METICO
Mediterranean Tourism Investment Company
شركة البحر المتوسط للإستثمارات السياحية

التاريخ: 2018/4/1

الرقم: أ.ب / ل.ح

السادة بورصة عمان المحترمين

عمان – الأردن

تحية طيبة وبعد،،،

نرفق لكم طياً نسخة عن البيانات المالية باللغة الإنجليزية لشركة البحر المتوسط للاستثمارات السياحية كما في 2017/12/31 .

وتفضلوا بقبول فائق الاحتـــــرام،،،

شركة البحر المتوسط للاستثمارات السياحية

بورصة عمان
الدائـــرة الإدارية والمالية
الديـــوان
٠١ نيسان ٢٠١٨
الرقم المتسلسل: ١٥٢٨
رقم الملف: ٢١٠٢٥
الجهة المختصة: الإدراج والعمليات

تلفون ٣٦٨ ١٠ ٥٥ / ٣٦٩ ١٠ ٥٥ (٦-٩٦٢) فاكس ٣٦٣ ١٠ ٥٥ (٦-٩٦٢) ص.ب ٩٤١٦٥٤ عمان ١١١٩٤ الأردن
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MEDITERRANEAN TOURISIM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER ٣١, 2017
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

MEDITERRANEAN TOURISM INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2017

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Independent Auditor's Report

To the Shareholders of
Mediterranean Tourism Investment Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mediterranean Tourism Investment Company, which comprise the statement of financial position as of December 31, 2017, and the statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 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 other ethical requirements that are relevant to our audit of the Company in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the financial statements for 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.

We have fulfilled the responsibilities described in the Auditor's Responsibilities paragraph related to the audit of the financial statements, in addition to all other related matters. Accordingly, our audit included performing the procedures designed to respond to our assessment of the risks regarding the material errors in the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements. Description of the manner of the study of each item below is provided within the audit procedures.

Property and Equipment	Scope of Audit to Address the Risk
Property and equipment is considered a key audit matter for our audit of the financial statements since it represents 86% of the Company's total assets as of December 31, 2017. Estimating the useful lives for the property and equipment is based on assumptions and judgments made by management, the management reviews the useful lives of the property and equipment at the end of each year to check if there is any indication for impairment.	Our audit procedures included an understanding of the Company's property and equipment nature, in addition to testing the adopted internal controls related to purchasing, counting of property and equipment and reviewing the accounting estimates that is prepared by the management for depreciation of these assets. Moreover, our audit procedures included reviewing any indications for impairment for these assets, furthermore, we have recalculated a sample of the depreciation expense for the year.

Income Tax Provision	Scope of Audit to Address the Risk
The calculation of the income tax expense and income tax provision for open tax years involve assumptions and estimations of significant amounts in the financial statements as a whole. Furthermore, the Company undertakes extensive daily work within its regular operations as a result, the estimates and judgments made for taxation is considered a significant matter.	We have performed auditing procedures to obtain understanding of the risks related to income tax, the Company's procedures regarding evaluating and calculating of due taxes which are based on a tax consultant opinion, furthermore, we have also evaluated the appropriateness and adequacy of income tax provision disclosures.

Other Matter Paragraph

The accompanying financial statements are a translation of the statutory financial statements in Arabic language to which reference should be made.

Other Information
Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor thereon, which is expected to be made available to us after the date of our audit report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced 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 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 represents 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 procedures.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 which are in agreement with the accompanying financial statements. We recommend that the General Assembly of Shareholders approve these financial statements.

Amman - Jordan
February 13, 2018

Deloitte & Touche (M.E) - Jordan

ديلويت آند توش (الشرق الأوسط)
010103
Deloitte & Touche (M.E.)

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	2017	2016
ASSETS		JD	JD
Non Current Assets:			
Property and equipment - net	4	47,425,475	45,274,786
Financial assets at fair value through other comprehensive income	5	560,957	614,708
Total Non Current Assets		47,986,432	45,889,494
Current Assets:			
Inventory	6	243,596	368,141
Other debit balances	7	226,677	293,087
Accounts receivable - net	8	451,130	1,031,569
Cash on hand and at bank	9	6,046,027	7,908,511
Total Current Assets		6,967,430	9,601,308
TOTAL ASSETS		54,953,862	55,490,802
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid-up capital	10	45,000,000	45,000,000
Share premium	10	63,624	63,624
Statutory reserve	11	4,296,128	3,947,566
Fair value reserve		144,623	198,375
Retained earnings		2,488,059	2,863,502
TOTAL SHAREHOLDERS' EQYUITY		51,992,434	52,073,067
Current Liabilities:			
Accounts payable	13	837,724	1,005,068
Due to a related party	24	228,421	229,539
Other credit balances	14	1,249,154	1,406,451
Income tax provision	15	646,129	776,677
Total Liabilities		2,961,428	3,417,735
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		54,953,862	55,490,802

Authorized Member from Board of Directors **Board of Directors Chairman**

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2017	2016
		JD	JD
Four Seasons Hotel operating revenue	16	19,137,980	18,519,065
Less: Four Seasons Hotel cost of operating revenue		(3,569,763)	(2,450,564)
General and administrative expenses- Four Seasons Hotel	17	(9,624,499)	(9,476,480)
Hotel Gross Operating Profit		5,943,718	6,592,021
Other revenue	18	290,596	310,311
General and administrative expenses- Owner Company	19	(127,223)	(117,439)
Depreciation of property and equipment	4	(1,535,083)	(1,494,281)
Other expenses	20	(1,086,389)	(1,150,578)
Income for the year before Income Tax		3,485,619	4,140,034
Income tax expense	15	(700,000)	(877,550)
Income for the Year		2,785,619	3,262,484
		JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	21	0.062	0.072

Authorized Member from Board of Directors **Board of Directors Chairman**

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHINSIVE INCOME

	For the Year Ended December 31,	
	2017	2016
	JD	JD
Income for the year	2,785,619	3,262,484
Comprehensive income items :		
Net Changes in fair value reserve	(53,752)	(338)
Total Comprehensive Income for the Year	2,731,867	3,262,146

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDES' EQUITY

	Note	Paid-up Capital	Share Premium	Statutory Reserve	Fair Value Reserve - Net after Tax	Retained Earnings	Total
For the Year Ended December 31, 2017		JD	JD	JD	JD	JD	JD
Balance - beginning of the year		45,000,000	63,624	3,947,566	198,375	2,863,502	52,
Income for the year		-	-	-	-	2,785,619	2,
Changes in fair value reserve		-	-	-	(53,752)	-	
Total Comprehensive Income for the Year		-	-	-	(53,752)	2,785,619	2,
Transferred to reserves		-	-	348,562	-	(348,562)	
Distributed dividends *	12	-	-	-	-	(2,812,500)	(2,
Balance - End of the Year		45,000,000	63,624	4,296,128	144,623	2,488,059	51,
For the Year Ended December 31, 2016							
Balance - beginning of the year		45,000,000	63,624	3,528,063	198,713	2,608,021	51,
Income for the year		-	-	-	-	3,262,484	3,
Changes in fair value reserve		-	-	-	(338)	-	
Total Comprehensive Income for the Year		-	-	-	(338)	3,262,484	3,
Transferred to reserves		-	-	419,503	-	(419,503)	
Distributed dividends *	12	-	-	-	-	(2,587,500)	(2,
Balance - End of the Year		45,000,000	63,624	3,947,566	198,375	2,863,502	52,

* The General Assembly approved in their meeting held on March 30, 2017, the Board of Directors recomendation to distribute JD 2,812,500 as dividends for the year 2016 (JD 2,587,500 for the year 2015).

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

MEDITERRANEAN TOURSIM INVESTMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the year before tax		3,485,619	4,140,034
Adjustment for:			
Depreciation of property and equipment	4	1,535,083	1,494,281
Bank interest income	18	(99,760)	(133,692)
Cash Flows from Operating Activities before Changes in Working Capital		4,920,942	5,500,623
Decrease (increase) in accounts receivable		580,439	(313,028)
Decrease (increase) in inventory		124,545	(35,151)
Decrease in other debit balances		97,298	102,462
(Decrease) increase in accounts payable		(167,344)	445,288
(Decrease) increase in due to a related party		(1,118)	5,653
(Decrease) in other credit balances		(157,297)	(270,174)
Cash Flows from Operating Activities before Income Tax Paid		5,397,465	5,495,000
Income tax paid	15	(830,548)	(768,354)
Net Cash Flows from Operating Activities		4,566,917	4,726,646
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment		(2,914,362)	(705,223)
Advance payments for contractors and suppliers to acquire property and equipment	4	(771,410)	(3,595,841)
Bank interest received		68,871	87,633
Net Cash Flows (used in) Investing Activities		(3,616,901)	(4,213,431)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends	12	(2,812,500)	(2,587,500)
Net Cash Flows (used in) Financing Activities		(2,812,500)	(2,587,500)
Net (Decrease) in Cash		(1,862,484)	(2,074,285)
Cash on hand and at bank - beginning of the year		7,908,511	9,982,796
Cash on Hand and at Bank - End of the Year	9	6,046,027	7,908,511

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

1. General

- Mediterranean Tourism Investment Company is a Public Shareholding Limited Company that was established on November 20, 1996 in Amman – the Hashemite kingdom of Jordan and its address is P.O. Box 941654 Amman 11194 with an authorized capital of JD 15,000,000 represented by 15,000,000 shares at a par value of one Jordanian Dinar per share. This capital have been increased several times, the last of which was in 2003, to become 45,000,000 shares/JD.

- The Company's main objectives are establishment and management of hotels, resorts and hotel facilities as well as the building of hotels, restaurants and swimming pools, including establishment and operating Four Seasons Hotel in Amman.

- The Company and Four Seasons Hotels and Resorts International Corporation signed an agreement for managing the Four Seasons Hotel in Amman on January 27, 1997. The agreement is valid for 15 years effective from the actual commencement date of the Hotel's operations which started during 2003. The Hotel consists of 193 rooms, and according to the signed agreement the following fees should be paid for the management of the Four Seasons Hotels International:

  1. Administrative expenses at 0.25 % of operating revenue.
  2. Franchise fees at 0.05 % of operating revenue.
  3. Consultation fees at 1.75 % of operating revenue.
  4. Operating expenses at 9 % of the modified operating revenue.
  5. Marketing fees at 0.87 % of the budgeted operating revenue of the Hotel.
  6. Advertising fees at 0.6 % of operating revenue.

- The accompanying financial statements were approved by the Board of Directors on February 4, 2018, and these financial statements are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation of the Financial Statements:

- The accompanying financial statements are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the Committee of the IASB and applicable local laws.

- The financial statements are prepared under the historical cost basis except for financial assets and financial liabilities shown at fair value at the date of the financial statements.

- The reporting currency of the financial statements is Jordanian Dinar, which is the functional currency of the Company.

The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for the effect of the adoption of the new and revised standards mentioned in Note (27.a). The following are the most significant accounting policies used during the year ended December 31, 2017:

a. Accounts Receivable

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts according to management evaluation of the collectability from customers.

b. Property and Equipment

1. Property and equipment are stated at cost, net of accumulated depreciation and any impairment in its value. Moreover, property and equipment (except for land) are depreciated when they ready for use, according to the straight-line method over their expected useful lives using the following annual rates:

	%
Buildings and constructions	2
Furniture and fixtures	9
Decorations	9
Electrical supplies, equipment's and computers	5-15
Vehicles	12
Mobile restaurant	5

2. When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the statement of income.

3. The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.

4. Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

c. Financial Assets at Fair Value through Other Comprehensive Income

- These financial assets at fair value through other comprehensive income represent investments in equity instruments for the purpose of keeping them for the long term.

- These assets are recognized at fair value plus acquisition expenses at the time of purchase. They are subsequently re-evaluated at fair value; and the change in fair value is presented in the statement of comprehensive income within shareholders' equity, including the change in the fair value from the translation differences of non-cash assets denominated in foreign currencies. In case of selling these assets or part therefrom, the resulted gains or losses are taken to the statement of comprehensive income within shareholders' equity. Moreover, the fair value reserve balance of the sold equity instruments is to be transferred directly to retained earnings, and not through the income statement.

- Dividends are taken to the statement of income.

d. Inventory

Inventory is stated at cost, using the weighted-average method or net realizable value, whichever is lower.

e. Revenue Earned and Recognition of Expenses

Revenue is measured at the fair value of the considerations received or receivable and recognized when the services are rendered as follows:

- Room revenue is recognized according to the accrual basis.
- Food and beverage revenue is recognized when the service is rendered.
- Other departments' revenue is recognized when the service is rendered.
- Rent revenue is recognized according to the accrual basis.
- Expenses are recognized in the statement of income using accrual basis.
- Commissions are booked as revenues, when the related service is provided, dividend revenue from companies' shares is recognized when it's earned (when approved by the general assembly of shareholders).

f. Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the exchange rates prevailing at year-end. Transactions in foreign currencies are translated to Jordanian Dinar using the prevailing rates of exchange at the date of the transaction, and exchange differences are taken to the statement of income.

g. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Accrued income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the later includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, or items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the Hashemite Kingdom of Jordan.

- Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated. Furthermore, deferred taxes are calculated using the liability method in the statement of financial position according to the tax rates expected to be applied at the time of tax liability settlement or the recognition of the deferred tax assets and liabilities.

- On the financial statements date, the balance of deferred tax assets and liabilities is reviewed and reduced in case it is expected that the Company would not benefit in whole or in part from the deferred tax assets, or the tax liability is settled.

h. Segments Information

- Business segments are determined based on internal financial reporting information on the Company's segments, which is reviewed regularly by the main operating decision maker, to specify the resources for the segment and evaluate its performance. Segments are divided into business segments or geographical segments.

- A business segment represents a group of assets and operations that collaborate together in providing products or services, subject to risks and reward that differ from those related to other business segments.

- A geographical segment relates to providing products or services in a specified economic environment, subject to risks and rewards that differ from those related to segments within other economic environments.

3. Accounting Estimates

Preparation of the accompanying financial statements and application of the accounting polices require from the Company's management to estimate and assess some items affecting assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect revenue, expenses, provisions, and changes in the fair value reserve within the statement of shareholders' equity and require from the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on multiple factors and assumptions with varying degrees of assessment and uncertainty. Moreover, the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

We believe that the estimates in the financial statements are reasonable. The details are as follows:

- A provision of doubtful debts is taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.

- Income tax expense, income tax provision and deferred tax assets and liabilities for the year are accounted for in accordance with the laws, regulations, and International Financial Reporting Standards.

- Slow-moving inventory items are taken on the basis and estimates approved by management for calculating the provision to be booked in conformity with International Financial Reporting Standards.

- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their expected useful economic lives in the future. Impairment loss is charged to the statement of income.

- A provision for lawsuits raised against the Company is taken based on a legal study prepared by the Company's legal consultants. According to the study, probable future risks are identified; the study is reviewed periodically.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs. Differentiating between Level (2) and Level (3) fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. Property and Equipment - Net

This item consists of the followings:

2017	Lands	Buildings and Constructions	Furniture and Fixtures	Decorations	Electrical Supplies, Equipments and Computers	Vehicles	Mobile Restaurant	Advance Payments to Acquire Property and Equipment	Total
Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	11,749,505	32,910,231	11,118,913	2,361,763	8,089,018	120,744	383,626	4,092,934	70,826,734
Additions	1,792,056	315,813	251,095	8,732	546,666	-	-	771,410	3,685,772
Transfers	-	2,428,846	546,409	-	745,341	-	-	(3,720,596)	-
Balance - End of the Year	13,541,561	35,654,890	11,916,417	2,370,495	9,381,025	120,744	383,626	1,143,748	74,512,506
Accumulated Depreciation:									
Balance - beginning of the year	-	10,035,083	9,259,490	1,932,940	4,006,298	120,739	197,398	-	25,551,948
Depreciation for the year	-	708,476	296,932	56,288	454,206	-	19,181	-	1,535,083
Balance - End of the Year	-	10,743,559	9,556,422	1,989,228	4,460,504	120,739	216,579	-	27,087,031
Net Book Value for Property and Equipment	13,541,561	24,911,331	2,359,995	381,267	4,920,521	5	167,047	1,143,748	47,425,475
2016									
Cost:									
Balance - beginning of the year	11,749,505	32,768,702	10,990,056	2,326,873	7,547,542	120,744	383,626	638,622	66,525,670
Additions	-	-	128,857	34,890	541,476	-	-	3,595,841	4,301,064
Transfers	-	141,529	-	-	-	-	-	(141,529)	-
Balance - End of the Year	11,749,505	32,910,231	11,118,913	2,361,763	8,089,018	120,744	383,626	4,092,934	70,826,734
Accumulated Depreciation:									
Balance - beginning of the year	-	9,377,762	8,865,562	1,878,282	3,637,106	120,739	178,216	-	24,057,667
Depreciation for the year	-	657,321	393,928	54,658	369,192	-	19,182	-	1,494,281
Balance - End of the Year	-	10,035,083	9,259,490	1,932,940	4,006,298	120,739	197,398	-	25,551,948
Net Book Value for Property and Equipment	11,749,505	22,875,148	1,859,423	428,823	4,082,720	5	186,228	4,092,934	45,274,786
Annual Depreciation Rate %	-	2	9	9	5 - 15	12	5	-	

- Property and equipment include fully depreciated assets in the amount of JD 13,689,115 as of December 31, 2017 (JD 13,585,286 as of December 31, 2016).

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31			
	Number of Shares	2017	Number of Shares	2016
Quoted Shares in Amman Stock Exchange:		JD		JD
Al-Dawliyah for Hotels and Malls	600,000	486,000	600,000	540,000
Arab Jordan Investment Bank	28,908	50,589	28,908	49,144
		536,589		589,144
Un-Quoted Shares in Amman Stock Exchange:				
Jordan Hospitality and Tourism Education Company*	40,000	24,368	40,000	25,564
		24,368		25,564
		560,957		614,708

* The fair value for this investment is recalculated using the latest financial information available for the year ended December 31, 2016.

6. Inventory

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Food and beverages	166,066	190,727
Others	77,530	177,414
	243,596	368,141

7. Other Debit Balances

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Insurance and licenses prepaid expenses	156,103	201,345
Accrued interest	30,889	46,059
Others	39,685	45,683
	226,677	293,087

8. Accounts Receivable – Net

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Trade receivables	402,612	987,322
Other receivables	48,518	44,247
	451,130	1,031,569

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31,	
	2017	2016
	JD	JD
1 - 30 days	365,880	386,575
31 - 60 days	25,318	103,631
61 - 90 days	3,926	456,648
91 - 120 days	1,514	565
More than 121 days *	5,974	39,903
	402,612	987,322

* This item consists of receivable due from related parties. In the opinion of the management, the Company will be able collect these receivables and there is no need to book any provisions against it.

9. Cash on Hand and at Bank

The details of this item are as follows:

	December 31,	
	2017	2016
	JD	JD
Cash on hand	20,000	20,000
Bank current accounts	2,834,764	4,004,696
Deposits in the bank *	3,191,263	3,883,815
	6,046,027	7,908,511

* The annual interest for term deposits was 4%.

10. Paid - Up Capital and Share Premium

- The paid-up capital is amounted to JD 45 million divided into 45 million share at a par of JD 1 per share as of December 31, 2017 and 2016, moreover, there were no changes over the paid-up capital during the current year and the previous year.

- The share premium amounted to JD 63,624 as of December 31, 2017 and 2016.

11. Statutory Reserve

This item represents all the amounts that have been transferred from the annual profit before tax at a percentage of 10% according to the Company's law and it is not distributable to the shareholders.

12. Distributed Dividends

a. The Board of Directors recommended to distribute cash dividends of JD 2,475,000 which represents 5.5% of the Company's capital for the year ended December 31, 2017, this recommendation is subject to the approval of the General Assembly of Shareholders.

b. The Company's General Assembly approved in their meeting held on March 30, 2017, the recommendation of the Board of Directors to distribute JD 2,812,500 as cash dividends for the shareholders which represents 6.25% of the paid-up capital of JD 45,000,000 for the year 2016 (JD 2,587,500 for the year 2015 which represents 5.75% of the capital).

13. Accounts Payable

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Trade payables	736,946	568,169
Other payables	100,778	436,899
	837,724	1,005,068

14. Other Credit Balances

This item consists of the following:

	December 31, 2017	December 31, 2016
	JD	JD
Accrual expenses	242,473	294,121
Advance payments from customers	333,146	363,770
Advance rent payments	49,713	57,991
Sales tax withholdings	138,668	127,480
Income tax withholdings	34,117	37,948
Increments for Hotel's employees	117,083	187,750
Social Security withholdings	57,362	55,628
Shareholders withholdings	81,235	65,965
Employees vacation provision	89,185	90,422
End of service indemnity provision	38,751	31,513
Other credit balances	67,421	93,863
	1,249,154	1,406,451

15. Provision for Income Tax

a- Provision for income tax:

The movement on the provision for income tax is as follows:

	2017	2016
	JD	JD
Beginning of the year	776,677	667,481
Income tax paid	(830,548)	(768,354)
Accrued income tax	700,000	877,550
End of the Year Balance	646,129	776,677

b- The income tax shown in the statement of income is as follows:

	2017	2016
	JD	JD
Accrued income tax for the profit of the year	700,000	877,550
End of the Year Balance	700,000	877,550

- The Company did not book deferred tax assets due to immateriality, in addition, management does not expect to benefit from them in the near future.

- The Company has reached a final settlement for the income tax up to the year 2015 and has submitted its tax returns for the year 2016. In the opinion of the management and its tax advisor, the booked provisions in the financial statements are sufficient to meet the tax obligations.

- Mediterranean Tourism Investment Company (Four Seasons Hotel) was considered as a financial project thus it was granted exemptions from the prescribed fees mentioned in articles (6 and 7) of the investment promotion law No. 16 for the year 1995 as follows:

a. Exempting imported property and equipment that were used exclusively in the project.

b. Exempting imported spare parts equivalent to 15% from the exempted property and equipment from taxes and fees.

c. The Company was exempted from taxes and customs fees related to capital expenditures, this exemption will expire on May 27, 2018.

16. Four Seasons Hotel Operating Revenue

This item consists of the following:

	2017	2016
	JD	JD
Rooms revenue	7,204,267	8,793,765
Food revenue	6,502,012	5,291,965
Beverage revenue	1,363,555	618,950
Revenue from banqueting	829,008	614,481
Others	3,239,138	3,199,904
	19,137,980	18,519,065

17. General and Administrative Expenses- Four Seasons Hotel

This item consists of the following:

	2017	2016
	JD	JD
Salaries, wages and other benefits	5,018,703	5,012,609
Electricity, water and heating	1,009,106	918,296
Fuel	139,910	107,737
Promotion and advertising	700,130	658,987
Designs and decorations	139,447	141,343
Guests supplies	519,072	579,556
Travel and transportation	141,163	108,798
Cleaning	167,083	169,717
Professional fees	165,002	143,292
Maintenance and services	265,688	319,488
Postage and telecommunication	50,019	50,728
Printing and stationery	31,513	37,708
Tools and supplies	366,788	396,048
Services fees	168,801	178,340
Others	742,074	653,833
	9,624,499	9,476,480

18. Other Revenue

This item consists of the following:

	2017	2016
	JD	JD
Interest income	99,760	133,692
Rent revenue	107,627	133,970
Other revenue	83,209	42,649
	290,596	310,311

19. General and Administrative Expenses- Owner Company

This item consists of the following:

	2017	2016
	JD	JD
Salaries, wages and other benefits	13,039	12,509
Postage and telecommunication	1,642	1,438
Promotion and advertising	1,705	1,270
Printing and stationery	950	1,313
Professional fees	9,730	15,230
Fees and taxes	15,805	15,715
Insurance and licenses	20,084	21,219
Hospitality	11,196	9,874
Maintenance and services	1,148	1,392
Electricity and water	25,061	20,404
Others	26,863	17,075
	127,223	117,439

20. Other Expenses

This item consists of the following:

	2017	2016
	JD	JD
Managements fees for Four Seasons Hotels and Resorts International	1,031,389	1,095,578
Board of Directors remuneration	55,000	55,000
	1,086,389	1,150,578

21. Earnings per Share for the Year-Basic and Diluted

This item consists of the following:

	2017	2016
	JD	JD
Income for the year	2,785,619	3,262,484
Weighted-average number of shares	45,000,000	45,000,000
	JD/Share	JD/Share
Earnings per Share for the Year-Basic and Diluted	0.062	0.072

22. Lawsuits

There are labor lawsuits raised against the Company which amounted to JD 45,044 at the designated courts, the Company booked a provision against these lawsuits of JD 25,000 which represents the accrued expenses related to these employees as of December 31, 2017. The Management of the Company believes that there is no need to book additional provisions for these lawsuits.

There are lawsuits raised by the Company which amounted to JD 29,902 at the designated courts.

23. Contingent Liabilities

- As of the date of the statement of financial position, the Company had contingent liabilities for bank guarantees which amounted to JD 29,872 as of December 31, 2017 (bank guarantees which amounted to JD 24,872 as of December 31, 2016).

24. Related Parties Transactions and Balances

The details of balances and transactions with related parties are as follows:

	December 31	
	2017	2016
On-Financial Position Items	JD	JD
Cash at Bank		
Deposits and current account – AJIB *	6,026,027	7,888,511
Accounts Receivable:		
Board of Directors members	20,826	20,714
Due to a related party		
Four Seasons Hotels and Resorts International **	228,421	229,539
Investments		
Investment in AJIB *	50,589	49,144
Off-Financial Position Items:		
Bank Guarantees - AJIB *	29,872	24,872

Income Statement items:	2017	2016
Four Seasons Hotels and Resorts International management fees**	1,031,389	1,095,578
Bank interest income - AJIB *	99,760	133,692
Hotel executive management salaries and benefits	572,689	526,048

* Arab Jordan Investment Bank (AJIB) is a shareholder and Board of Directors member with ownership percentage of 9.63% of Mediterranean Tourism Investment Company's capital.

** The operator Company for the hotel.

25. Risk Management

1. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and maximize the return to stakeholders through achieving an optimal balance between equity and debt.

Moreover, the Company adopted policy to maintain the debt ratio to shareholders' equity, in order maintain total debt not more than 10% from the Company's capital, and there is no change in the Company's overall policy since 2016.

2. Liquidity Risk

Liquidity risk, also known as funding risk, represents the difficulty that the Company will encounter in making available the necessary funds to fulfill its obligations. Moreover, the Company manages its liquidity risk through keeping adequate reserves, continuously monitoring the expected and actual cash flows, and matching the maturities of financial assets and financial liabilities, moreover there are part of the Company's assets were invested as cash at banks, and financial assets at fair value through other comprehensive income, and these assets are available to meet short-term and medium-term financing requirements to manage the liquidity. The Company's liquidity as of financial position date is as follows:

	December 31,	
	2017	2016
	JD	JD
Current assets	6,967,430	9,601,308
Less: Current liabilities	(2,961,428)	(3,417,735)
Working Capital	4,006,002	6,183,573

3. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial losses from defaults.

The Company's financial assets consist mainly of accounts receivable, financial assets at fair value through comprehensive income, and cash on hand and at bank, which do not represent material concentration for the credit risk, as strict credit control and continuous monitoring are maintained on both customers' debt as well as credit limits and providing provision for doubtful receivables through testing the related aging.

4. Market Risk

Market risk is the loss in value resulting from the change in market prices such as interest rate, foreign currency exchange rate, and equity instruments prices, and consequently, the change in the fair value of the financial instruments cash flows on and off-the statement of financial position.

The Company's major transactions are in Jordanian Dinar and there are no balances with foreign currencies, accordingly there are no any effect from changing of foreign currencies prices and which applicable to payments on foreign currencies.

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the deposits at bank as of the financial statements date. Moreover, the analysis has been prepared assuming that the obligation amount at the financial statements date was outstanding during the whole year.

An increase or decrease of (1%) is used, representing the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	1% +		(1% -)	
	2017	2016	2017	2016
	JD	JD	JD	JD
Statement of income	31,912	38,838	(31,912)	(38,838)

The below table summarized the effect of increase (decrease) in Amman Stock Exchange indicator of 5% on the fair value of the quoted financial assets at fair value through comprehensive income which reflected on shareholders' equity as of the financial position date. The sensitivity prepared assuming that the stocks prices changes with same market indicator changes:

	5% +		(5% -)	
	December 31,		December 31,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Shareholders' equity	26,829	29,457	(26,829)	(29,457)

26. Sectorial and Geographical Distribution

a. Information on the Company's Business Activities

The details of the business activities is as follow:

				For the Year Ended December 31,	
				2017	2016
	Rooms	Food and Beverage	Other	Total	Total
	JD	JD	JD	JD	JD
Revenue	7,204,267	7,865,567	4,068,146	19,137,980	18,519,065
Cost of Sales	(152,068)	(2,855,124)	(562,571)	(3,569,763)	(2,450,564)
Total Sector Profit	7,052,199	5,010,443	3,505,575	15,568,217	16,068,501
Undistributed expenses				(12,373,194)	(12,238,778)
Other revenue				290,596	310,311
Profit for the Year before Tax				3,485,619	4,140,034
Income tax expense for the year				(700,000)	(877,550)
Profit for the year				2,785,619	3,262,484

b. Information on the Geographical Allocation

All the Company's assets, liabilities, and operations are in the Hashemite Kingdom of Jordan.

27. Application of new and revised International Financial Reporting Standards (IFRS)

27.a New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these financial statements.

Amendments to IAS 12 *Income Taxes* Recognition of Deferred Tax Assets for Unrealised Losses

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 7 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 27 - b).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

27.b New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015–2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 *Uncertainty over Income Tax Treatments*
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 *Share Based Payment*
The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts
The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 *Investment Property*
Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures
The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019 The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements.

Amendments to IFRS 9 *Financial Instruments*

The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets, the company will adopt the finalised version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The Company is continuing to analyze the impact of the changes and currently does not consider it likely to have a major impact on its adoption. This assessment is based on currently available information and is subject to changes that may arise when the Company presents its first financial statements as on December31, 2018 that includes the effects of it application from the effective date.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. - Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Company intends to adopt the standard using the cumulative effect approach, which means that the Company will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Company is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of it application from the effective date.

Amendments to IFRS 15 *Revenue from Contracts* with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)

The amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

28. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fa… value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/ Financial Liabilities	Fair Value December 31, 2017	Fair Value December 31, 2016	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through other comprehensive income						
Quoted shares	536,589	589,144	Level 1	Listed prices in the financial markets	Not Applicable	Not Applicable
Unquoted shares	24,368	25,564	Level 2	Through using the latest financial information available	Not Applicable	Not Applicable
Total	**560,957**	**614,708**				

There were no transfers between Level 1 and 2 during 2017.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is set out in the table below, we believe that the book value of financial assets and liabilities shown in the financial statements approximates their fair value because the Company's management believes that the book value of the items is equivalent to their fair value. This is due to either short-term maturity or interest rates are repriced during the year.

	December 31, 2017		December 31, 2016		
	Book Value	**Fair Value**	**Book Value**	**Fair Value**	**Fair Value Hierarchy**
	JD	**JD**	**JD**	**JD**	
Financial assets not measured at fair value					
Deposits with banks	3,191,263	3,222,152	3,883,815	3,929,874	Level 2
Total financial assets not measured at fair value	**3,191,263**	**3,222,152**	**3,883,815**	**3,929,874**	

The fair values of the above financial assets and financial liabilities included in level 2 categories have been determined in accordance with the generally accepted pricing models, which reflects the credit risk of counterparties.