



<p>Form No. (1-2)</p>	<p>نموذج رقم (٢-١)</p>
<p>Date: 28/3/2018 Ref. : 19/2018</p> <p>To: Messrs Jordan Securities Commission</p> <p><i>[Signature]</i> ٤/٤</p> <p>Subject: Audited Financial Statements for the fiscal year ended 31/12/2017.</p>	<p>التاريخ: ٢٠١٨/٣/٢٨ الرقم: ٢٠١٨/١٩</p> <p>للمضاح * برصة عمان * السيد صالح السيد عمر السيد عباس</p> <p>السادة هيئة الأوراق المالية المحترمين</p> <p>الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية في ٢٠١٧/١٢/٣١</p>
<p>Greet and Respect,</p> <p>Attached the Audited Financial Statements of Al-Daman for Investments (P.L.C) for the fiscal year ended 31/12/2017.</p>	<p>تحية طيبة،،</p> <p>مرفق طيه نسخة من البيانات المالية المدققة لشركة الضمان للاستثمار (م.ع.م) عن السنة المالية المنتهية في ٢٠١٧/١٢/٣١.</p>
<p>Kindly accept our high respect</p> <p>Al-Daman For Investments (P.L.C)</p> <p>Chairman "Mohammad Sherif" Al Zou'bi</p> <p><i>[Signature]</i> شركة الضمان للاستثمار المساهمة العامة المحدودة عمان - الأردن</p>	<p>وتفضلوا بقبول فائق الاحترام،،،</p> <p>شركة الضمان للاستثمار المساهمة العامة المحدودة</p> <p>رئيس مجلس الإدارة "محمد شريف" الزعبي عمان - الأردن</p> <p><i>[Signature]</i> شركة الضمان للاستثمار المساهمة العامة المحدودة عمان - الأردن</p>

AL-DAMAN FOR INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2017



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Al Daman for Investment Company- Public Shareholding Company

Amman Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Daman For Investment Company (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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



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Key Audit Matters

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

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

Key Audit Item 1: 1. Revenue recognition	
Refer to the note (18) on the financial statements	
Key Audit Item	How the key audit matter was addressed in the audit
The Company owns real estate properties in Aqaba and generates revenue from the rental of this investment properties JD 389,007 for the year ended 31 December 2017. In addition, the Company holds an ownership of approximately 26% in an associate "Al-Shark for Projects Investment" and share of income recognized from the associate is significant to the Company's income statement, which amounted to JD 236,386 for the year ended 31 December 2017 and represent 78% from net profit. Revenues are mainly generated from rental income and share of profit from associate accordingly this area was considered as a key audit area in our audit.	Our audit procedures included, amongst others, considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. We reviewed rent contracts during the year and reviewed the recording procedures. In addition, we obtained the audited financial statements of the associate as of 31 December 2017 and reviewed the implementation of the equity method related to the associate including the recalculation of the share of profit.

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

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

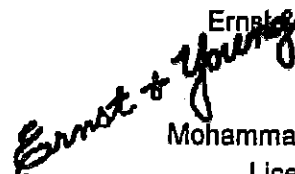
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

Amman – Jordan
26 March 2018

Ernst & Young / Jordan

Mohammad Ibrahim Al-Karaki
License No. 882

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
At 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property and equipment	6	19,758	22,735
Investments properties	7	2,228,515	2,148,721
Projects in progress	8	18,616	19,051
Investments in an associate	9	5,473,193	5,241,137
Financial assets at fair value through other comprehensive income	10	252,444	262,609
		<u>7,992,526</u>	<u>7,694,253</u>
CURRENT ASSETS -			
Checks and bills under collection	11	182,122	159,055
Inventory	12	240	240
Accounts receivable	13	46,736	96,888
Other current assets	14	159,657	124,684
Cash and bank balances	15	2,598,238	2,563,463
		<u>2,986,993</u>	<u>2,944,330</u>
TOTAL ASSETS		<u><u>10,979,519</u></u>	<u><u>10,638,583</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY -			
Paid in capital	16	10,000,000	10,000,000
Statutory reserve	16	329,386	299,090
Voluntary reserve	16	64,164	102,405
Fair value reserve		(16,792)	(6,627)
Company's share of fair value reserve of an associate		(174,483)	(170,153)
Retained earnings		591,275	280,371
TOTAL EQUITY		<u><u>10,793,550</u></u>	<u><u>10,505,086</u></u>
CURRENT LIABILITIES -			
Other current liabilities	17	170,368	117,896
Income tax provision	21	15,601	15,601
TOTAL LIABILITIES		<u><u>185,969</u></u>	<u><u>133,497</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>10,979,519</u></u>	<u><u>10,638,583</u></u>

The attached notes from 1 to 32 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
Operating revenues	18	467,911	436,926
Operating expenses	19	(316,585)	(310,577)
OPERATING PROFIT		151,326	126,349
Bank interest revenues		109,546	91,857
Dividends income		10,855	9,152
Share of profit of an associate	9	236,386	140,457
Administrative expenses	20	(225,884)	(205,796)
Recovered from provision for doubtful debt	13	3,241	15,918
(Provision) recovered from for doubtful checks and bills under collection	11	(19,760)	694
Other revenues	23	37,249	10,150
PROFIT BEFORE INCOME TAX		302,959	188,781
Income tax expense	21	-	-
PROFIT FOR THE YEAR		302,959	188,781
		JD/Fils	JD/Fils
BASIC AND DILUTED EARNINGS PER SHARE	22	0/030	0/019

The attached notes from 1 to 32 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	JD	JD
PROFIT FOR THE YEAR	302,959	188,781
ADD: OTHER COMPREHENSIVE INCOME ITEMS AFTER TAX		
NOT TO BE REALISED IN PROFIT OR LOSS SUBSEQUENTLY:		
Changes in fair value of financial assets	(10,165)	421
Changes in fair value of financial assets of an associate	(4,330)	(30,308)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	288,464	158,894

The attached notes from 1 to 32 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company share of fair value reserve of an associate	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
2017 -							
Balance at 1 January 2017	10,000,000	299,090	102,405	(6,627)	(170,153)	280,371	10,505,086
Profit for the year	-	-	-	-	-	302,959	302,959
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(10,165)	-	-	(10,165)
Changes in fair value of financial assets at fair value through other comprehensive income of an associate	-	-	-	-	(4,330)	-	(4,330)
Comprehensive Income for the year	-	-	-	(10,165)	(4,330)	302,959	288,464
Transfers to statutory reserve	-	30,296	-	-	-	(30,296)	-
Transfers from voluntary reserve	-	-	(38,241)	-	-	38,241	-
Balance at 31 December 2017	10,000,000	329,386	64,164	(16,792)	(174,483)	591,275	10,793,550

* An amount of JD 191,275 is restricted from the retained earnings, which represents the negative balance of fair value reserves for the Company and the Company's share from the fair value reserve of the associate.

The attached notes from 1 to 32 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Company share of fair value reserve of an associate	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
2016 -							
Balance at 1 January 2016	10,000,000	280,211	102,405	(7,048)	(139,845)	610,469	10,846,192
Profit for the year	-	-	-	-	-	188,781	188,781
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	421	-	-	421
Changes in fair value of financial assets at fair value through other comprehensive income of an associate	-	-	-	-	(30,308)	-	(30,308)
Comprehensive income for the year	-	-	-	421	(30,308)	188,781	158,894
Transfers to statutory reserve	-	18,879	-	-	-	(18,879)	-
Dividends paid (Note 28)	-	-	-	-	-	(500,000)	(500,000)
Balance at 31 December 2016	10,000,000	299,090	102,405	(6,627)	(170,153)	280,371	10,505,086

The attached notes from 1 to 32 form part of these financial statements

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u> <u>JD</u>	<u>2016</u> <u>JD</u>
<u>OPERATING ACTIVITIES</u>			
Profit before income tax		302,959	188,781
Adjustments for:			
Depreciation of property and equipment	6	6,485	5,242
Depreciation of investments properties	7	60,033	58,945
Recovered from provision for doubtful debts	13	(3,241)	(15,918)
Provision (recovered from) for doubtful checks and bills under collection	11	19,760	(694)
Loss from disposal of an investment property	19	16,149	-
Company's share of profit from associate	9	(236,386)	(140,457)
Bank interest revenue		(109,546)	(91,857)
Dividends income		(10,855)	(9,152)
Release from income tax provision	21	-	(3,350)
Working capital changes:			
Inventory		-	41
Accounts receivable		53,393	4,587
Checks and bills under collection		(42,827)	(3,918)
Other current assets		(9,015)	85,152
Other current liabilities		52,472	(47,961)
Net cash flows from operating activities		<u>99,381</u>	<u>29,441</u>
<u>INVESTING ACTIVITIES</u>			
Purchases of property and equipment	6	(100)	(17,725)
Purchases of investments properties	7	(410)	(7,319)
Project in progress	8	(158,539)	(9,181)
Dividends received from an associate	9	-	208,207
Deposits maturing within a period of more than 3 months	15	(2,355,506)	(2,435,114)
Bank interest revenues		83,588	28,545
Dividends income		10,855	9,152
Net cash flows used in investing activities		<u>(2,420,112)</u>	<u>(2,223,435)</u>
<u>FINANCING ACTIVITY</u>			
Dividends paid		-	(500,000)
Net cash flows used in financing activity		<u>-</u>	<u>(500,000)</u>
Net decrease in cash and cash equivalents		(2,320,731)	(2,693,994)
Cash and cash equivalents at 1 January		2,563,463	2,822,343
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	<u>242,732</u>	<u>128,349</u>

The attached notes from 1 to 32 form part of these financial statements

(1) GENERAL

Al-Daman for Investments Company ("Company") was registered and established on 17th April 1993, as a Public Shareholding Company, listed in Amman Stock Exchange. The paid in capital is JD 10,000,000 divided into 10,000,000 shares at par value of one Jordanian Dinar each.

The Company's objectives are to invest in projects, other companies, securities, and investing the company's cash in real estate industry.

The financial statements were authorized for issuance by the board of directors in their meeting held on 20 February 2018 and subject to the approval of the Company's General Assembly.

The financial statements are consolidated in consolidated financial statement of (the Social Security Corporation) which owns 61.3% of the company's paid in capital.

(2) BASIS OF PREPARATION FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the financial statements.

The financial statements are presented in Jordanian Dinars.

(3) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 7 Statement of Cash Flows: 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 have no impact on the Company's 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 Company's financial statements.

(4) USE OF ESTIMATES

The preparation of the financial statements and appliance of accounting policies requires the company's management to use estimation and professional judgement that affects the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgements also affects revenues, expenses, and provisions. They especially require from the management to make important estimates and provisions that affect future cash flow and their timing that are a result of the situation and circumstances of those estimates in the future. Those mentioned estimates are based on multiple theories and factors that have multiple degrees of estimation and uncertainty. Therefor the actual results might differ from the estimates as a result in the change in future conditions and circumstances for those provisions.

(5) SIGNIFICANT ACCOUNTING POLICES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets using annual percentages as follows:

	<u>%</u>
Vehicles	15
Office equipment	15 – 25
Furniture and Fixtures	9 – 15
Machinery and Equipment	15
Advertisement signs	15
Tools and Cinema equipment	10 - 20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount and impairment loss is presented in the statement of profit or loss.

The useful life of the assets are periodically reassessed to guarantee the correct method and life time of the depreciation method used that are in consistency with the expected economic benefits from the assets.

Investment in properties

Investment in properties is stated at cost less accumulated depreciation and any impairment provision. Investment in properties is depreciated using the straight line method over the useful life of the properties and an average annual rate between 2 – 9 %.

Investment in an associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate.

The statement of profit or loss reflects the share of the results of operations of the associate, where the Profit is net of tax.

Financial assets at fair value through other comprehensive income

These assets are recorded at fair value added to its acquisition costs at date of purchase and reevaluated later to fair value. And the change appears in fair value in the comprehensive income statement under owners equity. Including the change in fair value resulting from differences in the change from non cash assets in foreign currency, and in the case of selling these assets or part of them, profit or loss resulting from the sale are recorded in the statement of comprehensive income under owners equity. And the balance of evaluation of assets is transferred to retained earnings, these assets are not subjected to impairment losses.

Inventory

Inventories are valued at the lower of cost and net realisable value using weighted average cost. The slow moving inventory provision is calculated based on technical studies prepared by the management in annual basis.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts.

An estimate for doubtful debts is made when collection of any amount or part of it is no longer probable.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.

Fair value

The Company evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the financial statements. Also, the fair value of financial instruments is disclosed in (Note 26).

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead.

The Company needs to acquire opportunities to access the active market or the best fit market.

The Company measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Company uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Company uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements or have been written off are categories within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have accrued between levels in the hierarchy by reassessing categorization (based on the lowest level input that significant to the fair value measurement as a whole) at the end of each reporting period.

For the disclosure of fair value, the Group classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Revenues and expenses recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rental income is recognized on a straight line basis over the rent contract period.

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

Expenses are recognized when incurred according to the accrual basis of accounting.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling by the Central bank of Jordan using average of the rates Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. All differences are taken to the statement of profit or loss.

Income Tax

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, nondeductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled or the tax asset is realized.

AL-DAMAN FOR INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2017

(6) PROPERTY AND EQUIPMENT

2017 -	Vehicles	Office tools	Furniture and Fixtures	Machinery and Equipment	Advertising Signs	Tools and Cinema Equipment	Total
	JD	JD	JD	JD	JD	JD	JD
Cost -							
At 1 January 2017	54,036	107,592	118,915	101,195	970	733,692	1,116,400
Additions	-	-	100	-	-	-	100
Transferred from projects in progress	-	777	2,236	395	-	-	3,408
At 31 December 2017	54,036	108,369	121,251	101,590	970	733,692	1,119,908
Accumulated depreciation -							
At 1 January 2017	54,036	93,329	116,369	95,800	439	733,692	1,093,665
Depreciation for the year	-	4,252	453	1,634	146	-	6,485
At 31 December 2017	54,036	97,581	116,822	97,434	585	733,692	1,100,150
Net book value -							
At 31 December 2017	-	10,788	4,429	4,156	385	-	19,758

* The cost of fully depreciated items in property and equipment is JD 1,064,061 as of 31 December 2017 (2016: JD 1,064,061).

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2016 -	Vehicles		Office tools		Furniture and Fixtures		Machinery and Equipment		Advertising Signs		Tools and Cinema Equipment		Total	
	JD		JD		JD		JD		JD		JD		JD	
Cost -														
At 1 January 2016	54,036		94,737		116,776		98,464		970		733,692		1,098,675	
Additions	-		12,855		2,139		2,731		-		-		17,725	
At 31 December 2016	54,036		107,592		118,915		101,195		970		733,692		1,116,400	
Accumulated depreciation -														
At 1 January 2016	54,036		90,143		115,802		94,459		291		733,692		1,088,423	
Depreciation for the year	-		3,186		567		1,341		148		-		5,242	
At 31 December 2016	54,036		93,329		116,369		95,800		439		733,692		1,093,665	
Net book value -														
At 31 December 2016	-		14,263		2,546		5,395		531		-		22,735	

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(7) INVESTMENTS PROPERTIES

Investments properties represents the Aqaba Gateway Project, which established on a leased land from Aqaba Special Economic Zone Authority.

2017 -	Buildings*	Lakes and wooden boat	Electro mechanical	Total
	JD	JD	JD	JD
Cost -				
Balance as of 1 January 2017	2,751,493	129,698	1,050,431	3,931,622
Additions	-	-	410	410
Transfer from projects under construction	29,161	126,405	-	155,566
Disposals	-	(21,922)	-	(21,922)
Balance as of 31 December 2017	2,780,654	234,181	1,050,841	4,065,676
Accumulated depreciation -				
Balance as of 1 January 2017	710,486	33,721	1,038,694	1,782,901
Depreciation for the year	55,319	3,330	1,384	60,033
Disposals	-	(5,773)	-	(5,773)
Balance as of 31 December 2017	765,805	31,278	1,040,078	1,837,161
Net book value as of 31 December 2017	2,014,849	202,903	10,763	2,228,515
2016 -				
Cost -				
Balance as of 1 January 2016	2,746,242	129,698	1,048,363	3,924,303
Additions	5,251	-	2,068	7,319
Balance as of 31 December 2016	2,751,493	129,698	1,050,431	3,931,622
Accumulated depreciation -				
Balance as of 1 January 2016	655,459	31,127	1,037,370	1,723,956
Depreciation for the year	55,027	2,594	1,324	58,945
Balance as of 31 December 2016	710,486	33,721	1,038,694	1,782,901
Net book value as of 31 December 2016	2,041,007	95,977	11,737	2,148,721

* The fair value of the investment properties is estimated, by a real estate appraiser for the year 2017, at JD 2,696,625 as at 31 December 2017 (2016: JD 2,505,583).

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(8) PROJECT IN PROGRESS

Movement on the projects in progress is as follows:

	Balance as at 1 January, 2017	Additions	Transfers to property plant and equipment	Balance as at 31 December 2017
	JD	JD	JD	JD
Aqaba Gateway rehabilitation and development project	19,051	158,539	(158,974)	18,616

The estimated cost to complete the project in progress as of 31 December 2017 is approximately JD 8,305, and it is expected to be completed during 2018.

(9) INVESTMENT IN AN ASSOCIATE

This item represents the company share in Al-Sharq for projects investments PLC. – Holiday Inn Amman of approximately 26.03% as of 31 December 2017 (2016: 26.03%), the Company owns 4,164,153 shares as of 31 December 2017 (2016: 4,164,153 shares) from the capital of Al-Sharq for investment projects PLC with a market value of JD 6,621,003 as of 31 December 2017 (2016: JD 8,328,306).

Movement on this item as follows:

	2017 JD	2016 JD
At 1 January	5,241,137	5,339,195
Share of profit of an associate	236,386	140,457
Share of the change in fair value reserve of financial assets of an associate	(4,330)	(30,308)
Dividends	-	(208,207)
At 31 December	5,473,193	5,241,137

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The following table illustrates the summarized financial information of the company's investment in Al-Sharq for Projects Investments PLC:

	<u>2017</u>	<u>2016</u>
	JD	JD
Current assets	3,605,575	5,235,145
Non-current assets	17,915,643	15,240,681
Current liabilities	<u>(821,336)</u>	<u>(667,578)</u>
Equity	<u>20,699,882</u>	<u>19,808,248</u>
Percentage of the Company's ownership	26,03%	26,03%
Carrying amount of the investment	5,473,193	5,241,137
Operating revenues	5,541,466	4,757,989
Operating expenses	(1,766,012)	(1,669,164)
Administrative , maintenance, marketing and depreciation expenses	(2,780,500)	(2,562,749)
Others revenues	<u>111,926</u>	<u>146,524</u>
Profit for the year before tax	1,106,880	672,600
Income tax expense	<u>(217,561)</u>	<u>(132,921)</u>
Profit for the year	<u>889,319</u>	<u>539,679</u>
Company's share of profit for the year *	<u>236,386</u>	<u>140,457</u>

* The Company's share of the associate's profit was increased by JD 4,932 related to previous year's revenues.

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Investment in listed companies shares	<u>252,444</u>	<u>262,609</u>

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(11) CHECKS AND BILLS UNDER COLLECTION

	<u>2017</u>	<u>2016</u>
	JD	JD
Checks and bills under collection	210,253	167,426
Less: Allowance of doubtful checks and bills under collection	<u>(28,131)</u>	<u>(8,371)</u>
	<u>182,122</u>	<u>159,055</u>

The following represent the movement of provision for doubtful checks and bills under collection:

	<u>2017</u>	<u>2016</u>
	JD	JD
At 1 January	8,371	9,065
Provision (recovered from) for the year	<u>19,760</u>	<u>(694)</u>
At 31 December	<u>28,131</u>	<u>8,371</u>

(12) INVENTORY

	<u>2017</u>	<u>2016</u>
	JD	JD
Kitchen equipment	-	36,493
Gift Shop	240	240
Impairment allowance	<u>-</u>	<u>(36,493)</u>
	<u>240</u>	<u>240</u>

The movement on the impairment allowance is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
At 1 January	36,493	59,517
Reversal for the year *	<u>(36,493)</u>	<u>(23,024)</u>
At 31 December	<u>-</u>	<u>36,493</u>

* During 2017, the Company sold an amount of JD 36,493 of its inventory against JD 1,600.

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(13) ACCOUNTS RECEIVABLE

This item represents receivables balance from shops and restaurants tenants in Aqaba gateway project resulted from rent and service fees.

	<u>2017</u>	<u>2016</u>
	JD	JD
Accounts receivable	172,938	226,331
Less: Provision for doubtful debts	<u>(126,202)</u>	<u>(129,443)</u>
	<u>46,736</u>	<u>96,888</u>

The movement on provision for doubtful debts is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
At 1 January	129,443	159,010
(Recovered from) provision for the year	(3,241)	(15,918)
Write off receivable	<u>-</u>	<u>(13,649)</u>
At 31 December	<u>126,202</u>	<u>129,443</u>

As at 31 December, the aging of accounts receivable is as follows:

	<u>Past due but not impaired</u>			
	<u>1 – 90</u>	<u>91 – 180</u>	<u>181 – 270</u>	
	days	days	days	Total
	JD	JD	JD	JD
2017	42,230	3,589	917	46,736
2016	86,805	10,083	-	96,888

The company's management expects unimpaired receivables, on the basis of past experience, to be fully recoverable.

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(14) OTHER CURRENT ASSETS

	<u>2017</u>	<u>2016</u>
	JD	JD
Accrued and uncollected Interest	89,090	63,132
Prepaid expenses	34,654	29,580
Refundable deposits	640	640
Income tax deposit	34,522	30,343
Others	751	989
	<u>159,657</u>	<u>124,684</u>

(15) CASH AND BANK BALANCES

	<u>2017</u>	<u>2016</u>
	JD	JD
Deposits maturing within 3 months*	<u>242,732</u>	<u>128,349</u>
Cash and cash equivalents	242,732	128,349
Deposits maturing within a period of more than 3 months*	<u>2,355,506</u>	<u>2,435,114</u>
	<u>2,598,238</u>	<u>2,563,463</u>

- * For the year ended 31 December 2017, deposits at banks earned interest at a rate ranging between 2,35% and 4,85% (2016: 2.35% and 3.5%). Deposits are held for a period between one month and one year.

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(16) EQUITY

PAID IN CAPITAL

Paid in capital comprises of 10,000,000 shares at par value of JD 1 per share.

STATUTORY RESERVE

As required by the Jordanian Companies Law, 10% of the annual profit for the year before income tax is to be transferred to the statutory reserve when it reaches 25% of the Company's paid in capital. However, the Company may continue transferring to the statutory reserve up to 100% of the Company's paid in capital if general assembly approval is obtained.

VOLUNTARY RESERVE

The accumulated balance represents the transfers from the annual profit before income tax at a maximum rate of 20% annually. This reserve is available for distribution to the shareholders.

(17) OTHER CURRENT LIABILITIES

	<u>2017</u>	<u>2016</u>
	JD	JD
Deferred income	106,945	65,039
Accrued expenses	42,243	29,899
Board of directors bonus provision	18,000	18,000
Employees bonus provision	3,000	2,500
Shareholders deposits	180	2,458
	<u>170,368</u>	<u>117,896</u>

(18) OPERATING REVENUES

	<u>2017</u>	<u>2016</u>
	JD	JD
Rent and services	389,007	355,148
Company's share from shops' sales	78,904	81,778
	<u>467,911</u>	<u>436,926</u>

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(19) OPERATING EXPENSES

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and wages	63,528	62,650
Company contribution in Social Security	9,005	8,609
Land rent	81,524	81,146
Depreciation of investments properties	60,033	58,945
Depreciation of property and equipment	5,645	4,669
Loss from disposal of investment in property	16,149	-
Advertisement and marketing	650	936
Electricity and water	27,393	25,447
Hospitality	1,643	1,930
Mail and telephone	1,712	1,878
Travel and transportation	5,892	6,044
Maintenance	4,577	9,811
Cleaning	2,423	1,520
Employee health insurance	2,547	2,307
Aqaba Gateway project Insurance	2,600	2,837
Consultation fees	7,365	7,259
Licenses and Governmental fees	7,503	21,876
Others	16,396	12,713
	<u>316,585</u>	<u>310,577</u>

(20) ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and wages	75,278	70,328
Company contribution in Social Security	8,136	8,342
Employees vacations allowance and bonuses	3,918	4,104
Board of directors transportations expense	43,200	43,200
Board of directors committees fees	5,120	2,800
Board of directors bonuses	18,000	18,000
Office rent	9,438	7,813
Depreciation of property and equipment	840	573
Professional Fees	24,400	17,900
Telephone	2,130	1,873
Vehicles and fuels expense	2,064	1,751
Water and electricity	1,343	1,185
Licenses and subscriptions	12,521	12,345
Employees health Insurance	1,734	1,492
Others	17,762	14,090
	<u>225,884</u>	<u>205,796</u>

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(21) INCOME TAX

Movement on the income tax provision is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Beginning Balance	15,601	18,951
Income Tax paid	-	-
Release from provision	-	(3,350)
Ending Balance	<u>15,601</u>	<u>15,601</u>

The reconciliation of accounting profit and tax profit is as the following:

	<u>2017</u>	<u>2016</u>
	JD	JD
Accounting Profit	302,959	188,781
Add: Non-taxable expenses	36,834	57,499
Less: written-off debt in allowance	-	(13,649)
Less: Non-taxable revenue	(264,841)	(166,889)
Adjusted profit	<u>74,952</u>	<u>65,742</u>
Less: Prior year losses	(74,952)	(65,742)
Taxable loss	<u>-</u>	<u>-</u>
Income Tax	<u>-</u>	<u>-</u>
Legal income tax rate	<u>5 - 20%</u>	<u>5 - 20%</u>

No provision for income tax was calculated for the years ended 2017 and 2016 due to the accumulated losses from prior year in accordance with the Income Tax Law No. (34) of 2014.

The Company reached a final settlement with the income and sales tax department for its operations in Amman for the years up to 2014, except for the financial year of 2010, which is still under court review.

The Company reached to a final settlement with the income and sales tax department for its operations in Aqaba for the years up to 2012.

(24) RELATED PARTY TRANSACTIONS

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

The following is the total amount of transactions that have been entered into with related parties:

	<u>2017</u>	<u>2016</u>
	JD	JD
Statement of Financial Position items:		
<u>Bank Deposits</u>		
Arab Bank*	16,080	9,083
Cairo Amman Bank*	688,158	284,985
Union Bank*	1,635,237	1,582,615
Housing Bank for Trade and Finance*	3,818	86,942
Statement of Profit or Loss items:		
Bank interest revenue**	100,772	62,972
Social Security contribution – company's share	17,141	16,951
Salaries and wages of executives	45,100	45,100
Board of directors transportation allowance	43,200	43,200
Travel and transportation expenses	6,828	4,495
Board of directors remuneration	5,120	2,800
Board of directors bonuses	18,000	18,000

* Board of Directors member.

** Bank interest revenue represents revenues on bank deposits at banks who are Board of Directors.

(25) CONTINGENCIES

Letters of guarantees -

At 31 December 2017, the Company had outstanding letters of performance guarantee bond issued to the civil defense amounting to JD 5,000 (2016: JD 5,000).

Operating rent pledge -

On 30 September 1998, the Company has signed a land lease agreement for the land of Gate of Aqaba with an annual amount of JD 66,000 thousand for a period of 30 years and will be renewed twice with a written request from the Company. Starting from the 11th year, an increase of 4% a lower of or a percentage equivalent to the change in living costs in accordance with the official publications of the Central Bank of Jordan for the past year will be put into effect.

Legal claims -

No law suits against the Company as of 31 December 2017 (2016: No law suits against the Company). The amount of the lawsuits filed by the Company against others amounted to JD 214,424 as of 31 December 2017 (2016: JD 214,424).

(26) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of assets at fair value through other comprehensive income and investments in an associate, cash at hand and at banks, accounts receivable, and some other current assets. Financial liabilities consist of other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

The following table provides the fair value measurement for financial assets that do not appear in financial statements:

	2017		2016	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Property investments - Buildings	<u>2,228,515</u>	<u>2,692,625</u>	<u>2,041,006</u>	<u>2,505,583</u>

(27) CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current year and previous year.

Capital comprises of paid in capital, reserves, fair value reserve, Company's share of fair value reserve of an associate and retained earnings and is measured at JD 10,793,550 as at 31 December 2017 (2016: JD 10,505,086).

(28) DIVIDENDS DISTRIBUTED

During 2016, the Company distributed declared dividends to the shareholders for the year of 2015, JD 0.05 per share totalling to JD 500,000.

(29) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank deposits.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

2017 -	<i>Increase in basis</i>	<i>Effect on profit</i>
	<u>points</u>	<u>before income tax</u>
	%	JD
Jordanian Dinar	100	25,982
2016 -	<i>Increase in basis</i>	<i>Effect on profit</i>
	<u>points</u>	<u>before income tax</u>
	%	JD
Jordanian Dinar	100	25,635

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In case there is negative change in interest price the effect should equal the change as above with change the sign

Change in shares price risk -

The following table represent the sensitivity of other comprehensive income and the reserve form fair value that result from the reasonable change in share price:

	<u>Change in Index</u>	<u>Effect on OCI</u>	<u>Effect</u>
		JD	JD
2017 -			
Amman stock exchange	5%	12,622	12,622
2016 -			
Amman stock exchange	%5	13,130	13,130

In the case of a negative change, the effect will be equal to the change above the opposite effect.

Credit risk -

Credit risk is the risk that debtors and other parties will fail to meet their obligations towards the Company.

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

The Company has made investment contracts and rental contracts with a limited number of clients largest 3 customers represent a percentage of 26% of accounts receivable as of 31 December 2017 (2016: 45%)

Liquidity risk -

The company ensure liquidity risk by ensuring the availability of the needed liquidity for any existing or contingent liability.

The company is not at liquidity risk where they do not have accounts payable that bear interest.

Currency risk -

Most of the Company's transactions are in Jordanian Dinar. The Jordanian Dinar exchange rate is fixed against U.S. Dollar (USD 1.41 for each one JD). Accordingly, the Company is not exposed to significant currency risk.

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(30) SEGMENT INFORMATION

The Business segment represents a group of assets and operations that work together to provide products or services that are subject to risk and returns that differ from that related to other business segments.

The geographical segment is linked to providing products or services in a specific economical environment subject to risks and returns that differ from those related to business in economical environment.

The Companies activities consists of one economical segment which represents revenues and expenses on the project in Aqaba in addition to Amman office expenses, and the Board of Directors. There are no other segments, and the Company is not involved in any other trade activity. The following is a summary of operations:

	2017		
	Amman	Aqaba	Total
	JD	JD	JD
2017 -			
Operating revenues	-	467,911	467,911
Operating expenses	-	(316,585)	(316,585)
Share profit of an associate	236,386	-	236,386
Administrative expenses	(225,884)	-	(225,884)
Recovered from provision for doubtful debts	-	3,241	3,241
Recovered from provision for doubtful checks and bills under collection	-	(19,760)	(19,760)
Dividends income	10,855	-	10,855
Bank interest revenue and other revenue	109,546	37,249	146,795
PROFIT BEFORE INCOME TAX	130,903	172,056	302,959
	2016		
	Amman	Aqaba	Total
	JD	JD	JD
2016 -			
Operating revenues	-	436,926	436,926
Operating expenses	-	(310,577)	(310,577)
Share profit of an associate	140,457	-	140,457
Administrative expenses	(205,796)	-	(205,796)
Recovered from provision for doubtful debts	-	15,918	15,918
Recovered from provision for doubtful checks and bills under collection	-	694	694
Dividends income	9,152	-	9,152
Bank interest revenue and other revenue	95,857	6,150	102,007
PROFIT BEFORE INCOME TAX	39,670	149,111	188,781

(31) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company 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 Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 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 Company plans to adopt the remaining phases on the effective date and will not restate comparative information.

(a) Classification and Measurement

The Company does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

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.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The Company has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be significant compared to the current requirements of provisioning for doubtful trade receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

The Company does not expect a significant impact on its balance sheet or equity on applying the requirements of IFRS 15.

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.

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.

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.

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.

(32) COMPARATIVE NUMBERS

Some of 2016 figures have been reclassified in order to conform with the presentation of 2017 figures. Such classification does not affect previously reported losses or equity.