accumulated depreciation							
At 1 January 2015	-	-	9,023,719	3,412,829	3,920,844	42,739	16,400,131
Depreciation for the year	-	-	778,324	336,713	506,160	18,033	1,639,230
At 31 December 2015	-	-	9,802,043	3,749,542	4,427,004	60,772	18,039,361
Net book value							
At 31 December 2015	3,771,488	6,531,407	37,382,732	2,096,918	1,940,913	59,446	51,782,904

** 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.

*** The Company changed the useful life of Amman Sheraton Hotel building and this resulted in a decrease in annual depreciation rate from 2% to 1.5% starting from 1 January 2015 and hence the depreciation charge for the year 2015 has decreased by an amount of JD 232,905.

(7) PROJECTS IN PROGRESS

This item represents the cost of work executed on the solar system plant project as follows:

	<u>2016</u>	<u>2015</u>
	JD	JD
Development	2,625,296	620,999
Studies and consultations	351,162	80,872
Bank interest	103,362	18,939
Others	33,005	281
	<u>3,112,825</u>	<u>721,091</u>

The total cost to complete the project is JD 726,479 and it is expected to be completed in the first quarter of 2017.

(8) INVESTMENTS PROPERTIES

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

(9) 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:

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance at 1 January	57,798	35,533
Share of profit of an associate	<u>16,482</u>	<u>22,265</u>
Balance at 31 December	<u>74,280</u>	<u>57,798</u>

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

	2016 JD	2015 JD
Non-current assets	41,973	44,152
Current assets	347,329	391,784
Current liabilities	(93,933)	(204,746)
Equity	295,369	231,190
Ownership %	25%	25%
Value on investment	74,280	57,798
	2016 JD	2015
Revenues	713,399	847,262
Expenses	(647,472)	(758,202)
Profit for the year	65,927	89,060
The Company's share of profit for the year	16,482	22,265

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

	2016 JD	2015 JD
Investment in companies shares - quoted	1,808,539	1,861,630
Investment in companies shares— unquoted*	270,222	270,222
	2,078,761	2,131,852

* 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:

	2016 JD	2015 JD
Beginning balance at 1 January	(282,460)	(310,750)
Change in fair value	(65,491)	56,244
Gain on sale of financial assets at fair value	-	(27,954)
Ending balance at 31 December	(347,951)	(282,460)

(11) ACCOUNTS RECEIVABLE

	2016	2015
	JD	JD
Trade receivables*	6,476,279	434,142
Allowance for doubtful debts	(3,762)	(3,520)
	<u>6,472,517</u>	<u>430,622</u>

* This item includes JD 6,000,000 which represents the selling price of the subsidiary International Real Estate for Investments and Properties Development Company (note 25) which was fully collected in February 2017.

Impaired trade receivables balances amounted to JD 3,762 as at 31 December 2016 (2015: JD 3,520).

Movement on allowance for doubtful debts is as follows:

	2016	2015
	JD	JD
Balance at the beginning of the year	3,520	3,483
Charge for the year	1,709	496
Amounts written off during the year	(1,467)	(459)
Balance at the end of the year	<u>3,762</u>	<u>3,520</u>

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	91– 120 day	Total
	JD	JD	JD	JD	JD	JD	JD
2016	6,080,212	169,489	135,823	43,018	26,805	17,170	6,472,517
2015	30,103	234,937	108,233	42,290	14,284	775	430,622

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

(12) OTHER CURRENT ASSETS

	2016	2015
	JD	JD
Prepaid expenses	124,945	159,073
Refundable deposits	142,906	142,906
Advances	76,992	20,006
Employees receivables	3,288	3,649
Others	14,400	21,970
	<u>362,531</u>	<u>347,604</u>

(13) Paid in Capital

The Company authorized paid-in capital amounted to JD 43,200,000 divided to 43,200,000 shares with par value of JD 1 per share as at 31 December 2016.

(14) Statutory Reserve

The accumulated amounts in this account represent cumulative appropriations of 10% of the profit before income tax. The statutory reserve is not available for distribution to the shareholders. The Company is allowed to stop the yearly transfer when the reserve amount reaches 25% of the share capital. Hence, the Company did not transfer any additional amount to statutory reserve.

(15) Loans

	Current Portion of Long- Term Loans	Long Term Loans	Total
	JD	JD	JD
2016	2,396,944	2,748,927	5,145,871
2015	2,289,735	877,153	3,166,888

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 installment was due on 1 November 2016 and the last instalment is due on 1 May 2025. The loan balance amounted to JD 3,193,371 as of 31 December 2016.

Loan (2)

The Company signed an agreement with Jordan Ahli Bank on 29 January 2016 to increase the ceiling of the revolving loan and hence was granted USD 4,000,000 instead of USD 3,000,000 which is equivalent to JD 2,840,000 and bears an annual interest rate of LIBOR plus 1,5% with a minimum interest rate of 4,1%. The loan is repayable in 4 equal quarterly instalments, the last installment is due on 29 November 2017. The loan balance amounted to JD 1,952,500 as of 31 December 2016.

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

Year	JD
2017	2,396,944
2018	444,444
2019	2,304,483
	5,145,871

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

(16) DUE TO BANKS

This item represents the utilized amount of JD 28,621 from the overdraft facilities granted from Jordan Ahli Bank with a ceiling of JD 1,500,000 bearing annual interest rate of 7,25%. Those facilities were granted against mortgage on the land of Sheraton Hotel.

(17) OTHER CURRENT LIABILITIES

	2016	2015
	JD	JD
Accrued expenses	388,555	316,513
Sales tax payable	151,300	253,369
Deferred income	223,722	241,725
Board of Directors' benefits	65,000	65,000
Dividends payable	349,167	324,903
Others	71,242	45,094
	<u>1,248,986</u>	<u>1,246,604</u>

(18) Dividends

The general assembly approved in its meeting held on 28 March 2016, the distribution of cash dividends amounted to JD 2,160,000 representing 5% of the paid in capital.

(19) OTHER INCOME

	2016	2015
	JD	JD
Dividends income	108,007	80,185
Interest income	32,591	61,711
Others	11,800	6,574
	<u>152,398</u>	<u>148,470</u>

(20) ADMINISTRATIVE EXPENSES

	2016	2015
	JD	JD
Salaries, wages and other benefits	204,540	193,680
Bonus expense	80,000	80,000
Social security	10,144	8,904
Board of Directors	150,500	132,200
Professional and consulting fees	67,815	7,740
Insurance expenses	66,866	71,570
Maintenance expenses	607	1,996
Rent	30,000	30,000
Governmental fees	132,646	99,637
Utilities expenses	7,285	6,245
Donations	21,600	28,080
Others	56,868	55,844
	<u>828,871</u>	<u>715,896</u>

(21) BASIC AND DILUTED EARNINGS PER SHARE

	2016	2015
Profit for the year (JD)	5,320,188	2,271,052
Weighted average number of shares (share)	43,200,000	43,200,000
Basic and diluted earnings per share JD/ Fils	<u>0/123</u>	<u>0/053</u>

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

(22) CASH ON HAND AND AT BANKS

	2016	2015
	JD	JD
Cash on hands and at banks *	634,355	2,254,911
Due to banks	(28,621)	(139,449)
	<u>605,734</u>	<u>2,115,462</u>

*This item includes short term deposits at Jordan Ahli Bank amounting to JD 286,543 as of 31 December 2016 (2015: JD2,058,885) with interest rate of 3% (2015: 2,75%).

(23) INCOME TAX

The income tax for the years ended 31 December 2016 and 31 December 2015 is calculated in accordance with the Income Tax Law No. (34) of 2014.

Movement on income tax provision is as follow:

	2016	2015
	JD	JD
Balance at the beginning of the year	466,329	328,743
Income tax paid	(554,757)	(399,752)
Income tax expense	543,918	537,338
Balance as the end of the year	455,490	466,329

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

	2016	2015
	JD	JD
Accounting profit before tax	5,864,106	2,808,390
Less: non-taxable income	(3,962,141)	(335,750)
Add: non-deductible expenses	817,625	214,050
Taxable income	2,719,590	2,686,690
Income tax expense for the year	543,918	537,338
Statutory income tax rate	9%	19%
Enacted income tax rate	20%	20%

(24) 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:

	2016	2015
	JD	JD
Loan from Jordan Ahli Bank	5,145,871	3,166,888
Deposits at Jordan Ahli Bank	286,543	2,058,885
Current account at Jordan Ahli Bank	310,738	196,026
Overdraft account at Jordan Ahli Bank	28,621	139,339

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

	2016	2015
	JD	JD
Salaries and other benefits	209,700	200,424
Transportation allowances and Board of Directors benefits	150,500	132,200
Interest income on deposits - Jordan Ahli Bank	32,591	61,711
Finance cost – Jordan Ahli Bank	124,175	169,144

(25) 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

(26) 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.

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

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

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

2015- Currency	<u>Increase in interest rate (basis points)</u>	<u>Effect on Profit for the year JD</u>
JD	25	5,147
USD	25	(7,280)

Currency	<u>Decrease in interest rate (basis points)</u>	<u>Effect on Profit for the year JD</u>
JD	25	(5,147)
USD	25	7,280

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.

2016- Equity price	Change in equity price (%)	Effect on equity JD
Amman Stock Market	10	180,534
2015 - Equity price	Change in equity price (%)	Effect on equity JD
Amman Stock Market	10	186,163

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 2016	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	Total 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

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31 December 2015	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	Total JD
Accounts payable	636,531	-	-	636,531
Loans and due to banks	1,012,338	1,494,020	953,905	3,460,263
Other current liabilities	389,903	-	-	389,903
Total	2,038,772	1,494,020	953,905	4,486,697

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.

(27) 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

2016-	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
Financial assets at fair value through other comprehensive income	1,808,539	-	270,222	2,078,761
2015-				
Financial assets at fair value through other comprehensive income	1,861,630	-	270,222	2,131,852

(28) 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 59,427,804 as at 31 December 2016 (2015: JD 56,333,107).

(29) CONTINGENCIES AND COMMITMENTS

Capital expenditure

	2016	2015
	JD	JD
Project on progress	865,894	3,010,657

(30) 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 properties	Investment in financial assets	Total
31 December 2016 -	JD	JD	JD	JD
Revenues	13,687,744	-	3,762,682	17,450,426
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 year	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

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	Hotel sector	Investment in associates	Investment in financial assets	Total
31 December 2015 -	JD	JD	JD	JD
Revenues	15,075,471	-	102,450	15,177,921
Business results -				
Income before income tax	2,705,940	-	102,450	2,808,390
Income tax	(533,329)	-	(4,009)	(537,338)
Net profit for the period	2,172,611	-	98,441	2,271,052
<u>Other Segment information</u>				
Capital expenditure	1,799,903	-	-	1,799,903
Depreciation	1,639,230	-	-	1,639,230
<u>Assets and liabilities</u>				
31 December 2016				
Assets for the sector	63,753,164	1,523,038	2,078,761	67,354,963
Liabilities for the sector	5,178,232	-	-	5,178,232
31 December 2015				
Assets for the sector	55,972,211	3,884,845	2,131,852	61,988,908
Liabilities for the sector	5,655,801	-	-	5,655,801

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

(31) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

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 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.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

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.

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.

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.

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.