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Date: 05 April 18

To: Jordan Securities Commission

Amman Stock Exchange.

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

Attached the Audited Financial Statements of Jordan Masaken for Lands and Industrial Development projects (Masaken Capital) as for the fiscal year ended 31/12/2017.

Kindly accept our highly appreciation & respect,

Jordan Masaken for Lands and Industrial Development projects

(Masaken Capital)

Sufian Al-Bobali

Finance Manager



MASAKEN CAPITAL
مساكن كابيتال

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٥ نيسان ٢٠١٨
الرقم المتسلسل: ١٩١٤
رقم الملف: ٣١٢٨٤
الجهة المختصة: ٩١١٤/٥/١١



**JORDAN MSAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017**

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
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RSM Jordan

Amman 69 Queen Rania St.
P.O. BOX 963699
Amman 11196 Jordan

T +962 6 5673001
F +962 6 5677706

www.rsm.jo

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS
JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
AMMAN, JORDAN**

Opinion

We have audited the consolidated financial statements of the Jordan Masaken for Land and Industrial Development Group, which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated statement of income, the consolidated statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jordan Masaken for Land and Industrial Development as of 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 in Jordan that are relevant to our audit of the company financial statements, 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 of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Investment Properties

Investment properties represent 91% of the Groups' assets. Moreover, the Group should re-evaluate its properties when preparing the consolidated financial statements to determine their fair value, in line with the requirements of the International Financial Reporting Standards. Accordingly, the Group relies on independent real estate experts to determine the fair value of those investments and reflect any impairment in their value in the consolidated statement of comprehensive income for that period. Consequently, Investment Properties was significant to our audit.

Scope of Audit to Address Risks

The followed audit procedures included understanding the procedures applied by the Group in evaluating investment properties, evaluating the reasonableness of the judgments based on the evaluation of three real estate experts, calculating the fair value of those average evaluations, recording any impairment in their value in the consolidated statement of comprehensive income, if any, and reviewing the appropriateness of the disclosure on the fair value of investment properties.

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Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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

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

In preparing the consolidated financial statements, management is responsible for assessing the company 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 financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing will always detect a material misstatement when it exists.

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

Identify and assess the risks of material misstatement of the consolidated 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 Group 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 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 consolidated the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and we remain solely responsible for our audit opinion.

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 material deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 group maintains proper accounting records, duly organized and in line with the accompanying consolidated financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan

15 March 2018



JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

Assets	Notes	2017 JD	2016 JD
Non - Current Assets			
Property, plant and equipment	3	36 354	48 833
Investment properties	4	12 364 919	12 932 630
Investment in associate	5	1	1
Financial assets at fair value through comprehensive Income	6	48 831	119 167
Due from related parties	19	556 154	1 102 093
Long-term checks under collection	10	-	6 000
Total Non - Current Assets		13 006 259	14 208 724
Current Assets			
Other debit balances	7	71 260	94 838
Financial assets at fair value through profit or loss	8	41 050	154 133
Accounts receivable	9	377 946	436 014
Short-term checks under collection	10	59 003	107 224
Cash and cash equivalents	11	9 340	34 198
Total Current Assets		558 599	826 407
Total Assets		13 564 858	15 035 131
Liabilities and Equity			
Equity			
Share capital	12	12 240 000	12 240 000
Fair value reserve		(302 802)	(236 666)
Accumulated losses		(1 758 360)	(670 128)
Total Equity		10 178 838	11 333 206
Liabilities			
Non - Current Liabilities			
Long-term loan	13	-	318 750
Due to related parties	19	1 370 793	1 373 673
Total Non - Current Liabilities		1 370 793	1 692 423
Current Liabilities			
Short- term loan	13	907 100	926 803
Bank overdraft	13	252 062	250 881
Accounts payable		78 439	176 233
Unearned revenue		319 101	311 391
Shareholders deposits		8 186	8 186
Other credit balances	14	450 339	336 008
Total Current Liabilities		2 015 227	2 009 502
Total Liabilities		3 386 020	3 701 925
Total Liabilities and Equity		13 564 858	15 035 131

The accompanying notes from 1 to 24 are an integral part of these consolidated financial statements

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
31 DECEMBER 2017

	Notes	2017 JD	2016 JD
Operating revenue		679 308	675 923
Operating expenses	15	(168 449)	(157 547)
Depreciation	4	(29 693)	(29 693)
Gross profit		481 166	488 683
Administrative expenses	16	(283 830)	(341 272)
(Losses) Gains from financial assets at fair value	17	(29 409)	26 015
Financing expenses		(130 929)	(158 766)
Provision for doubtful accounts	9	(91 670)	(33 122)
Provision for doubtful Related Parties accounts	19	(545 939)	-
Provision for impairment of investment properties	4	(496 393)	-
Reversed from Provision		12 241	-
Losses from sale of investment properties		-	(53 134)
Loss for the year		(1 084 763)	(71 596)
Basic and diluted loss earnings per share	18	JD (0.089)	JD (0.006)

The accompanying notes from 1 to 24 are an integral part of these consolidated financial statements

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2017

	<u>2017</u> JD	<u>2016</u> JD
(loss) for the year	(1 084 763)	(71 596)
Other comprehensive income items:		
Change in fair value of financial assets at fair value through comprehensive income	(69 118)	(189 999)
(Losses) from sale of financial assets at fair value	(487)	-
Total comprehensive (loss) for the year	(1 154 368)	(261 595)

The accompanying notes from 1 to 24 are an integral part of these consolidated financial statements

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017

	Share capital JD	Fair value reserve JD	Accumulated losses JD	Total JD
Balance at 31 December 2015	12 240 000	(46 667)	(598 532)	11 594 801
Total comprehensive (loss) for the year	-	-	(71 596)	(71 596)
Change in fair value of financial assets	-	(189 999)	-	(189 999)
Balance at 31 December 2016	12 240 000	(236 666)	(670 128)	11 333 206
Total comprehensive (loss) for the year	-	-	(1 084 763)	(1 084 763)
Change in fair value of financial assets	-	(69 118)	-	(69 118)
(Losses) from sale of financial assets at fair value	-	2 982	(3 469)	(487)
Balance at 31 December 2017	12 240 000	(302 802)	(1 758 360)	10 178 838

The accompanying notes from 1 to 24 are an integral part of these consolidated financial statements

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
31 DECEMBER 2017

	Notes	2017 JD	2016 JD
Operating activities			
loss for the year		(1 084 763)	(71 596)
Depreciation	3,4	42 172	40 848
Change in fair value of financial assets at fair value	17	14 250	(13 947)
Financing expenses		130 929	158 766
Loss from sale of Investment properties		-	53 134
provision for doubtful accounts	9	91 670	33 122
Provision for doubtful Related Parties accounts	19	545 939	-
Provision for impairment of investment properties	4	496 393	-
Changes in operating assets and liabilities			
Checks under collection		54 221	(31 022)
Financial assets at fair value through profit or loss		98 833	(24 845)
Account payables		(56 169)	25 072
Account receivables		(33 602)	(48 692)
Other debit balances		23 578	1 067
Unearned revenue		7 710	23 372
Other credit balances		114 331	41 070
Shareholders deposits		-	(519)
Net cash from operating activities		445 492	185 830
Investing activities			
Sales of property, plant and equipment		-	865
Purchase of property, plant and equipment		-	(17 048)
Sales of investment properties		-	222 537
Financial assets at fair value through comprehensive Income		731	-
Net cash from investing activities		731	206 354
Financing activities			
Due related parties		(2 880)	546 106
Loan and Bank overdraft		(337 272)	(773 556)
Paid financing expenses		(130 929)	(158 766)
Net cash used in financing activities		(471 081)	(386 216)
Net change in cash and cash equivalents		(24 858)	5 968
Cash and cash equivalents at 1 January	11	34 198	28 230
Cash and cash equivalents at 31 December	11	9 340	34 198

The accompanying notes from 1 to 24 are an integral part of these consolidated financial statements

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2017

1. General

The Company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (455) on 26 May 2008.

The Company General Assembly in its extraordinary meeting held on 21 July 2013 approved to decrease the Company capital by 32% of the authorized and paid up capital amounted to JD 18 000 000. The decreased amount JD 5 760 000 to become JD 12 240 000, resolved to write off an amount of JD 5 760 000 of most accumulated losses amount of JD 5 795 308 as at 31 December 2012, the Company has completed the legal procedures with the Ministry of industry and Trade and with Jordan Securities Commission.

The Company General Assembly in its extraordinary meeting held on 7 November 2015 approved to increase the Company capital by JD 12 240 000 to become JD 24 480 000, The Company is in the process of completing the procedures with the Jordan Securities Commission.

The Company's main activities are Land acquisitions in the Kingdom of Jordan with a view to either develop or make the plots infrastructure enabled and sell, Develop the plots into residential housing, industrial facilities and/or mixed use projects, Build a diversified portfolio of assets in various sectors, and Establish, contribute, participate and/or manage through partnerships , in whole or in part, within potential and lucrative companies, projects and institutions that are in line with the company objectives and goals.

The accompanying consolidated financial statements were approved by the Board of Directors in its meeting on... 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Significant accountant policies

Basis of preparation of the financial statement

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee.

The consolidated financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.

The consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Company.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those adopted for the year ended 31 December 2016 except for what is stated in note (23 a) to the consolidated financial statements.

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2017

Principles of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the income statements from the acquisition date, which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date, which is the date on which the Company loses control over the subsidiaries

The following subsidiaries have been consolidated:

	<u>Principle Activity</u>	<u>Capital</u>	<u>Ownership Percentage</u>
Amman Masaken for Real Estate Development	investment properties	15 000	100 %
Masaken academy for training and financial consulting	Financial analysis	1 000	100 %
Al Serou Masaken for Investment and Real Estate Development	investment properties	5 500	100 %
Masaken Al Hijaz for investment and Real Estate Development	investment properties	500	100 %
Luxury Masaken for Investment and Real Estate Development	investment properties	500	100 %
Masaken Balaama for Real Estate Development	investment properties	500	100 %
Green Masaken for Investment and Trade	investment properties	500	100 %

Property, plant and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the rates:

Furniture and decorations	%10
Devices, software and equipment	%25
Vehicles	%15

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use

Investment Properties

Investment properties are stated at cost net of accumulated depreciation and any impairment in their value and are disclosed their fair value. Furthermore, these Investments are depreciated based on their useful lives at an annual rate of 2%. Any Impairment In their value is taken to the consolidated statement of Income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in the consolidated statement of Income and other comprehensive Income.

If the fair value of the Investments for which an Impairment provision has been taken in the previous periods increases, the previous recorded are recovered impairment losses at no more than their cost.

Investment in Associate

Associate is those in which the company exerts significant influence over the financial and operating policy decisions, and in which the company holds between 20% and 50% of the voting rights.

Investment in associated company is accounted for according to the equity method.

Transactions and balances between the company up and the associate is eliminated to the extent of the company's ownership in the associate.

Financial Assets at Fair Value through Comprehensive Income

These financial assets represent the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets.

Dividends are recorded in the consolidated statement of income.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss represent shares and bonds held by the Company for trading and achieving gains from short-term market price fluctuations.

Financial assets at fair value through profit and loss are initially stated at fair value on the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value as of the date of the consolidated financial statement. Moreover, change in fair value is recorded in the statement of Income and other comprehensive income, including the change in fair value resulting from foreign currency exchange transactions of non-monetary assets.

Dividends or incurred Interest are stated in the consolidated statement of Income and comprehensive Income.

Fair value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets.

When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment

Recognition of Financial Assets Date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Related parties

Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by management

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.

A provision for doubtful debts is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible are derecognized

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Loans

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest method.

Trade payables and Accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Provisions

Provisions are recognized when the company has an obligation as of the date of the consolidated financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Offsetting

Financial assets and financial liabilities are offset, the net amount is presented in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts, and the company intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously

Revenue recognition and Expense realization

Revenues are recognized upon rendering services and issuance of invoice.

Dividends are recognized when the shareholders' right to receive payment is established.

Rental income is recognized on a straight-line basis over the lease term.

Other revenues are recognized on an accrual basis.

Foreign currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2017

Income Taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the consolidated financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Accounting Estimates

Preparation of the consolidated financial statements and the application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the consolidated statement of other comprehensive income and owners' equity. In particular, this requires the Group's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:

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

Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of comprehensive income for the year.

A provision is set for lawsuits raised against the Group. This provision is based to an adequate legal study prepared by the Group's legal advisors. Moreover, the study highlights potential risks that the Group may encounter in the future. Such legal assessments are reviewed periodically.

JORDAN MASAKEN FOR LAND AND INDUSTRIAL DEVELOPMENT GROUP
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2017

3. Property, plant and equipment

	<u>Decorations</u> JD	<u>furniture</u> JD	<u>Fixtures and</u> <u>equipments</u> JD	<u>Vehicles</u> JD	<u>Total</u> JD
Cost					
31 December 2016	36 460	26 824	45 106	6 000	114 390
31 December 2017	<u>36 460</u>	<u>26 824</u>	<u>45 106</u>	<u>6 000</u>	<u>114 390</u>
Accumulated depreciation					
31 December 2016	17 682	14 425	28 350	5 100	65 557
Depreciation	3 646	2 708	5 225	900	12 479
31 December 2017	<u>21 328</u>	<u>17 133</u>	<u>33 575</u>	<u>6 000</u>	<u>78 036</u>
Net book value					
31 December 2016	15 132	9 691	11 531	-	36 354
31 December 2017	<u>18 778</u>	<u>12 399</u>	<u>16 756</u>	<u>900</u>	<u>48 833</u>

4. Investment properties

	<u>2017</u> JD	<u>2016</u> JD
Lands	11 057 067	11 057 067
Building	1 996 701	2 038 326
	<u>13 053 768</u>	<u>13 095 393</u>
Building accumulated depreciation	(192 456)	(162 763)
Provision for impairment of investment properties	(496 393)	-
	<u>12 364 919</u>	<u>12 932 630</u>

The fair value of the investment properties as assessed by the real state evaluator equivalents an amount of JD 15 262 329 as of 31 December 2017.

The details of accumulated depreciation as follows:

	<u>2017</u> JD	<u>2016</u> JD
Beginning balance	162 763	133 070
Depreciation	29 693	29 693
Ending balance	<u>192 456</u>	<u>162 763</u>

5. Investment in associate

	<u>Activity</u>	<u>Ownership Percentage</u>		<u>2017</u> JD	<u>2016</u> JD
		<u>2017</u> %	<u>2016</u> %		
AI - Lujain Land Development Company	Investment	%30	%30	<u>1</u>	<u>1</u>

Group's share of associate's assets and liabilities:

	<u>2017</u> JD	<u>2016</u> JD
Non - Current Assets	2 565 392	2 565 392
Non - Current Liabilities	(2 566 533)	(2 566 533)
Equity	<u>(1 141)</u>	<u>(1 141)</u>

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6. Financial assets at fair value through comprehensive Income

	<u>2017</u>	<u>2016</u>
	JD	JD
Quoted financial assets	26 331	96 667
Unquoted financial assets	22 500	22 500
	<u>48 831</u>	<u>119 167</u>

7. Other debit balances

	<u>2017</u>	<u>2016</u>
	JD	JD
Income tax deposit	48 226	78 059
Prepaid expenses	21 563	15 779
Refundable deposit	1 000	1 000
Staff receivables	471	-
	<u>71 260</u>	<u>94 838</u>

8. Financial assets at fair value through profit or loss

	<u>2017</u>	<u>2016</u>
	JD	JD
Quoted financial assets	<u>41 050</u>	<u>154 133</u>

9. Account receivables

	<u>2017</u>	<u>2016</u>
	JD	JD
Tenants receivable	510 489	477 623
Brokers and another receivable	18 376	17 640
Provision for doubtful accounts	(150 919)	(59 249)
	<u>377 946</u>	<u>436 014</u>

The movement on the provision for doubtful accounts is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance at the beginning of the year	59 249	26 127
Provision for the year	91 670	33 122
Balance at the end of the year	<u>150 919</u>	<u>59 249</u>

10. Checks under collection

	<u>2017</u>	<u>2016</u>
	JD	JD
1 – 3 months	28 233	41 355
4 – 6 months	29 365	40 204
7 – 9 months	1 405	19 665
10 – 12 months	-	6 000
More than 12 months	-	6 000
	<u>59 003</u>	<u>113 224</u>

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11. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash at banks	<u>9 340</u>	<u>34 198</u>

12. Equity

The authorized capital is JD 24 480 000 and paid-in capital of the company is JD 12 240 000 divided into 12 240 000 shares at JD 1 per share.

13. Credit facilities

	<u>2017</u>		<u>2016</u>	
	Maturing during the year JD	Maturing during more than a year JD	Maturing during the year JD	Maturing during more than a year JD
Jordan Kuwait Bank - Loan	907 100	-	926 803	318 750
Jordan Kuwait Bank – Overdraft	252 062	-	250 881	-
	<u>1 159 162</u>	<u>-</u>	<u>1 177 684</u>	<u>318 750</u>

14. Other credit balances

	<u>2017</u>	<u>2016</u>
	JD	JD
Accrued expenses	449 814	312 420
Income tax deposits	525	000
Income tax provision	000	23 588
	<u>450 339</u>	<u>336 008</u>

15. Operating expenses

	<u>2017</u>	<u>2016</u>
	JD	JD
Licenses and fees	98 508	88 980
Electricity and water	28 724	32 634
Security and guarding	21 900	18 184
Cleaning	9 000	9 150
Maintenance	7 875	6 308
Insurance	1 591	1 591
Others	851	700
	<u>168 449</u>	<u>157 547</u>

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16. Administrative expenses

	<u>2017</u> <u>JD</u>	<u>2016</u> <u>JD</u>
Salaries, wages and other benefits	174 038	208 483
Professional fees	30 340	27 041
Group's contribution in social security	16 448	16 475
Depreciation	12 479	11 155
Health insurance	10 237	13 566
Licenses and fees	8 277	20 012
Subscriptions	6 240	6 282
Others	5 637	3 698
General Assembly meetings expenses	4 104	4 529
emoluments	3 800	-
Electricity and water	3 573	5 084
Consultant fees	3 050	7 159
Maintenance	1 705	3 192
Vehicle expenses	1 439	1 321
Stationery and printing	1 103	1 300
Postage, telecommunication, and internet	858	1 170
Bank fees	502	305
Board of Directors' allowances	-	10 500
	<u>283 830</u>	<u>341 272</u>

17. (Losses) Gains from financial assets at fair value

	<u>2017</u> <u>JD</u>	<u>2016</u> <u>JD</u>
(Losses) Gains from financial assets at fair value	(14 695)	10 670
Change in fair value of financial assets at fair value through income commission	(14 250)	13 947
	(464)	(3 202)
Dividends on financial assets	-	4 600
	<u>(29 409)</u>	<u>26 015</u>

18. Basic and diluted (loss) earnings per share

	<u>2017</u> <u>JD</u>	<u>2016</u> <u>JD</u>
Loss for the year	(1 084 763)	(71 596)
Weighted average number of outstanding share	12 240 000	12 240 000
	<u>(0.089)</u>	<u>(0.006)</u>

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19. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

Pricing policies and terms of these transactions are approved by the Group's management. Balances with related parties included in the consolidated financial statements are as follows:

Due from related parties

	Nature of the relationship	2017 JD	2016 JD
Al Lujain Land Development Company	Associate Co.	802 374	802 374
Specialized waste & Energy Solution	Associate Co.	297 919	297 919
Aldar shares and bonds company	Sister Co.	1 800	1 800
		1 102 093	1 102 093
Provision for doubtful Related Parties accounts		(545 939)	000
		556 154	1 102 093

Due to related parties

	Nature of the relationship	2017 JD	2016 JD
Hasan Abdullah mohammed Ismaik	Chairman	1 370 793	577 000
Kefah Ahmad Mustafa Al Maharmeh	Member of board of directors	-	796 673
		1 370 793	1 373 673

Executive administration benefits

	2017 JD	2016 JD
Salaries and other benefits	42 000	29 900

20. Income tax

Jordan Masaken for Land and Industrial Development

No income tax provision has been provided for the year ended 31 December 2017 due to increase in the deductible expenses on the taxable income.

The tax returns for the year 2016, 2015 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2014.

Masaken Al Hijaz for investment and Real Estate Development

No income tax provision has been provided for the year ended 31 December 2017 due to increase in the deductible expenses on the taxable income.

The Income and Sales Tax Department accepted the tax returns for the year 2016 according to the sampling system.

The tax returns for the year 2015 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements.

The Company submitted the tax returns for the years 2014, and 2013 the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 45 938 and JD 34 479 respectively. Consequently, the Company filed a lawsuit objecting to the review at Tax Court of First Instance, the decision has not been issued by until the date of these consolidated financial statements

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2012.

Masaken academy for training and financial consulting

No income tax provision has been provided for the year ended 31 December 2017 due to increase in the deductible expenses on the taxable income.

The Income and Sales Tax Department accepted the tax returns for the year 2016 according to the sampling system.

The tax returns for the year 2015 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2014.

Luxury Masaken for Investment and Real Estate Development

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

Masaken Balaama for Real Estate Development

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

Al Serou Masaken for Investment and Real Estate Development

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

Amman Masaken for Real Estate Development

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

Green Masaken for Investment and Trade

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2016.

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21. Risk management

Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrance of losses by the Group. Moreover, the Group adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Group's default on its liabilities.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group'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 Group reputation.

The following are the contracted maturities of financial liabilities:

31 December 2017	Short-term	Long-term	Total
Loan	907 100	-	907 100
Overdraft	252 062	-	252 062
Accounts payable	78 439	-	78 439
Unearned revenue	319 101	-	319 101
Due to related parties	000	1 370 793	1 370 793
Shareholders deposits	8 186	-	8 186
Other credit balances	450 339	-	450 339
	2 015 227	1 370 793	3 386 020

31 December 2016	Short-term	Long-term	Total
Loan	926 803	318 750	1 245 553
Overdraft	250 881	-	250 881
Accounts payable	176 233	-	176 233
Unearned revenue	311 391	-	311 391
Due to related parties	-	1 373 673	1 373 673
Shareholders deposits	8 186	-	8 186
Other credit balances	336 008	-	336 008
	2 009 502	1 692 423	3 701 925

22. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016. Capital comprises share capital, fair value reserve and accumulated losses, and is measured at JD 10 178 838 as at 31 December 2017 (2016: JD 11 333 206).

23. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

A. New standards, interpretations and amendments adopted by the Group

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

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments has no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.

B. New and revised IFRSs in issue but not yet effective and not early adopted

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Bank has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank adopts IFRS 9. The Bank expects based on preliminary figures an increase in the loss allowance for an amount of USD 90 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Bank will implement changes in classification of certain financial instruments.

Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortised cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.

Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment

The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss

The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:

- Determining when a SICR of a financial asset has occurred,
- Measuring both 12-month and lifetime credit losses,
- Incorporating forward-looking information using multiple probability-weighted scenarios.
- Collateral and quality.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services

The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.

The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2019.

The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its leases.

24. Comparative figures

Some of the comparative figures for the year 2016 have been reclassified to correspond with the year ended 31 December 2017 presentation and it did not result in any change to the last year's operating results.