

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

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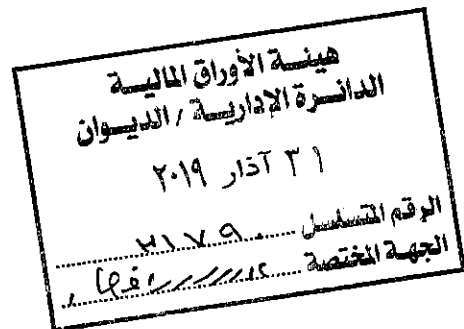
To: ~~Jordan securities Commission~~
Amman Stock Exchange

Subject: Annual Report for the fiscal year ended 31/12/2018

Attached the Annual Report of (Winter Valley Tourism Investment Company) for the fiscal year ended at 31/12/2018.

Kindly accept our highly appreciation and respect

Winter Valley Tourism Investment Company



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

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

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

FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

We have audited the financial statements of **Winter Valley for Tourism Investments Company Public Shareholding Company** (the Company) which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly in all material respects, the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matters

Without qualifying our opinion, we draw attention to the matter mentioned in note (2-c) which describes that the Company has a deficit in working capital amounting to JOD 2,639,652 (December 31, 2017: JOD 2,064,592), additionally the Company's operating losses for the year ended in December 31, 2018 amounted to JOD 298,308 (December 31, 2017: JOD 535,113), and net loss for the year amounted to JOD 1,120,518 (December 31, 2017: JOD 1,339,795). The General Assembly of the Company discussed the voluntary liquidation on meeting held in February 2, 2019, however, they decided to continue and do not liquidate the company. These issues may give rise to substantial doubts about the Company's ability to continue as a going concern. Management plans for the Company's continued operations is set out in the above-mentioned note.



Key Audit Matters

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

1- Revenue Recognition

Description of the key audit matter	<i>How the matter was addressed in our audit</i>
We have considered revenue recognition as key audit matter as there is a risk of misstatement of revenue recognition due to high volume of transactions. In addition, We focus on this area because there is a risk that billing to guests and customers may be done for services that are not rendered or services rendered but not billed or recorded and hence may result in an overstatement or understatement of revenue. The Company focuses on revenues as a key performance measure, which may create an incentive for revenues to be recognized before rendering the service.	<p>We considered the appropriateness of the Company's revenue recognition accounting policies. We have tested a sample from revenue cycle. We performed analytical procedures for the gross margin for rooms, food and beverages departments.</p> <p>We have built expectations about revenue figures for the year we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of journal entries on revenue accounts.</p> <p>Refer to note 3 of the financial statements for more details about the significant accounting policies related to the revenue recognition.</p>

2- Legal Cases and Contingent Liabilities

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

Other Information

Management is responsible for the other information. The other information does not include the financial statements and our auditors report on the financial statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the company or any other information as it relates to this paragraph until the date of this report.

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

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

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

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

Auditors' Responsibilities for the Audit of the financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain evidence sufficient and appropriate for audit evidence about corporate financial information or business activities within the company to express an opinion on the financial statements, we are responsible for the direction, supervision and performance of the company scrutiny. We officials individually for an opinion on the financial statements audit for this company.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- We determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Kawasmy and Partners
KPMG Jordan

Hatem Kawasmy
License No (656)

Amman Jordan
March 31, 2019

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

STATEMENT OF FINANCIAL POSITION

<i>Jordanian Dinar</i>	Note	As of December 31,	
		2018	2017
Assets			
Non-Current Assets			
Property, and equipment	5	10,334,953	10,880,411
Advance payments for repurchased land	6	218,119	218,119
Total Non-Current Assets		10,553,072	11,098,530
Current Assets			
Inventory	7	36,371	32,046
Trade receivables	8	171,720	168,841
Other debit balances	9	123,459	115,012
Cash and cash at banks	10	39,447	117,626
Deferred tax assets	16	234,874	234,874
Total Current Assets		605,871	668,399
Total Assets		11,158,943	11,766,929
Liabilities and Shareholders' Equity			
Shareholders' Equity			
Share capital	13	9,033,938	39,000,000
Share premium	13	-	350,000
Share discount	13	-	(19,067,815)
Statutory reserve	13	-	28,511
Accumulated losses	13	(1,120,518)	(11,276,758)
Net Shareholders' Equity		7,913,420	9,033,938
Current Liabilities			
Loan from related party	11	2,253,317	1,848,607
Accounts payable		596,478	518,731
Other credit balances	12	395,728	365,653
Total Current Liabilities		3,245,523	2,732,991
Total Liabilities		3,245,523	2,732,991
Total Liabilities and Shareholder's Equity		11,158,943	11,766,929

The accompanying notes on pages from (9) to (27) are an integral part of these financial statements.

General Manager

Finance Manager

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>Jordanian Dinar</i>	<i>Notes</i>	For the year ended December 31,	
		2018	2017
<u>Hotel Departmental revenues</u>			
Rooms		1,380,354	1,236,062
Food and beverage		872,330	825,697
Other departments		90,606	71,093
		<u>2,343,290</u>	<u>2,132,852</u>
<u>Hotel Departmental costs</u>			
Rooms		(375,911)	(341,052)
Food and beverage		(672,199)	(646,848)
Other departments		(83,077)	(92,035)
Administrative departments		(1,510,411)	(1,588,030)
		<u>(2,641,598)</u>	<u>(2,667,965)</u>
Net operating loss		<u>(298,308)</u>	<u>(535,113)</u>
Administrative expense	14	(133,968)	(164,920)
Depreciation	5	(614,838)	(614,079)
Interest income		1,888	5,747
Finance Expenses		(65,710)	(59,618)
Gain (Loss) from sale of assets		(9,582)	28,188
Loss for the year before tax		<u>(1,120,518)</u>	<u>(1,339,795)</u>
Tax surplus	16	-	234,874
Loss for the year		<u>(1,120,518)</u>	<u>(1,104,921)</u>
Loss and Comprehensive income for the year		<u>(1,120,518)</u>	<u>(1,104,921)</u>
Basic and diluted losses per share for the year	15	<u>(0,124)</u>	<u>(0,028)</u>

The accompanying notes on pages from (9) to (27) are an integral part of these financial statements.

General Manager

Finance Manager

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Jordanian Dinar</i>	Share capital	Share premium	Share discount	Statutory reserve	Accumulated losses	Total
Balance at 1 January 2018						
Balance as of January 1, 2018	39,000,000	350,000	(19,067,815)	28,511	(11,276,758)	9,033,938
Loss and Comprehensive income for the year	-	-	-	-	(1,120,518)	(1,120,518)
Accumulated losses offset note (2-e)	(29,966,062)	(350,000)	19,067,815	(28,511)	11,276,758	-
Balance at 31 December 2018	9,033,938	-	-	-	(1,120,518)	7,913,420
Balance at 1 January 2017						
Balance as of January 1, 2017	39,000,000	350,000	(19,067,815)	28,511	(10,171,837)	10,138,859
Loss and Comprehensive income for the year	-	-	-	-	(1,104,921)	(1,104,921)
Balance at 31 December 2017	39,000,000	350,000	(19,067,815)	28,511	(11,276,758)	9,033,938

The accompanying notes on pages from (9) to (27) are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS

<i>Jordanian Dinar</i>	<u>Note</u>	<u>For the year ended December 31,</u>	
		<u>2018</u>	<u>2017</u>
Cash flows from operating activities			
Loss for the year before income tax		(1,120,518)	(1,339,795)
Adjustments			
Depreciation	5	614,838	614,079
Gain (Loss) on sale of Property, and equipment's		9,582	(28,188)
Finance expenses		65,710	59,618
Interest income		(1,888)	(5,747)
Changes in working capital items			
Inventory		(4,325)	25,485
Trade receivables		(2,879)	(13,996)
Other debit balances		(8,447)	(5,700)
Account payables		77,747	(240,718)
Other credit balances		30,075	8,500
Due to related parties		-	(7,172)
Net cash flows used in operating activities		<u>(340,105)</u>	<u>(933,634)</u>
Cash flows from investing activities			
Acquisition of property and equipment	5	(81,784)	(212,045)
Proceeds from sale of property and equipment		2,822	43,500
Interest received		1,888	5,747
Net cash flows used in investing activities		<u>(77,074)</u>	<u>(162,798)</u>
Cash flows from financing activities			
Bank loans		404,710	1,161,062
Loans repayments		-	(5,882)
Paid finance expenses		(65,710)	(4,967)
Net cash flows from financing activities		<u>339,000</u>	<u>1,150,213</u>
Net change in cash and cash equivalents		(78,179)	53,781
Cash and cash equivalents at the beginning of the year		117,626	63,845
Cash and Cash Equivalents at the End of the Year		<u>39,447</u>	<u>117,626</u>

The accompanying notes on pages from (9) to (27) are an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

Winter Valley Tourism Investment Company public shareholding company ("the Company") was established on 29 August 2005 with paid up capital of JD 1,500,000 divided into 1,500,000 shares with par value of JD 1 per share. This, and the company has decided to increase the share capital to become JD 39,000,000 divided into 39,000,000 shares with par value JD 1 per share.

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

During the year 2018, the Company reduced its capital by JOD 29,966,062 to become JOD 9,033,938 as of December 31, 2018, for the purpose of offsetting the accumulated losses as it appears in note (2-E)

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

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

The financial statements were authorized for issuance by the Board of Directors in its meeting held on March 26, 2019 the financial statement requires the general assembly's approval.

2) BASIS OF PREPARATION

a- Statement of compliance

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

b- Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities measured at amortized cost.

c- Functional and presentation currency

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

d- Use of estimates.

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

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

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

- Management periodically reassesses the economic useful lives of Intangible assets and property and equipment based on the general condition of these assets and the expectation for their useful economic lives in the future.

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

NOTES TO THE FINANCIAL STATEMENTS

- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's lawyer. This study highlights potential risks that the Company may incur in the future.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.
- Management recognizes income tax expense for the year based on management's estimate for taxable profit in accordance with the prevailing laws, regulations.

Fair value measurement

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

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

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

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

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

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the audit committee.

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

e- Going Concern

The financial statements of the company of the Company shows the existence of certain events and conditions that may pose a significant challenge to the Company's future performance. These include:

The company suffers deficiency in working capital as of December 31, 2018 by JOD 2,639,652 (December 31, 2017: JOD 2,064,592).

The hotel's operating losses for the year ended in December 31, 2018 amounted to JOD 298,308 (December 31, 2017: JOD 535,113), and net loss for the period amounted to JOD 1,120,518 (December 31, 2017: JOD 1,339,795).

For the purposes to face the above circumstances and ensure the continuity of the company The General Assembly decided at its extraordinary meeting held on the 19th of April 2018 to decrease the share capital in the amount of 29,966,062 JOD to become 9,033,938 JOD after the reduction as follows:

Offset the Share Premium and statutory reserve balance as of 31st of December 2017 in the Accumulated Losses to be 10,898,247 JOD after the offset.

Offset the Accumulated losses balance shown above (10,898,247 JOD) and Share Discount as of 31st 2017 in the amount of 19,067,815 JOD in the Share Capital account to become 9,033,938 JOD after the reduction. All procedures for capital reduction were completed up to the date of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

In addition, some shareholders supported the Company with funds at the beginning of the first quarter of 2018 as loans from a related party to support the working capital of the Company. The operating company has also prepared a detailed plan aiming to increase the revenues and achieve profits. Accordingly, the management has prepared the condensed interim financial information based on the going concern basis.

The General Assembly of the Company, at its meeting held on February 2, 2019, discussed the decision to liquidate the company voluntarily. However, The General Assembly decided to continue and not to liquidate the company

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these financial statements for the year ended December 31, 2018 are the same as those applied by the Company in its financial statements for the year ended December 31, 2017, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2018:

- Amendments to IAS 7: Disclosure Initiative.
- International Financial Reporting Standard (9): Financial Instrument.
- International Financial Reporting Standard (15): Revenue from Contracts with Customers.
- IFRS (2): Classification and Measurements of Share-Based Payments.
- IAS (40): Clarify Transfers of Investment in Property.
- Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses.
- Annual Improvements to IFRSs 2014 - 2016 Cycle Amendments to IFRS 12 Disclosure of Ownership in Other Entities:
- Annual Improvements to IFRSs 2014 - 2016 Cycle Amendments on IFRS (1) adopting IFRS for the first time and IAS (28) Investment in associate and joint venture (effective on Jan 1st 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The following are the summary of the significant accounting policies applied during the year:

IFRS 9 Financial Instruments (Policy applicable from January 1, 2018)

The Company has adopted IFRS 9 as from January 1, 2018. IFRS (9) defines requirements for the recognition and measurement of both financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. This standard is considered as substitute of IAS No. (39) (Recognition and Measurement).

The details of the new significant accounting policies and the nature of the impact of changes in previous accounting policies are set out below:

A- Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS (39) for the classification and measurement of financial liabilities but eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the criteria of International Accounting standards No. (39).

- Financial Assets:

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss. The classification of financial assets under IFRS (9) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is to hold assets to collect future cash flows.

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NOTES TO THE FINANCIAL STATEMENTS

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies applied are similar to the accounting policies adopted by the Company, except for the following accounting policies that became effective from 1 January 2018:

Financial assets at amortized cost

Are the financial assets that the Company's management intends to maintain to collect the contractual cash flows, which are payments of principal and interest, if any, on the outstanding debt balance at fixed and fixed payment dates. These assets have no active market prices and the Company has no intention of selling these assets in the near future.

These assets are recognized at cost, plus acquisition costs, and any impairment loss is reversed if the asset or part of the asset is not recoverable and any impairment loss is recognized in profit or loss and other comprehensive income.

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

Financial assets include amortized cost: Cash and cash equivalents comprise cash and cash equivalents maturing within three months and demand deposits.

Reclassifying any financial assets from/to this section occurred only upon the change of the purpose from possessing and financial assets management method.

- Financial assets at fair value through other comprehensive income

These assets represents investments in equity instruments for the purpose of long term possession.

These assets are recognized at fair value plus acquisition costs and subsequently revalued at fair value. The change in fair value is reflected in the statement of other comprehensive income and in the shareholders' equity, including changes in fair value arising from translation differences on non-monetary items in foreign currencies. However, in case of the sale of these assets or any part thereof, the resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income and shareholders' equity. The balance of the sold assets revaluation reserves recognized directly to profit and loss and not through profit or loss and other comprehensive income.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at January 1, 2018:

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

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- **Financial assets at fair value through profit or loss:**
financial assets acquired by the Company to be sold in the near future and make profits through short term market prices fluctuating or trading profit margin.
These assets are stated at fair value at the time of purchase (acquisition costs are recognized on the statement of profit or loss on acquisition) and subsequently revalued at fair value. The change in fair value is reflected in the statement of profit and loss, including changes in fair value arising from translation differences on non-financial assets in foreign currencies. The resulting gain or loss is recognized in the statement of profit or loss. Dividends or interest earned are recognized in the statement of profit or loss.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for each class of financial assets and liabilities of the company as at 1 January 2018

In Jordanian Dinar	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Cash and Cash Equivalent	Fair Value	Amortized cost	117,626	117,626
Trade receivables	Fair Value	Amortized cost	168,841	168,841
Other Debit Balances	Fair Value	Amortized cost	115,012	115,012

- **Financial liabilities:**
The adoption of IFRS (9) has no material impact on the Company's accounting policies relating to financial liabilities. IFRS (9) has maintained the requirements of IAS (39) regarding the classification of financial liabilities. IAS (39) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss, whereas IFRS (9) requires:
 - Recognition of differences in valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the statement of comprehensive income.
 - The remaining amount of fair value valuation differences is recognized in the statement of profit or loss.
The Company has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying IFRS (9) to the financial statements.

A- Impairment on financial assets:

IFRS (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors. The model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other comprehensive income but not to investments in equity instruments. Where credit losses are recognized in accordance with IFRS (9), which is earlier than IAS (39).

Under IFRS (9), impairment loss are measured on either of the following bases:

- **Lifetime ECLs:** These ECLs result from all possible default events over the expected life of a financial instrument.

If the financial instrument is impaired or there is objective evidence of impairment as a result of a loss or default after initial recognition with a negative impact on future cash flow, the provision is recognized for net realizable value. The expected credit loss model requires recognition of the expected loss over the life of the asset debt instruments are very similar to the requirements of IAS 39.

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When determining whether the credit risk of financial assets has increased significantly since initial recognition and in estimating the expected credit loss, the Company relies on reasonable and supportive information available and relevant, including quantitative and qualitative information and analysis of this information based on the Company's past experience and credit study.

The Company considers financial assets to be impaired when:

- The borrower will likely be unable to pay its credit obligations to the Company without resorting to the use of collateral held against such obligations (if any).
- If more than 90 days have elapsed on maturity of financial assets.

Expected credit loss measurement

The expected credit loss calculation mechanism depends on the (probability of default), which is calculated according to the credit risk and future economic factors, (loss given default), which depends on the value of the existing collateral, the (exposure at default), the expected credit loss is discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each financial period, the Company evaluates the credit rating of financial assets at amortized cost and debt securities at fair value through other statement of comprehensive income. The credit rating of financial assets is considered to be impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset occur.

For assets within the scope of the IFRS 9 model, it is generally expected that impairment losses will increase and become more volatile. The Company applied the impairment requirements of IFRS 9 on 1 January 2018 which lead to additional provision for impairment

In Jordanian Dinars	The required provision as of January 1, 2018 in accordance with IAS (39)	The required provision as of January 1, 2018 in accordance with IFRS (9)	Difference
Provision for Expected Credit Loss	(88,149)	(88,149)	-

Presentation of impairment

Provisions loss for financial assets measured at amortized cost are deducted from the total carrying amount of the financial asset. For debt securities at fair value through other comprehensive income, the provision for impairment is recognized in other statement of comprehensive income and is not deducted from the carrying amount of the financial asset. The losses of other financial assets are presented under 'Financing expenses' in the same manner of disclosure used in accordance with IAS (39). Such disclosure is not included in the statement of profit or loss and other statement of comprehensive income based on material considerations.

Transfer to IFRS 9:

The Company took advantage of the exception provided by the Standard in effect on 1 January 2018 by recording the impact of the application of IFRS 9 on the opening balances of retained earnings instead of the reissue of the financial statements for the year ended 31 December 2017 and earlier.

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IFRS (15) Revenue from Contracts with Customers

IFRS (15) revenue from contracts with customers, which sets out a comprehensive framework for determining the value and timing of revenue recognition, applies to all entities entering into contracts for the supply of services and goods with customers except for contracts subject to other accounting standards such as the International Standard (9) and IAS (17), which superseded IAS (11), Construction Contracts, IAS (18) Revenue and the Report Standards Committee's Interpretation (13): Customer Loyalty Program, Interpretations Committee Report Criteria (15): Agreement S creation of real estate, and the interpretation of the Standards Committee reports (18): operations of assets from customers transfer, interpretation (31) - barter transactions involving advertising services, were no material impact of the application of the standard on the summary of the Company's financial statements.

a) Financial instruments (Policies effective before January 1st, 2018)

Non-derivative financial assets

The Company initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade payables, loans, other credit balances, Advances received against construction contracts and due to related parties.

Property and equipment

Recognition and measurement:

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

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Subsequent costs:

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

Depreciation:

- Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, and equipment. And cost of leased assets should be depreciated over life of the assets or leased period which is lesser.
- The estimated annual depreciation rates of property and equipment for the current and previous year are as follows:

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

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

Impairment

Financial Assets

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

Non-Financial Assets

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

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- a) **Inventory**
Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the weighted average method, including costs incurred in bringing inventory to its existing location and conditions.
- b) **Revenue recognition**
Revenue is recognized to the extent that it is probable that the economic benefits from it will flow to the Company and that the revenue can be reliably measured
Hotel's revenues are recognized upon rendering of services or sales of food and beverages to guests
Interest revenue is recognized on an time basis to reflect the effective interest.
- c) **Accounts payable and accruals**
Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.
- d) **Provisions**
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.
- e) **Offsetting**
Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.
- f) **Finance expenses**
Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.
- g) **Income tax**
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.
Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
Current taxes are calculated using a 5% tax rate and in accordance with the Income Tax Law in the Hashemite Kingdom of Jordan.

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h) Foreign currencies

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

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

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

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

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

i) Earnings per share

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

4) New standards and interpretations not yet adopted

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

New standards

- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).
- International Financial Reporting Standards (17): Insurance Contracts (effective on January 1st, 2021 with earlier application permitted).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on January 1st, 2019).
- Amendments to IFRS 9 "Pre-payment Features with Negative Compensation" (effective 1 January 2019).
- Amendments to IAS 19 Amendments to the Plan, Amortization or Settlement (effective 1 January 2019).
- Annual improvements to IFRS 2015-2017 (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective December 1, 2019)).
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between Investor and its Associates or Joint Venture (no date specified).

Management of the Company does not expect that there will be a material impact from following the above standards upon application.

A. IFRS 16 Leases

The Company is required to adopt IFRS 16 "Leases" from January 1, 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statement, as described below. The actual impact of adopting the standard on January 1, 2019 may change because:

- The Company has not finalized the testing and assessment of controls over its new IT systems
- The new accounting policies may be subject to change until the company presents the financial statements that show the date of initial application of these standards.

IFRS 16 defines the accounting treatment of leases contracts, from the point of view of the lessee. Where the lessee recognizes and shows the assets in their financial statements, which represents their rights of use of the assets. It also recognizes and records the obligation to acquire these assets in its financial statements, which represents its obligation to pay the obligation arising from the acquisition of the asset. There are exemptions from recognition of short-term leases and low-value leases.

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IFRS (16) has no material impact on the accounting treatment of leases, on the current accounting policies, from the lessor's point of view.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases and IFRIC 4 determining whether an arrangement contains a lease.

i. Leases in which the Company is a lessee

The Company will recognize the new assets and liabilities related to operating leases, these assets will be depreciated and the expense will be reflected in profit or loss and other comprehensive income as well as, interest expense arising from the acquisition of the asset.

Previously, the Company recognized operating lease expenses based on the straight-line method over the life of the lease and recognized the assets and liabilities arising from the timing difference between actual payments and payments recognized as an expense.

In addition, the Company will not recognize operational leases that it evaluates as requiring high effort. Instead, the Company will include the amounts due under the lease contract in the lease obligations.

The Company does not expect that there will be a material impact on the financial evidence from financing leases.

Based on the information currently available, the Company estimates that it will recognize a value of JD 224,874 as at 1 January 2019 as additional lease commitments. The Company does not expect to apply IFRS 16 as it will affect its ability to comply with the revised financial leverage level.

ii. Leases in which the Company is a lessor

No significant impact is expected for other leases in which the Company is a lessor.

iii. Transition

The Company plans to adopt IFRS (16) in the first quarter of 2019. The Company will adopt the second option of the retroactive approach. The cumulative effect of the adoption of IFRS (16) will be recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, without adjusting the comparative figures

The expected effect of applying IFRS 16 to the financial statements as at 1 January 2019 is shown in the table below:

	Estimated Impact of Implementing IFRS (16)		
	As of December 31, 2018	Estimated effects of Implementing IFRS 16	Estimated Balance as of 1 December 2019
Jordanian Dinar			
Right of use	-	224,874	224,874
Prepaid Expenses	5,902	(5,902)	-
Obligations	-	(224,874)	(224,874)

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5) Property, and equipment

<i>Jordanian Dinar</i>	Lands	Buildings	Furniture, fixture And decorations	Vehicles	Electrical and office Equipment	Computers and Softwares	Total
<u>Cost</u>							
Balance as at January 1, 2018	307,614	10,353,910	1,456,217	65,447	1,796,359	249,794	14,229,341
Additions	-	8,495	36,012	-	23,400	13,877	81,784
Disposals	-	-	(28,627)	-	(31,733)	-	(60,360)
Balance as at December 31, 2018	<u>307,614</u>	<u>10,362,405</u>	<u>1,463,602</u>	<u>65,447</u>	<u>1,788,026</u>	<u>263,671</u>	<u>14,250,765</u>
<u>Accumulated depreciation</u>							
Balance as at January 1, 2018	-	1,060,941	1,141,410	41,260	860,065	245,254	3,348,930
Depreciation for the year	-	207,937	215,490	9,798	177,951	3,662	614,838
Disposals	-	-	(26,775)	-	(21,181)	-	(47,956)
Balance as at December 31, 2018	-	<u>1,268,878</u>	<u>1,330,125</u>	<u>51,058</u>	<u>1,016,835</u>	<u>248,916</u>	<u>3,915,812</u>
Net book value as at December 31, 2018	<u>307,614</u>	<u>9,093,527</u>	<u>133,477</u>	<u>14,389</u>	<u>771,191</u>	<u>14,755</u>	<u>10,334,953</u>
<u>2017</u>							
<u>Cost</u>							
Balance as at January 1, 2017	307,614	10,316,410	1,452,992	167,973	1,614,923	245,254	14,125,166
Additions	-	17,509	3,175	-	186,630	4,540	212,045
Disposals	-	-	(150)	(102,526)	(5,194)	-	(107,870)
Balance as at December 31, 2017	<u>307,614</u>	<u>10,333,910</u>	<u>1,456,217</u>	<u>65,447</u>	<u>1,796,359</u>	<u>249,794</u>	<u>14,229,341</u>
<u>Accumulated depreciation</u>							
Balance as at January 1, 2017	-	854,009	925,522	105,546	697,078	245,254	2,827,409
Depreciation for the year	-	206,932	216,038	22,928	168,181	-	614,079
Disposals	-	-	(150)	(87,214)	(5,194)	-	(92,558)
Balance as at December 31, 2017	-	<u>1,060,941</u>	<u>1,141,410</u>	<u>41,260</u>	<u>860,065</u>	<u>245,254</u>	<u>3,348,930</u>
Net book value as at December 31, 2017	<u>307,614</u>	<u>9,292,969</u>	<u>314,807</u>	<u>24,187</u>	<u>936,294</u>	<u>4,540</u>	<u>10,880,411</u>

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6) ADVANCE PAYMENT FOR REPURCHASED LAND

During 2008, the company signed an agreement to sell 7 land lots located at Swiemeh using irrevocable proxy by the amount of JD 480,000. There was a dispute between the company and the other party to this agreement, were the parties reached to a settlement agreement through the court by which the company will recover 3 land lots out of the 7 sold by an amount of JD 218,119 which was paid during 2014. The Land lots were not transferred to the company due to unpaid fines due to Department of Lands. The court decided that land registration fees should be paid by the other party as part of this settlement agreement.

7) INVENTORY

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2018	2017
Food	16,298	11,906
Beverage	8,563	8,005
Consumable items	11,430	6,393
Others	80	5,742
	36,371	32,046

8) TRADE RECEIVABLES

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2018	2017
Accounts receivable	259,869	256,990
Provision for expected credit losses	(88,149)	(88,149)
	171,720	168,841

The movement of allowance for expected credit losses is as follows:

<i>Jordanian Dinar</i>	For the year ended 31, December	
	2018	2017
Beginning balance	88,149	112,595
Write off	-	(24,446)
Ending balance	88,149	88,149

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

<i>In Jordanian Dinar</i>	As of December 31,	
	2018	2017
Less than 30 days	92,426	75,920
31-60 days	56,724	82,610
61-90 days	11,674	12,932
91 - 120 days	6,740	1,885
More than 120 days	92,305	83,643
	259,869	256,990

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9) OTHER DEBIT BALANCES

<i>In Jordanian Dinar</i>	As at December 31,	
	2018	2017
Prepaid expenses	89,772	66,521
Advance payments to suppliers	17,930	18,662
Refundable deposits	244	437
Other	15,513	29,392
	123,459	115,012

10) CASH AND CASH EQUIVALENTS

<i>In Jordanian Dinar</i>	As at December 31,	
	2018	2017
Cash on hand	13,316	7,776
Current accounts	25,677	66,887
Deposits on demand*	454	42,963
	39,447	117,626

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

11) LOAN FROM RELATED PARTIES

The Company signed loan agreement dated April 26, 2015 from Al-Jundoul Investments Company (Shareholder) for 4,500,000 USD with interest rate of 3% annually to close all company's obligations or any operations related to the Company. It was agreed to pay the full amount of the loan and interest due by one payment after one year from the date of withdrawal of the full amount of the loan. On November 25, 2015, the Company signed an appendix on agreement to increase the amount of the loan to USD 7,733,167 provided that all the terms concluded between the parties on April 26, 2015 will be the same except what has been agreed on this appendix, and in 2018 additional payments were made in line with the future Management Plan

Loan from a related parties include accrued and unpaid interests amounted as 266,589 as of December 31, 2018 (200,879 as of December 31, 2017).

The balance of loan shown in note 17.

12) OTHER CREDIT BALANCES

<i>In Jordanian Dinar</i>	As at December 31,	
	2018	2017
Contractors retention	3,227	3,200
Shareholders payable	15,937	15,861
Accrued expenses	120,981	110,261
Social security deposits	302	28,417
Income tax deposits	2,888	12,540
Sales tax deposits	54,304	23,160
Withholder tax deposits	45,026	39,300
Others	6,949	25,438
Operator deposits	146,114	107,476
	395,728	365,653

13) SHAREHOLDERS EQUITY

Paid up capital

The company has an authorized capital of JD 9,033,938 and paid in capital of JD 9,033,938 divided into 9,033,938 shares as of 31 December 2018 with par value JD 1 per share

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Share discount

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

Statutory reserve

The amounts collected under this heading represent 10% of the annual profit before tax during the years in accordance with the Companies Law and it is not available for distribution to shareholders. The Company has eliminated part of the accumulated losses in the statutory reserve as shown in note (2-E).

14) ADMINISTRATIVE EXPENSES

<i>In Jordanian Dinar</i>	For the year ended 31, December	
	2018	2017
Salaries and benefits	52,640	18,900
Company contributions in social security	2,360	2,052
Government expenses	13,790	30,441
Water and electricity	426	1,025
Insurance	12,254	38,276
Telecommunication	1,496	2,316
Maintenance	-	1,706
Professional fees	16,369	27,534
Rents	32,304	34,059
Other	2,329	8,611
Management Fees	-	-
	133,968	164,920

15) BASIC AND DILUTED LOSSES PER SHARE FOR THE YEAR

<i>Jordanian Dinar</i>	As of December 31	
	2018	2017
Losses for the year	(1,120,518)	(1,104,921)
Weighted average number of shares (shares)	9,033,938	39,000,000
	(Fils/JD)	(Fils/JD)
Basic and diluted shares losses for the year	(.124)	(0/028)

16) INCOME TAXES

No provision was calculated for income tax due from the Company's operational results for the year ended 31 December 2017 and 31 December 2018; this was a result of an increase in taxable expenses of taxable income.

The Company's income tax was audited from 2013 to 2015 and the audit decision was issued until the date of these financial statements as losses amounted to 4,697,491 was carried forward including 2012 losses.

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

<i>Jordanian Dinar</i>	2018	2017
Income Tax		
Tax for the year	-	-
Deferred tax assets- Tax surplus *	234,874	234,874
	234.874	234.874

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* This amount represent deferred taxes due to the accumulated losses related to the company as presented in the statement of financial position for the company as of December 31, 2018 which is expected to be used when it's probable that future taxable profits will be available, This amount calculated based on Jordanian tax applied for the company 5% and based on the tax advisor opinion that they will have a benefits of using this deferred tax in the near future.

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

<i>Jordanian Dinar</i>	<u>For year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Company's accumulated losses approved by the income tax authority	4,697,491	4,697,491
Tax rate	5%	5%
Tax surplus for the year	<u>234,874</u>	<u>234,874</u>

17) TRANSACTIONS WITH RELATED PARTIES

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

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

<i>Jordanian Dinar</i>	<u>Nature of relationship</u>	<u>Nature of relationship</u>	<u>Volume of transaction</u>	
			<u>2018</u>	<u>2017</u>
<u>(17-1) Balances with related parties</u>				
<u>Due to related parties</u>				
Al Jandoul investment company	Sister company	Loan	<u>2,253,317</u>	<u>1,848,607</u>
			<u>2,253,317</u>	<u>1,848,607</u>

Jordanian Dinar

(17-2) Transactions with related parties

Due from related parties

Due to related parties

			<u>2018</u>	<u>2017</u>
Due to operator – Ramada	Operator	Commercial	<u>146,114</u>	<u>7,786</u>
Al Jandoul investment company	Sister company	Financing	<u>339,000</u>	<u>1,161,062</u>

(17-3) Key management benefits

Salaries and benefits of the key management personnel for the year ended December 31, 2018 amounted to 46,560 JOD. (2017: 63,600 JOD).

18) Contingent liabilities

Bank Guarantees

There are contingent liabilities on the company consisted of bank guarantees amounted to JD 3,200 (2017: JD 3,900)

Lawsuits

There are lawsuits held against the company amounted to JD 376,352 and in the opinion of the management and its legal counsel there are no obligations towards the company from those lawsuits.

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NOTES TO THE FINANCIAL STATEMENTS

19) Financial risk management

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

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

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

Risk management framework

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

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

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

- Credit risk

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

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

Jordanian Dinar

Cash and Cash at Banks
Trade receivable
Other debit balances

Carrying amount	
2018	2017
39,447	111,376
171,720	168,841
15,757	29,829
226,924	310,046

- Liquidity risk

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

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

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<i>Jordanian Dinar</i>	<u>Book Value</u>	<u>Contractual Cash Flows</u>	<u>Less than one year</u>	<u>More than one year</u>
December 31, 2018				
Loan from a related party	2,253,317	2,253,317	2,253,317	-
Accounts payable	596,478	596,478	596,478	-
Other credit balances	395,728	395,728	395,728	-
	<u>3,245,523</u>	<u>3,245,523</u>	<u>3,245,523</u>	-

<i>Jordanian Dinar</i>	<u>Book Value</u>	<u>Contractual Cash Flows</u>	<u>Less than one year</u>	<u>More than one year</u>
December 31, 2017				
Loan from a related party	1,848,607	1,848,607	1,848,607	-
Accounts payable	518,731	518,731	518,731	-
Other credit balances	365,653	365,653	365,653	-
	<u>2,732,991</u>	<u>2,732,991</u>	<u>2,732,991</u>	-

- Market risk

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

- Currency Risk

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

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

- Interest rate risk

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

Jordanian Dinars

Fixed rate instruments:

	<u>2018</u>	<u>2017</u>
Loan from a related party	2,253,317	1,848,607
	<u>2,253,317</u>	<u>1,848,607</u>

- Capital management

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

Debt-to-adjusted Capital Ratio

Jordanian Dinar

	2018	2017
Total Debt	3,245,523	2,732,991
(Less) cash and cash equivalents	(39,447)	(117,626)
Net Debt	3,206,076	2,615,365
Adjusted capital	9,033,938	39,000,000
Debt - to - adjusted capital ratio	35%	6.7%

FAIR VALUE HIERARCHY

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

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

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

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

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

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

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

Jordanian Dinar

	Book Value	Fair Value		
		Level 1	Level 2	Level 3
<u>December 31, 2018</u>				
Cash and cash equivalent	39,447	39,447	-	-
Other debit balances	123,459	-	123,459	-
Trade receivable	171,720	-	171,720	-
Accounts payable	(596,478)	-	(596,478)	-
Other credit balances	(395,728)	-	(395,728)	-
Loans from related party	(2,253,317)	(2,253,317)	-	-
<u>December 31, 2017</u>				
Cash and cash equivalent	117,626	117,626	-	-
Other debit balances	115,012	-	115,012	-
Trade receivable	168,841	-	168,841	-
Accounts payable	(518,731)	-	(518,731)	-
Other credit balances	(365,653)	-	(365,653)	-
Loans from related party	(1,848,607)	(1,848,607)	-	-

20) Comparative Figures

Comparative figures represent the financial statements for the year ended December 31, 2017.