Scrabble Entertainment SARL

Financial Statements
31 December 2017

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MOORE STEPHENS

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INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF SCRABBLE ENTERTAINMENT LEBANON SARL

Opinion

We have audited the accompanying financial statements of SCRABBLE ENTERTAINMENT LEBANON SARL, set out on pages 3 to 16, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in Partners' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF SCRABBLE ENTERTAINMENT LEBANON SARL (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 the Partners 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.

Other Matter

We draw attention to the accumulated losses were LBP 128,063,859 and have exceeds 75% of the capital and resulted in negative equity. In accordance with Article 33 of Lebanese code of commerce relating to limited liability companies, if accumulated losses exceed 75% of capital, the partners should call for an extraordinary assembly to decide whether to liquidate the Company, decrease its capital or on a course of action to be taken in compliance with the said Article.

Moore Stephens Tabbal
Registration No.: 2003 / 50

MOORE STEPHENS TABBAL
Certified Public Accountants

Lebanon
14 February, 2018

Statement of comprehensive income

(Stated in LBP)

	Note	2017	2016
Sales Of Goods		**78,604,517**	-
Cost Of Sale		(78,604,517)	-
Gross Margin		-	-
General and administrative expenses	4	**(11,233,094)**	(7,593,103)
Taxes & other Related Charges	5	**(9,619,761)**	-
Net financial charges		**(42)**	(110)
Other External Charges	6	**(13,929,828)**	-
Net (loss) for the year		(34,782,725)	(7,593,213)
Total comprehensive (loss) for the year		(34,782,725)	(7,593,213)

The Company does not have other comprehensive income for any of the years presented above

The attached notes 1 to 15 form part of these financial statements.

Statement of financial position

(Stated in LBP)

	Note	2017	2016
Assets			
Current assets			
Inventories	7	-	92,534,344
Accounts and other receivables	8	-	16,149,799
Bank and cash balances	9	**5,000,000**	5,000,000
Total current assets		**5,000,000**	113,684,143
Total assets		**5,000,000**	113,684,143
Partners' equity and liabilities			
Partners' equity			
Capital	10	**5,000,000**	5,000,000
Accumulated losses		**(128,063,859)**	(93,281,134)
Total Partners' equity		**(123,063,859)**	(88,281,134)
Liabilities			
Current liabilities			
Accounts and other payables	12	**3,151,942**	87,959,489
Partners' current account	11	**124,911,917**	114,005,788
Total current liabilities		**128,063,859**	201,965,277
Total liabilities		**128,063,859**	201,965,277
Total Partners' equity and liabilities		**5,000,000**	113,684,143

The attached notes 1 to 15 form part of these financial statements.

Pruthu Rajeash Shah
Director
2017

Statement of changes in partners' equity

(Stated in LBP)

	Capital	Accumulated Losses	Total
Balance at 1 January 2017	5,000,000	(93,281,134)	(88,281,080)
Net (loss) for the year	-	(34,782,725)	(34,782,725)
Balance at 31 December 2017	**5,000,000**	**(128,063,859)**	**(123,063,859)**
Balance at 1 January 2016	5,000,000	(85,687,921)	(80,687,921)
Net (loss) for the year	-	(7,593,213)	(7,593,213)
Balance at 31 December 2016	**5,000,000**	**(93,281,134)**	**(88,281,134)**

The attached notes 1 to 15 form part of these financial statements.

Statement of cash flows

(Stated in LBP)

	Note	2017	2016
Cash flows from operating activities			
Net (loss) for the year		**(34,782,725)**	(7,593,213)
Cash flows from operations before working capital changes		**(34,782,725)**	(7,593,213)
(Increase) in accounts and other receivables		**16,149,799**	(603,909)
(Decrease) / Increase in accounts and other payables		**(84,807,547)**	(2,961,498)
Decrease in Inventory		**92,534,344**	-
Net cash (used in) operating activities		**(10,906,129)**	(11,158,620)
Cash flows from financing activities			
Net movement in due to partners' current account		**10,906,129**	11,158,620
Net cash generated from financing activities		**10,906,129**	11,158,620
(Decrease) in cash and cash equivalents during the year		**-**	-
Cash and cash equivalents at the beginning of the year		**5,000,000**	5,000,000
Cash and cash equivalents at the end of the year	7	**5,000,000**	5,000,000

The attached notes 1 to 15 form part of these financial statements.

Notes to the financial statements

(Stated in LBP)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Scrabble Entertainment Lebanon SARL was established in Lebanon on 13 March 2012 as a limited liability company and registered at the commercial court of Beirut under No: 1015121.

The company is located in Achrafieh, Beirut.

The principal activity of the Company is the importation and installation and supplying of projectors for cinemas and related construction works.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the disclosure requirements of the Lebanese Commercial Law.

The financial statements are presented in Lebanese Pounds.

2.1 New and amended IFRS adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2017. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- Amendments to IAS 7 'Statement of cash flows' issued in January 2016 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Amendments to IAS 12 'Income Taxes' issued in January 2016 clarify that in order to compute a temporary difference, the carrying amount is compared to its tax base. In doing so, the entity should not consider how the related assets will be recovered (such as through sale), or the probability that any resulting deferred tax asset will be recoverable.

  The amendments also clarify that the estimation of taxable profit, against which deferred tax assets can be utilised, is a separate step. If it is considered probable that an asset will be realised at more than its carrying amount, this is reflected in the entity's estimate of future taxable profit. The tax deduction arising from the reversal of deferred tax assets will not be included in the estimated future taxable profit which is used to evaluate whether those assets are recoverable.

- Annual amendments to IFRSs (2014-2016 cycle) issued in December 2016 included an amendment to IFRS 12 'Disclosure of Interests in Other Entities'. The amendment clarifies that, except for the requirements to disclose summarised financial information, the requirements of IFRS 12 apply to interests (or a portion thereof) in a subsidiary, joint venture or associate that is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5 'Non-current Assets held for Sale and Discontinued Operations'.

The Management believes the adoption of the above and other amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

2.3 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

- IFRS 15 'Revenue from Contracts with Customers' issued in May 2014 and related 'Clarifications to IFRS 15' issued in April 2016 establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related IFRICs 13, 15 and 18, and SIC-31. IFRS 15 is applicable for annual periods beginning on or after 1 January 2018. The standard is based on a 5 step approach to recognise revenue and also provides specific principles to apply, when there is a contract modification, when accounting for contract costs and when accounting for refunds and warranties. On application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

- IFRS 9, 'Financial Instruments' issued in July 2014 has an effective date of accounting periods beginning on or after 1 January 2018. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instruments: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction about proving whether a relationship will be effective than current requirements.

- IFRS 16, 'Leases' issued in January 2016 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from IAS 17. IFRS 16 is effective from 1 January 2019.

- IFRS 17 'Insurance Contracts' issued in May 2017 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective from 1 January 2021.

- Amendments to IFRS 2 'Share based payment' issued in June 2016 introduced a number of changes and clarifications affecting IFRS 2 with effect for accounting periods beginning on or after 1 January 2018.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

2.3 New and amended IFRS which are in issue but not yet effective

- Amendments to IFRS 4 'Insurance Contracts' issued in September 2016 address concerns over the impact of IFRS 9 'Financial Instruments', where this will be implemented before the replacement of IFRS 4, which is still under development. An entity shall apply those amendments, which include permitting insurers that meet specified criteria to apply a temporary exemption from IFRS 9, for annual periods beginning on or after 1 January 2018.

- Amendments to IAS 40 'Investment Property' issued in December 2016 clarify the requirement to transfer a property to or from investment property when (and only when) there is a change in use. The amendments state that the property should meet (or cease to meet) the definition of investment property, and there should be evidence of the change in use (which means more than management's intention alone). The amendments are effective for annual periods beginning on or after 1 January 2018.

- Annual amendments to IFRSs (2014-2016 cycle) issued in December 2016 included an amendment to IAS 28 'Investments in Associates and Joint Ventures'. The amendments clarify that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture. The amendments are effective for annual periods beginning on or after 1 January 2018.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' issued in December 2016 addresses how to determine the date of the transaction for the purpose of determining the 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 arising from the payment or receipt of advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after 1 January 2018.

- IFRIC 23 'Uncertainty over Income Tax Treatment' issued in June 2017 clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' issued in October 2017 clarifies that entities account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective for annual periods commencing on or after 1 January 2019.

- Amendments to IFRS 9 'Financial Instruments' issued in October 2017 allow entities to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss. The amendments are effective for annual periods commencing on or after 1 January 2019.

The Management believes the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared in Lebanese pounds (LBP).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Company to all periods presented in these financial statements are set out below.

3.3 Significant accounting policies

a) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

b) Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If such evidence exists, any impairment loss is recognized in the statement of comprehensive income. Impairment is determined as follows:

For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income;

(i) For assets carried at cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

(ii) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. Except for equity instruments classified as available for sale, reversal of impairment losses are recognized in the statement of comprehensive income to the extent carrying value of the asset does not exceed its amortized cost at the reversal date. Reversals in respect of equity instruments classified as available for sale are recognized in other comprehensive income.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

3.4 Significant accounting policies (continued)

c) Accounts receivable

Accounts receivable are stated at their amortized cost less any allowances for doubtful receivables. An allowance for doubtful receivables is established when there is objective evidence that the Company will not be able to collect the amounts due. Indicators that the accounts receivable are impaired include consistent default in payments when due in accordance with the terms of the arrangements with the customers, financial difficulties of the customer and other indicators. When an accounts receivable is considered uncollectible, it is written off against the allowance account for credit losses. The carrying value of accounts receivable is approximate to their fair value due to the short term nature of those receivables.

d) Inventories

Inventories are valued at the lower of the cost or net realizable value, after making due allowance for any obsolete or slow moving items. Cost is determined on weighted average cost basis and consists of aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

e) Employees' termination benefits

Provision is made for amounts payable under the Lebanese Labor Law applicable to employees' accumulated periods of service at the balance sheet date based on employees' salaries and number of years of service. Applicable benefits are paid to employees on completion of their term of employment.

f) Accounts and other payables

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

g) Foreign currencies

Functional and presentation currency
The financial statements are presented in Lebanese pounds (LBP), which is the Company's functional and presentation currency.

Transactions and balances
Transactions in currencies other than LBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

h) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank balances and short term deposits with an original maturity of less than three months.

i) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

3.4 Significant accounting policies (continued)

j) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognized.

3.4 Significant accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

4. General and administrative expenses

	2017	2016
Post, telex, and telephone	**58,750**	55,603
Professional fees	**10,872,844**	7,537,500
Formalities	**301,500**	-
	11,233,094	7,593,103

5. Taxes & Other Related Charges

Represent the VAT refunded value as of 31.12.2017 which was transferred to expenses amount and close the VAT payable account in the balance sheet.

6. Other external Charges

Represent the remain value of stock which was clsed at end of 2017 and retuned back to profit in the Tax return declaration.

7. Inventories

This section is comprised of the inventory which consist of finished goods for sale and raw material and are valued at the lower of the cost or net realizable value, after making due allowance for any obsolete or slow moving items. The inventory amounted to LBP zero as of 31 December 2017.

8. Accounts and other receivables

	2017	2016
VAT receivable	-	16,149,799
	-	16,149,799

9. **Cash and cash equivalents**

	2017	2016
Bank and cash balances	**5,000,000**	5,000,000
Cash and cash equivalents in the statement of cash flows	**5,000,000**	5,000,000

10. **Capital**

	2017	2016
Authorized, issued and fully paid		
5,000 shares of LBP 1,000 each	**5,000,000**	5,000,000
	5,000,000	5,000,000

The capital of the Company is distributed in the following Ratios:

	Shares	LBP
Scrabble Entertainment JLT	**4,998**	**4,998,000**
Pruthu Rajeash Shah	**1**	**1,000**
Me Henri Najm	**1**	**1,000**
	5,000	**5,000,000**

11. **Partners' current accounts**

The Partners' current account balances are unsecured, interest free, there are no defined repayment arrangements and are payable only at the option of the Company.

a) **Dues to Partners' current accounts**

	2017	2016
Scrabble Entertainment JLT	**124,911,917**	114,005,788
	124,911,917	114,005,788

12. **Accounts and other payables**

	2017	2016
Trade accounts payable	**3,151,941**	86,378,785
Other creditors	-	73,204
Accrued expenses	-	1,507,500
Scrabble Entertainment JLT (note 9a)	**124,911,917**	114,005,788
	128,063,859	201,965,277

13. **Tax Authorities**

The company is subject to an audit by the Ministry of Finance from year 2012 till the date of the issuance of the financial statements.

The company is subject to an audit by the Value Added Tax department from year 2012 till the date of the issuance of the financial statements.

14. Financial risk and capital management

14.1 Financial risk factors

The Company's financial instruments consist mainly of available-for-sale investments, investments at fair value through profit or loss, trade and other accounts receivable, bank balances and cash, trade and other accounts payable and term loans.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the period ended 30 September 2016 and 31 December 2015. The identified key risks are:

a) **Currency risk**
The majority of the Company's financial assets and financial liabilities are either denominated in local currency (LBP) or currencies fixed to the LBP. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weakens or strengthens against the LBP with all other variables held constant.

b) **Credit risk**
The company is potentially exposed to concentration of credit risk from its financial assets which comprise principally the bank balances, accounts and other receivables and amounts due from related parties. The company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and related parties is subjected to credit evaluations in order to estimate an allowance for irrecoverable amounts. The company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions and the receivables are duly collectible.

c) **Liquidity risk**
The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

The tables below summarize the maturities of the company's financial liabilities based on contractual payment dates:

2017

	<1 year	*>1 year*	*Total*
Accounts and other payable	*3,151,942*	-	*3,151,942*
Total	*3,151,942*	-	*3,151,942*

2016

	<1 year	*>1 year*	*Total*
Accounts and other payable	*73,204*	*86,378,785*	*86,451,989*
Total	*73,204*	*86,378,785*	*86,451,989*

14.2 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for partners by pricing products and services commensurately with the level of risk.

The accumulated losses were LBP 128,063,859 and have exceeds 75% of the capital and resulted in negative equity. In accordance with Article 33 of Lebanese code of commerce relating to limited liability companies, if accumulated losses exceed 75% of capital, the partners should call for an extraordinary assembly to decide whether to liquidate the Company, decrease its capital or on a course of action to be taken in compliance with the said Article.

15. Comparative figures

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.