Arab International Hotels Company

(Public Shareholding Company)

Financial Statements

31 December 2017

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Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab International Hotels Company Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab International Hotels Company Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition	**How the key audit matter was addressed in the audit**
We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue due to high volume of revenues with low value transactions. In addition, we focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenue. The Company focuses on revenue as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service.	We considered the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable International Financial Reporting Standards. We tested the Company's controls around revenue recognition and key controls in the revenue cycle. We performed analytical procedures for the gross margin for rooms and food and beverages departments. Having built expectations about revenue figures for the year, we performed substantive analytical procedures using financial and non-financial information. Also, we selected and tested a sample of journal entries on revenue accounts. Refer to Note 28 to the financial statements for more details about revenues and note 5 for significant accounting policies and significant judgements and estimates applicable to revenue account.

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Other information included in the Company's 2017 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

Ernst & Young / Jordan

Ernst + Young

Waddah Isam Barkawi
Registration No. 591

Amman – Jordan
27 February 2018

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
ASSETS			
Non-current assets -			
Property and equipment	6	14,003,563	11,606,565
Projects in progress	7	-	2,312,347
Financial assets at fair value through other comprehensive income	8	6,096,516	6,584,036
Investment in associates	9	51,113,379	52,284,392
Financial assets at amortized cost	10	1,500,000	-
		72,713,458	72,787,340
Current assets -			
Inventories		452,354	577,709
Accounts receivable and other current assets	12	800,803	756,048
Cash and short-term deposits at banks	13	6,394,962	2,488,340
		7,648,119	3,822,097
Total Assets		80,361,577	76,609,437
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital	14	32,000,000	32,000,000
Share premium	14	3,644,693	3,644,693
Statutory reserve	14	8,000,000	8,000,000
Voluntary reserve	14	14,000,000	14,000,000
Fair value reserve	8	(2,104,318)	(1,532,681)
Company's share from fair value reserve / from investment in associates		(782,716)	(294,556)
Retained earnings		3,975,957	5,299,249
Total Equity		58,733,616	61,116,705
LIABILITIES			
Non-current liabilities -			
Long-term loans	16	6,813,527	8,030,570
Bonds payable	11	10,000,000	-
		16,813,527	8,030,570
Current liabilities -			
Due to banks		-	886,579
Current portion of long- term loans	16	1,862,444	3,900,324
Accounts payable		889,790	1,039,082
Provisions and other current liabilities	17	2,062,200	1,636,177
		4,814,434	7,462,162
Total Liabilities		21,627,961	15,492,732
Total Equity and Liabilities		80,361,577	76,609,437

The accompanying notes from 1 to 29 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
Operating revenues from Amman Marriott Hotel		11,077,223	12,498,249
Operating expenses from Amman Marriott Hotel		(8,068,771)	(9,129,699)
Depreciation on property and equipment	6	(1,134,800)	(1,142,921)
Net operating revenues from the hotel		1,873,652	2,225,629
Share of profit of associates	9	722,282	1,891,888
Interest income		139,749	7,231
Finance costs		(791,780)	(459,698)
Other income	18	375,412	419,576
Depreciation on property and equipment	6	(7,859)	(37,063)
Administrative expenses	19	(866,070)	(773,178)
Board of Directors remuneration		(65,000)	(65,000)
Profit before income tax		1,380,386	3,209,385
Income tax expense	20	(143,678)	(277,657)
Profit for the year		1,236,708	2,931,728
		JD / Fils	JD / Fils
Basic and diluted earnings per share	22	0/039	0/092

The accompanying notes from 1 to 29 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
Profit for the year		1,236,708	2,931,728
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	8	(571,637)	(308,336)
Company's share of net change in fair value reserve from investments in associates	9	(488,160)	(320,836)
Total comprehensive income for the year		176,911	2,302,556

The accompanying notes from 1 to 29 form part of these financial statements

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Company's share from fair value reserve /from investment in associates	Retained earnings*	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2017 -								
Balance at 1 January 2017	32,000,000	3,644,693	8,000,000	14,000,000	(1,532,681)	(294,556)	5,299,249	61,116,705
Total comprehensive income for the year	-	-	-	-	(571,637)	(488,160)	1,236,708	176,911
Dividends (note 15)	-	-	-	-	-	-	(2,560,000)	(2,560,000)
Balance at 31 December 2017	32,000,000	3,644,693	8,000,000	14,000,000	(2,104,318)	(782,716)	3,975,957	58,733,616
2016 -								
Balance at 1 January 2016	32,000,000	3,644,693	8,000,000	16,000,000	(1,224,345)	26,280	2,927,521	61,374,149
Total comprehensive income for the year	-	-	-	-	(308,336)	(320,836)	2,931,728	2,302,556
Dividends	-	-	-	-	-	-	(2,560,000)	(2,560,000)
Transfers	-	-	-	(2,000,000)	-	-	2,000,000	-
Balance at 31 December 2016	32,000,000	3,644,693	8,000,000	14,000,000	(1,532,681)	(294,556)	5,299,249	61,116,705

* It is restricted to use an amount of JD 2,887,034 from retained earnings, which represents the total negative balance of the fair value reserve and Company's share from fair value reserve / from investment in associates.

The accompanying notes from 1 to 29 form part of these financial statements

ARAB INTERNATIONAL HOTELS COMPANY PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
OPERATING ACTIVITIES		JD	JD
Profit before income tax		1,380,386	3,209,385
Adjustments for:			
Depreciation on property and equipment		1,142,659	1,179,984
Loss on sale of property and equipment		-	14,372
Finance costs		791,780	459,698
Interest income		(139,749)	(7,231)
Share of profit of associates		(722,282)	(1,891,888)
Dividend income		(369,342)	(391,576)
Changes in working capital:			
Inventories		125,355	126,064
Accounts receivable and other current assets		(44,755)	222,409
Accounts payable		(149,292)	(153,549)
Provisions and other current liabilities		531,051	118,890
Income tax paid		(248,706)	(265,337)
Net cash flows from operating activities		2,297,105	2,621,221
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,101,942)	(1,931,367)
Purchase of financial assets at fair value through other comprehensive income		(84,117)	(1,156)
Dividends received from associates		1,405,135	1,068,770
Interest income received		139,749	7,231
Dividends income received		369,342	391,576
Projects in progress		(125,368)	(1,814,493)
Financial assets at amortized cost		(1,500,000)	-
Net cash flows used in investing activities		(897,201)	(2,279,439)
FINANCING ACTIVITIES			
Dividends paid		(2,560,000)	(2,560,000)
Repayments of loans		(3,254,923)	(2,954,404)
Proceeds from loans		-	3,798,729
Bonds payable		10,000,000	-
Finance costs paid		(791,780)	(459,698)
Net cash flows from (used in) financing activities		3,393,297	(2,175,373)
Net increase (decrease) in cash and cash equivalents		4,793,201	(1,833,591)
Cash and cash equivalents on 1 Januray		1,601,761	3,435,352
Cash and cash equivalents on 31 December	13	6,394,962	1,601,761

The accompanying notes from 1 to 29 form part of these financial statements

(1) GENERAL

The Arab International Hotels Company (the "Company") was registered as a Public Shareholding Company in 1975 with a paid-in capital of JD 3,000,000. The pad in capital was increased several times throughout the years to become JD 32,000,000 with par value of JD 1 per share.

The Company owns Amman Marriott Hotel which commenced its operations during 1982. The Hotel is managed by Marriott International Corporation in accordance with a management agreement signed during 1976 and its subsequent amendments the latest of which was in 2014 and is valid until 2041.

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

(2) BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention except for the financial assets at fair value which are presented at fair value as of the date of the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

Amendments to IAS 7 - "Statement of Cash Flows" - Disclosures

Limited amendments include the addition of certain clarifications on liabilities arising from financing activities that include monetary and non-monetary changes (such as foreign exchange gains or losses). No effect has been made on these amendments to the Company's financial statements.

Amendments to IAS 12 Income Tax: Recognition of deferred tax assets arising from unrecognized losses

Limited amendments include the income tax law and if it restricts tax revenue sources that can be used to reduce temporary time differences when reversed. In addition to certain other limited amendments, no effect has been made on the application of these amendments to the Company's financial statements.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(5) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

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

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

	%
Hotel's building, renovations, and improvements	2-20
Furniture and fixture	8-12
Machinery and equipment	6-20
Vehicles	15
Fire extinguishing system	4

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 or loss as the expense is incurred.

Projects in progress

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

Financial assets at fair value through other comprehensive income
These assets represent investments in equity instruments for the purpose of maintaining them over the long term.

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

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

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

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

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

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.

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.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with maturities of three months or less, net of outstanding bank overdrafts.

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 as disclosed in note 25.

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

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

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.

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.

The Company's activity consists of three economic sectors the revenues and expenses of the Marriott Amman Hotel, investments in financial assets through other comprehensive income and investments in associates.

Revenue and expenses recognition
Revenue is recognized when the sale transaction is completed and the risk and rewards are transferred to the customer and the revenue can be reliably measured. Revenue from services is recognized when service is rendered.

Profits of associates is recognised by using the equity method when the associates declare their results.

Interest revenue is recognised on accrual basis using effective interest rate.

Other income is recognised on accrual basis.

Expenses are recognised on accrual basis.

Foreign currency
Foreign currency transactions during the year are recorded using exchange rates that are in effect at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign exchange gains or losses are reflected in the statement of profit or loss.

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

Current tax is calculated based on taxable profits, which may differ from accounting profits appearing in the statement of profit or loss. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent applicable years.

(6) PROPERTY AND EQUIPMENT

2017-	Lands	Hotel's building and renovations and improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Fire extinguishing system	Work in progress*	Solar System	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
At 1 January 2017	2,094,168	16,326,269	8,075,929	6,563,088	409,550	418,462	955,728	-	34,843,194
Additions	-	32,578	50.278	317,879	-	-	701,207	-	1,101,942
Transfer	-	411,844	425,703	198,462	-	-	(1,036,009)	-	-
Transferred from projects in progress (Note7)	-	-	-	-	-	-	-	2,437,715	2,437,715
At 31 December 2017	2,094,168	16,770,691	8,551,910	7,079,429	409,550	418,462	620,926	2,437,715	38,382,851
Accumulated depreciation									
At 1 January 2017	-	10,979,778	6,413,372	5,161,687	263,873	417,919	-	-	23,236,629
Additions	-	331,289	409,331	374,169	27,750	120	-	-	1,142,659
At 31 December 2017	-	11,311,067	6,822,703	5,535,856	291,623	418,039	-	-	24,379,288
Net book value									
At 31 December 2017	2,094,168	5,459,624	1,729,207	1,543,573	117,927	423	620,926	2,437,715	14,003,563
Cost									
At 1 January 2016	1,117,008	16,311,352	8,096,504	5,823,410	278,550	418,462	932,243	-	32,977,529
Additions	977,160	14,917	45,127	124,585	131,000	-	638,578	-	1,931,367
Transferred from projects in progress	-	-	-	615,093	-	-	(615,093)	-	-
Disposals	-	-	(65,702)	-	-	-	-	-	(65,702)
At 31 December 2016	2,094,168	16,326,269	8,075,929	6,563,088	409,550	418,462	955,728	-	34,843,194
Accumulated depreciation									
At 1 January 2016	-	10,651,624	6,059,484	4,758,085	235,273	403,509	-	-	22,107,975
Additions	-	328,154	405,218	403,602	28,600	14,410	-	-	1,179,984
Disposals	-	-	(51,330)	-	-	-	-	-	(51,330)
At 31 December 2016	-	10,979,778	6,413,372	5,161,687	263,873	417,919	-	-	23,236,629
Net book value									
At 31 December 2016	2,094,168	5,346,491	1,662,557	1,401,401	145,677	543	955,728	-	11,606,565

*The cost of fully depreciated property and equipment as at 31 December 2017 is JD 9,254,014 (2016: JD 8,380,450).

(7) PROJECTS IN PROGRESS

This item represents the cost of work executed on the solar system plant project. The Project was completed in the last quarter of 2017 and has been fully transferred to property and equipment. Movement on project in progress is as follows:

	2017	2016
	JD	JD
Balance at 1 January	2,312,347	497,854
Additions	125,368	1,814,493
Transfers to property and equipment	(2,437,715)	-
	-	2,312,347

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

	2017	2016
	JD	JD
Investment in companies' shares - quoted	5,919,516	6,407,036
Investment in companies' shares– unquoted*	177,000	177,000
	6,096,516	6,584,036

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

Movement on fair value reserve is as follows:

	2017	2016
	JD	JD
Beginning balance	(1,532,681)	(1,224,345)
Change in fair value	(571,637)	(308,336)
Ending balance	(2,104,318)	(1,532,681)

(9) INVESTMENT IN ASSOCIATES

	% of ownership		Value	
	2017	2016	2017	2016
	%	%	JD	JD
Business Tourism Company*	35.516	34.51	17,877,954	17,274,105
Al Dawliyah for Hotels and Malls Company*	25.72	26.62	14,087,797	15,281,980
Interior Design Studio Company	25	25	66,714	74,638
Beaches Company for Hotels and Resorts	30.93	30.93	2,873,688	2,898,487
Jordan Investor Center Company	49.34	49.34	14,693,657	15,242,180
Arab International Real Estate Company	42.35	42.35	1,513,569	1,513,002
			51,113,379	52,284,392

* The Company sold 389,346 shares from its investments in Al-Dawliyeh for Hotels and Malls Company and purchased 419,812 shares in Business Tourism Company in accordance with the share swap agreement signed with Jordan Ahli Bank (related party) on 24 May 2017 with total amount of JD 537,298. No loss or gain resulted from this transaction.

The following is a summary of the activities of the associated companies:

Company	**Main operation**
Business Tourism Company	Owning Company of J Valley Marriot and Petra Marriott Hotels
Al Dawliyah for Hotels and Malls Company	Owning Company of Sheraton Amman Hotel
Interior Design Studio Company	Interior Designs for hotels
Beaches Company for Hotels and Resorts	Owning Company of Marriot Aqaba Hotel under construction
Jordan Investor Center Company	Investments in stocks and companies
Arab International Real Estate Company	Investments in lands and real estate

Movement on investment in associates is as follows:

	2017	2016
	JD	JD
Balance at 1 January	52,284,392	51,782,110
Dividends received	(1,405,135)	(1,068,770)
Share of profit of associates	722,282	1,891,888
Share of change in fair value reserve	(488,160)	(320,836)
Sale of shares in associate	537,298	-
Purchase of shares in associate	(537,298)	-
	51,113,379	52,284,392

2017 -	Al Dawliyah for Hotels and Malls Company	Business Tourism Company	Jordan Investor Center Company	Interior Design Studio Company	Beaches Company for Hotels and Resorts	Arab Internationa Real Estate Company
	JD	JD	JD	JD	JD	JD
Investment in associates						
Current assets	1,276,933	6,523,482	1,154,448	39,463	124,445	91,21
Non-current assets	62,248,437	54,893,096	32,999,276	336,706	14,103,803	3,482,59
Current liabilities	(6,538,149)	(4,646,183)	(6,712,129)	(102,832)	(1,305)	(2,53
Non-current liabilities	-	(2,878,077)	-	-	-	-
Equity	56,987,221	53,892,318	27,441,595	273,337	14,226,943	3,571,28
Ownership %	25.72	35.516	49.342	25	30.926	42.35
Investment carrying amount	14,087,797	17,877,954	14,693,657	66,714	2,873,688	1,513,56
Revenues						
Revenues	3,547,464	14,577,024	1,465,126	47,931	5,326	2,23
Administrative expenses	(2,213,023)	(13,717,271)	(388,121)	(79,226)	(85,514)	-
Finance costs	(44,715)	(152,150)	(570,462)	(412)	-	(901
Income before tax	1,289,726	707,603	506,543	(31,708)	(80,188)	1,33
Income tax expense	(257,945)	(34,298)	-	-	-	-
Profit for the year	1,031,782	673,305	506,543	(31,708)	(80,188)	1,33
The Company's share of profit for the year	265,374	239,131	249,938	(7,927)	(24,799)	56

	Al Dawliyah for Hotels and Malls Company	Business Tourism Company	Jordan Investor Center Company	Interior Design Studio Company	Beaches Company for Hotels and Resorts	Arab International Real Estate Company
2016 -	JD	JD	JD	JD	JD	JD
Investment in associates						
Current assets	7,956,737	4,936,749	9,905,595	347,329	403,226	90,347
Non-current assets	59,398,226	55,825,168	27,371,861	41,973	13,939,939	3,482,599
Current liabilities	(5,124,232)	(4,052,324)	(8,612,948)	(93,933)	(1,600)	(2,992)
Non-current liabilities	(2,748,927)	(2,915,226)	-	-	-	-
Equity	59,481,804	53,794,367	28,644,508	295,369	14,341,565	3,569,954
Ownership %	26.622	34.516	49.342	25	30.926	42.353
Investment carrying amount	15,281,980	17,274,105	15,242,180	74,638	2,898,487	1,513,002
Revenues	17,494,817	14,083,528	1,741,544	713,399	16,767	2,271
Administrative expenses	(11,506,891)	(13,833,525)	(502,539)	(644,315)	(75,150)	(3,444)
Finance costs	(124,175)	(79,924)	(382,817)	(1,500)	(13)	-
Income before tax	5,863,751	170,079	856,188	67,584	(58,396)	(1,173)
Income tax expense	(534,918)	(10,000)	-	(1,655)	-	-
Profit for the year	5,319,833	160,079	856,188	65,929	(58,396)	(1,173)
The Company's share of profit for the year	1,416,246	55,253	422,462	16,482	(18,060)	(496)

(10) FINANCIAL ASSETS AT AMORTIZED COST

On 12 October 2017, Arab International Hotels Company purchased 15 bonds from Jordan Ahli Bank (sister company) with a variable interest rate. The interest rate at the beginning of each period equals to the discount rate of the Central Bank of Jordan plus 2% margin which amounted to 6.75% at issuance date. The interest is paid semi-annually. The Bond is due in one instalment on 12 October 2023.

(11) BONDS PAYABLE

On 22 January 2017, Arab International Hotels Company issued a 10,000 Bonds through Jordan Ahli Bank with a par value of JD1,000 and a total value of JD 10,000,000 for five years at a fixed interest rate of 5.5%. paid semi-annually. The bond principal is due in one instalment on 22 January 2022.

(12) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2017	2016
	JD	JD
Trade receivables	466,819	517,510
Allowance for doubtful debts	(37,652)	(40,384)
	429,167	477,126
Amounts due from related parties	75,218	83,448
Other receivables	296,418	195,474
	800,803	756,048

Impaired trade receivables amounted to JD 37,652 at 31 December 2017 (2016: JD 40,384).

Movement on allowance for doubtful debts is as follows:

	2017	2016
	JD	JD
Balance as of 1 January	40,384	45,007
Amounts written off during the year	(2,732)	(4,623)
Balance as of 31 December	37,652	40,384

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

	Past due but not impaired						
	1 - 30 days	31 – 60 days	61 – 90 day	91 – 120 day	121– 150 Day	>151 days	Total
	JD	JD	JD	JD	JD	JD	JD
2017	300,909	81,667	15,351	9,128	3,829	18,283	429,167
2016	325,944	90,597	36,291	5,221	654	18,419	477,126

The Company's management determines impaired trade receivables in detailed basis at the individual customers' balances level. A general provision is established based on the receivables aging.
The management expects to collect all unimpaired receivables balances. It is not the practice of the Company o obtain collateral over receivable and the vast majorities are, therefore, unsecured.

13) CASH ON HAND AND AT BANKS

	2017	2016
	JD	JD
Short-term deposits*	3,617,280	-
Cash on hands and at banks	2,777,682	2,488,340
	6,394,962	2,488,340
Less: Due to banks	-	886,579
	6,394,962	1,601,761

Short term deposits represent deposits held with local banks in Jordanian Dinars with maturities of three nonths or less, bearing an interest rate ranges from 3.75% to 4%.

14) EQUITY

aid-in capital

he Company authorized paid-in capital amounted to JD 32,000,000 divided to 32,000,000 shares with par alue of JD 1 per share as at 31 December 2017.

hare premium

he amount accumulated in this account represents the difference between the proceeds of share issuances nd the par value of the issued shares.

tatutory reserve

he accumulated amounts in this account represent cumulative appropriations of 10% of the profit before ncome tax. The statutory reserve is not available for distribution to the shareholders. The Company is allowed stop the yearly transfer when the reserve amount reaches 25% of the share capital. Hence, the Company id not transfer any additional amount to statutory reserve for the year 2017.

oluntary reserve

he accumulated amounts in this account represent cumulative appropriations not exceeding 20% of the nnual profit before tax. This reserve is available for distribution to the shareholders.

(15) Dividends

The general assembly approved in its meeting held on 31 March 2017, the distribution of cash dividends amounted to JD 2,560,000 representing 8% of the paid in capital as of 31 December 2017 (2016: JD 2,560,000).

The Board of Directors will recommend to the General Assembly in its meeting to be held on 24 April 2018, to distribute 6.5% cash dividend to shareholders amounting to JD 2,080,000 of the 2017 results.

(16) Loans

	2017		Total	
	Current portion of long- term loans	Long term loans	2017	2016
	JD	JD	JD	JD
Jordan Ahli Bank – USD (1)	1,418,000	2,127,000	3,545,000	4,963,000
Jordan Ahli Bank – USD (2)	-	2,646,936	2,646,936	2,646,936
Jordan Ahli Bank – JD (3)	444,444	2,039,591	2,484,035	2,458,769
Jordan Ahli Bank – USD (4)	-	-	-	1,862,189
	1,862,444	6,813,527	8,675,971	11,930,894

Jordan Ahli Bank – USD (1)

This represents Jordan Ahli Bank loan amounting to USD 10,000,000 (JD 7,090,000). The Company signed an agreement with Jordan Ahli Bank on 6 August 2015 for a loan which was granted against the Company's guarantee and with an interest rate of 4.10%. The loan will be paid in 10 equal in semi- annual instalments. The first instalment was due on 30 September 2015, and the interest will be paid every 6 months.

Jordan Ahli Bank – USD (2)

This represents Jordan Ahli Bank loan amounting to USD 4,200,000 (JD 2,977,800). The Company signed an agreement with Jordan Ahli Bank on 15 April 2015 for a loan which was granted against the Company's guarantee and with an interest rate of 4%. The loan will be paid in 18 equal in semi- annual instalments. The first instalment was due on 30 September 2016, and the interest will be paid every 6 months. The loan installments for the years 2017 and 2018 were rescheduled to 2025 and 2026.

Jordan Ahli Bank – JD (3)

On 4 November 2015 the Company signed a loan agreement with Jordan Ahli Bank with a ceiling of JD ,000,000 with an annual interest rate of 4%. The loan will be paid in 18 semi annual instalments, the first instalment was due on 1 November 2016. and the last instalment will be due on 1 May 2025. The loan balance amounted to JD 2,484,035 as at 31 December 2017.

Jordan Ahli Bank – USD (4)

This represents Jordan Ahli Bank revolving loan with a ceiling of USD 3,000,000 (JD 2,127,000). The Company signed an agreement with Jordan Ahli Bank on 8 May 2016 for a revolving loan which was granted against the Company's guarantee and with an interest rate of LIBOR plus 1.5% with minimum interest rate of 4.1%. The loan was fully repaid during 2017.

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

Year	JD
2018	1,531,625
2019	2,193,310
2020	1,484,310
2021	775,311
2022 - 2026	2,691,415
	8,675,971

(17) PROVISIONS AND OTHER CURRENT LIABILITIES

	2017	2016
	JD	JD
Dividends payable	431,501	413,832
Board of Directors' benefits	65,000	65,000
Accrued expenses	886,027	622,559
Income tax provision (note 20)	182,661	287,689
Others	497,011	247,097
	2,062,200	1,636,177

(18) OTHER INCOME

	2017	2016
	JD	JD
Dividends income	369,342	391,576
Others	6,070	28,000
	375,412	419,576

(19) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Salaries, wages and other benefits	361,397	372,477
Social security	12,820	12,025
Board of Directors Travel and transportation expenses	100,487	91,962
Chairman office expenses	7,098	9,757
Insurance expenses	69,213	70,705
Governmental fees	63,985	34,653
Donations	75,800	25,600
Rent	19,350	19,350
Professional fees	27,283	10,435
Advertisement expenses	22,379	6,790
Vehicles expenses	11,749	11,880
Bank expenses	14,394	25,737
Property tax expenses	45,724	45,724
Stationery and publications	10,957	11,726
Loss on disposal of property and equipment	-	14,372
Hospitality expenses	14,335	2,493
Others	9,099	7,492
	866,070	773,178

(20) INCOME TAX

The income tax for the years ended 31 December 2017 and 31 December 2016 is calculated in accordance with the Income Tax Law No. (34) of 2014.

The Company reached a final settlement with the Income Tax Department up to the year 2015.

The Income Tax Department has not reviewed the income tax declaration until the year 2016 up to the date of these financial statements.

As indicated in note (21), there are income and sales tax claims by The Income Tax Department as detailed in contingent liabilities note.

Movement on income tax provision is as follow:

	2017	2016
	JD	JD
Balance as at 1 January	287,689	275,369
Income tax expense	143,678	277,657
Income tax paid	(248,706)	(265,337)
Balance as at 31 December	182,661	287,689

The Company does not account for deferred tax due to the insignificant effect it has on the financial statements at the discretion of management.

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

	2017	2016
	JD	JD
Accounting profit before tax	1,380,386	3,209,385
Non-taxable income	(1,100,637)	(2,283,464)
Non-deductible expenses	438,643	462,365
Taxable income	718,392	1,388,286
Income tax expense for the year	143,678	277,657
Statutory income tax rate	20%	20%
Effective income tax rate	10.4%	8.7%

(21) CONTINGENT LIABILITIES

The Income Tax Department has reviewed the accounting records of the International Company for Industrial Commercial and Tourism Investments Public Shareholding Company (The Company merged with Arab International Hotels Company) for the years 1995 and 1996 and assessed an income tax liability of JD 231,154 and 130,001 respectively. The Company appealed the assessment and the case is still pending in the court. The Income Tax Department did not review the tax filings for The International Company for Industrial Commercial and Tourism Investments for the years 1996, 1998 and 1999 up to the date of these financial statements.

(22) BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
Profit for the year (JD)	1,236,708	2,931,728
Weighted average number of shares (share)	32,000,000	32,000,000
	JD/ Fils	JD/ Fils
Basic earnings per share	0/039	0/092

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

(23) 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 balances included in the statement of fanatical position is as follow:

Amounts due from related parties:

	2017	2016
	JD	JD
Bank deposit - Jordan Ahli Bank	3,617,280	-
Current account at Jordan Ahli Bank	2,756,182	2,466,840
Financial assets at amortized cost (note 10)	1,500,000	-
Due from Interior Design Studio Company Partner – included in receivables and other debit balances	30,299	36,299
Petra Marriott Hotel Partner – included in receivables and other debit balances	14,560	12,428
Jordan Valley Marriott Hotel Partner – included in receivables and other debit balances	30,359	34,721
	75,218	83,448

Amounts due to related parties:

	2017	2016
	JD	JD
Loans granted by Jordan Ahli Bank	8,675,971	11,930,894
Due to banks - Jordan Ahli Bank	-	886,579
Bonds payable (note 11)	7,750,000	-

Financial assets at fair value through other comprehensive income:

	2017	2016
	JD	JD
The Joradan Worsted Mills Company	2,852,966	3,362,181
El Zay Ready Wear Manufacturing Company	40,704	47,384
Jordan Ahli Bank	1,702,906	1,578,764

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

	2017	2016
	JD	JD
Interest income on deposits - Jordan Ahli Bank	117,280	7,231
Dividends income from investments in financial assets at fair value	303,952	-
Interest income on financial assets at amortized cost	22,469	-
Key management salaries and benefits and Board of Directors remuneration	(403,947)	(393,911)
Finance costs – Jordan Ahli Bank	(390,500)	(459,698)

The Company sold 389,346 shares from its investments in Al-Dawliyah for Hotels and Malls Company and purchased 419,812 shares in Business Tourism Company in accordance with the share swap agreement signed with Jordan Ahli Bank (related party) on 24 May 2017 with a total amount of JD 537,298. No gain or loss resulted from this transaction.

(24) 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. There is no interest rate risk associated with interest rate on bonds as its fixed interest rates.

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

2017- Currency	Increase in basis points	Effect on profit for the year JD
USD - loan	100	(61,916)
JD - loan	100	26,332

Currency	Decrease in basis points	Effect on profit for the year JD
USD - loan	100	61,916
JD - loan	100	(26,332)

2016- Currency	Increase in basis points	Effect on profit for the year JD
USD - loan	100	(94,721)
JD - loan	100	(24,588)

Currency	Decrease in basis points	Effect on profit for the year JD
USD - loan	100	94,721
JD - loan	100	24,588

Equity price risk

The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in equity prices, with all other variables held constant.

2017- Equity price	Change in equity price %	Effect on equity JD
Amman Stock Market	5	304,826
	(5)	(304,826)

2016 - Equity price	Change in equity price %	Effect on equity JD
Amman Stock Market	5	320,352
	(5)	(320,352)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

Liquidity risk

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

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

31 December 2017	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	Total JD
Bonds payable	-	550,000	11,650,000	12,200,000
Accounts payable and other current liabilities	2,951,990	-	-	2,951,990
Loans	716,090	1,186,565	7,086,068	8,988,723
Total	3,668,080	1,736,565	18,736,068	24,140,713

31 December 2016	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Due to banks	903,202	-	-	903,202
Accounts payable and other current liabilities	2,675,259	-	-	2,675,259
Loans	2,793,988	1,444,304	8,726,435	12,964,727
Total	6,372,449	1,444,304	8,726,435	16,543,188

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.

(25) 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, loans, and other current liabilities.

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

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

Assets measured at fair value

2017-	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	5,919,516	-	177,000	6,096,516

2016-	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	6,407,036	-	177,000	6,584,036

(26) 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, share premium, statutory reserve, voluntary reserve , change in fair value reserve, company's share from change in fair value reserve /from investment in associates, and retained earnings and is measured at JD 58,733,616 as of 31 December 2017 (2016: JD 61,116,705).

(27) CONTINGENCIES AND COMMITMENTS

Lawsuits

The Company is a defendant in a number of lawsuits amounting JD 28,593 representing legal claims related to its activities (2016: JD 28,593).

The Company filed a number of lawsuits amounting JD 29,459 representing legal claims related to its activities.

Capital expenditure -

	2017	2016
	JD	JD
Project on progress	-	800,000

(28) SEGMENT INFORMATION

A business segment is the Company's assets and operations engaged in providing products together or are subject to risks and returns services differ from those of other business segments.

Geographical segment is associated in providing products or services in a particular economic environment subject to risks and rewards that are different from those in other segments operating in other economic environments. Segment results are as follows:

	Hotel sector	Investment in associates	Investment in financial assets	Total
31 December 2017 -	JD	JD	JD	JD
Revenues	11,200,573	722,282	391,811	12,314,666
Segment results -				
Profit before income tax	266,293	369,342	391,811	1,380,386
Income tax expense	(89,097)	(36,114)	(18,467)	(143,678)
Profit for the year	177,196	686,168	373,344	1,236,708
<u>**Other Segment Information**</u>				
Capital expenditure	1,227,310	-	-	1,227,310
Depreciation	1,142,659	-	-	1,142,659

	Hotel sector	Investment in associates	Investment in financial assets	Total
31 December 2016 -	JD	JD	JD	JD
Revenues	12,533,480	1,891,888	391,576	14,816,944
Segment results -				
Profit before income tax	925,921	1,891,888	391,576	3,209,385
Income tax expense	(204,639)	(53,439)	(19,579)	(277,657)
Profit for the year	721,282	1,838,449	371,997	2,931,728
Other Segment Information				
Capital expenditure	3,745,860	-	-	3,745,860
Depreciation	1,179,984	-	-	1,179,984
Assets and Liabilities				
31 December 2017				
Assets	21,651,682	51,113,379	7,596,516	80,361,577
Liabilities	21,627,961	-	-	21,627,961
31 December 2016				
Assets	17,741,009	52,284,392	6,584,036	76,609,437
Liabilities	15,492,732	-	-	15,492,732

(29) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The financial standards, new interpretations and amendments issued and not yet effective until the date of the financial statements are listed below. The Company will apply these amendments from the date of mandatory application:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 (Financial Instruments) which supersedes IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of International Financial Reporting Standard 9. IFRS 9 combines all three aspects of the accounting for financial instruments: classification, measurement, impairment and hedge accounting. The Company has adopted the first phase of IFRS 9 issued during 2009. The initial application of the first phase of the Standard was on 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Early application is permitted. The standard is retrospective except for hedge accounting and IFRS 9 exempts companies from adjusting comparative figures. The Company will apply the new standard on the mandatory date of application of the standard and will not adjust the comparative figures.

A) Classification and measurement
The Company does not expect significant impact on the financial position or equity resulting from the application of the classification and measurement requirements of IFRS 9. The Company expects to continue using amortized cost and use the new classification as of January 1, 2018 to classify part of the debt instrument portfolio using the fair value of during other comprehensive income.

Loans and receivables held to collect contractual cash flows consist of payments of principal and interest. The Company analysed the contractual cash flow characteristics of the financial instruments and determined that they conform to the amortized cost measurement standards in accordance with IFRS 9. Therefore, the reclassification of these instruments is not required.

B) Low value
IFRS 9 requires the Company to record expected credit losses on all debt instruments, loans and receivables, either over a period of 12 months or over the entire lifetime of the loan. The Company will apply the simplified method and record the expected credit losses on all receivables. The Company estimates that the additional provisions to be recorded as a result of the expected credit losses of its receivables are not materially different from current requirements.

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.

The standard is to be applied for periods beginning on or after 1 January 2018 with early application permitted. In 2017, the Company carried out a study to assess the impact of IFRS 15. This study is based on current available figures that may be subject to change as new information may be available when the Company applies the Standard in 2018, the Company does not foresee a material impact on the financial position or equity resulting from the application of the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between an investor and its associate companies or joint ventures

The amendments focus on the inconsistency between IFRS 10 and IAS 28 with respect to loss of control of a subsidiary arising from the sale or transfer of an investment in a subsidiary to an associate or joint ventures. The amendments indicate that all gains or losses arising from the sale or transfer of assets to which the definition of an entity - in accordance with IFRS 3 - are recognized by the investor and the associate or joint ventures. While gains or losses resulting from the sale or transfer of assets to which the definition of an entity is not applicable between the investor and the associate or joint ventures are recognized to the extent of the investor's interest in the associate or joint ventures.

Amendments to IFRS 2 - Classification and measurement of share-based payment transactions

The IASB has issued amendments to IFRS 2 - Share-based Payment - these amendments include three main things: the effect of vesting conditions on the measurement of the transaction on a stock-to-cash basis, the classification of the share-based payment transaction with the option Settlement against tax liabilities and accounting for amendments to the terms and conditions of a payment transaction on the basis of shares whose classification changes from a share-based payment transaction to a share-based payment transaction for equity instruments.

These amendments are to be applied prospectively for periods beginning on or after 1 January 2018 with early application permitted.

IFRS 16 – Leases

The IASB issued International Financial Reporting Standard No. 16, "Leases" in January 2016, which sets out the principles of recognition, measurement, presentation and disclosure of leases.

The requirements of IFRS 16 are substantially similar to the accounting requirements of the lessor in IAS 17. Accordingly, the lessor continues to classify the leases as operating leases or finance leases, treating both types of contracts differently.

IFRS 16 requires the lessee to recognize assets and liabilities for all leases over 12 months, unless the asset is of a lower value and requires the lessee to recognize the asset's right to recognize the leased asset and the resulting obligation With rent payments.

This Standard will be effective from 1 January 2019, with early application permitted.

IFRS 17 Insurance Contracts

The standard provides a comprehensive model for recognition, measurement, presentation and clarifications related to insurance contracts. This standard supersedes IFRS 4 - Insurance Contracts. The Standard applies to all types of insurance contracts (such as life contracts and other direct insurance contracts and reinsurance contracts) without regard to the entity issuing the insurance contract, as well as some guarantees and financial instruments that carry the participation. The general framework of the standard includes the use of the variable fee method and the method of distribution of premiums.

This Standard will be effective from 1 January 2021, with early application permitted.

Amendments to IAS 40 - Transfers of investment property

These amendments indicate when the Company is required to transfer (reclassify) real estate, including properties under construction or development, to or from investment properties.

The amendments state that the change in the use of the property occurs when the requirements for the definition of real estate investments are available (or if the definition requirements are no longer available) and there is evidence of change in use. The mere change in management intention to use the property is not evidence of change in use.

These amendments are effective prospectively for periods beginning on or after 1 January 2018. Early adoption of these amendments is permitted, with early disclosure required.

endments to IFRS 4 - Adoption of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

eptember 2016, the IASB issued amendments to IFRS 4 to address issues that may arise from the different rting date of IFRS 9 and the new IFRS 17.

amendments provide alternative options for entities that issue contracts subject to IFRS 4: Temporary eption to IFRS 9 for years beginning before 1 January 2021, or to allow an entity that applies IFRS 9) lassified the gain or loss on these financial assets during the period from profit or loss to comprehensive me as if the entity had applied IAS 39 to these financial assets.

IC 22 - Transactions in Foreign Currency and Advances

s interpretation clarifies that when determining the prevailing exchange rate to be used at the initial ognition of an asset, expense or income (or part thereof) or upon derecognition of a non-monetary asset or ility relating to an advance payment, the date of the transaction is the date on which the entity initial ognition of the asset Or the non-monetary obligation that resulted from such advances.
titutions may apply these amendments retroactively or prospectively.

s interpretation is effective for periods beginning on or after 1 January 2018. Early application of this erpretation is permitted with disclosure.

RIC 23 - Uncertainty about the treatment of income tax

is interpretation clarifies the accounting treatment of income tax when there is a degree of uncertainty in spect of the tax that is affected by the application of IAS 12. The interpretation does not apply to taxes and arges not included in the scope of IAS 12 and does not include special requirements for fees and penalties treatment of uncertainties. An entity must determine whether each tax treatment should be considered as confirmed or considered as other tax treatments.

is interpretation is effective for periods beginning on or after 1 January 2019 with specific exemptions for plication.