

General Mining Company plc



الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/67

الرقم:

Date 27/3/2018

التاريخ:

**To: Jordan Securities Commission
Amman Stock Exchange**

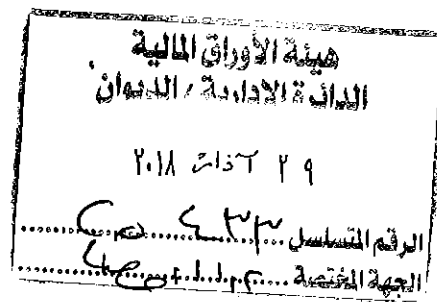
**Subject: Audited Financial Statements for
the fiscal year ended 31/12/2017**

Attached the Audited Financial Statements of General Mining Company plc for the fiscal year ended 31/12/2017.

Kindly accept our high appreciation and respect

Chairman

Ayman AlMufleh



GENERAL MINING COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of To the Shareholders of General Mining Company PLC
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of General Mining Company PLC (the "Company"), and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to note (23) to the consolidated financial statements, which indicates that the Group's accumulated losses amounted to JD 744,462 as at 31 December 2017 reaching 149% of the paid in capital. According to Article No. (266) of the Jordanian Companies Law No. (22) for the year 1997 and its amendments "If the losses of the Public Shareholding Company exceed 75% of its capital, the company shall be liquidated unless the general assembly decides in an extraordinary meeting to increase the Company's capital.

Due to closing of Al-Subaihi mine in prior years and absence of sales contracts the Group recognized significant losses. The General Assembly approved in its extraordinary meeting held on 30 April 2017 the Board of Directors resolution to write off accumulated losses in an amount of JD 1,000,000 through reducing the Company's capital, the Company's capital after the reduction became JD 500,000 and then to increase the Company's capital to become JD 1,100,000 representing an increase of JD 600,000 through a private placement to the existing shareholders. Also, the General Assembly approved to write off the voluntary reserve balance and part of statutory reserve balance in the accumulated losses with total amount of JD 256,733. The Company finalized legal procedures for the amendments on the Company's capital as described in note (26).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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, provide the basis for our audit opinion on the accompanying [consolidated] financial statements.

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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 reasonable 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 financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi
Registration No. 591

Amman – Jordan
13 March 2018

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
<u>Assets</u>			
Non-Current Assets			
Property and equipment	3	211,816	222,574
Financial assets at fair value through other comprehensive income	4	6,621	8,701
		<u>218,437</u>	<u>231,275</u>
Current Assets			
Accounts receivable, Net	5	3,051	-
Financial assets at fair value through profit or loss	6	32,527	81,425
Other current assets	7	55,433	71,368
Cash and bank balances	9	10,692	10,727
		<u>101,703</u>	<u>163,520</u>
Total Assets		<u>320,140</u>	<u>394,795</u>
<u>Shareholders' Equity and Liabilities</u>			
Shareholders' Equity			
Paid in capital	11	500,000	1,500,000
Statutory reserve	11	275,000	375,000
Voluntary reserve	11	-	156,733
Fair value reserve		(12,033)	(10,085)
Accumulated losses		<u>(744,462)</u>	<u>(1,779,111)</u>
Net Shareholders' Equity		<u>18,505</u>	<u>242,537</u>
Liabilities			
Current Liabilities -			
Due to bank	10	187,723	-
Accounts payable	12	33,274	19,281
Other current liabilities	13	80,638	132,977
Total Liabilities		<u>301,635</u>	<u>152,258</u>
Total Shareholders' Equity and Liabilities		<u>320,140</u>	<u>394,795</u>

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
Sales		3,051	-
Less: Mining fees	14	(181)	-
Net sales		<u>2,870</u>	<u>-</u>
 Cost of sale	 15	 -	 -
Gross profit		<u>2,870</u>	<u>-</u>
 Impairment in inventory's net realizable value		 -	 (438,742)
Operating expenses unutilized in production	16	(43,307)	(109,330)
Administrative expenses	17	(265,363)	(215,305)
Interest expense		(8,306)	(370)
Profit (loss) of financial assets at fair value through profit or loss	18	3,094	(21,313)
Other revenues	19	98,255	2,588
Loss for the year before tax		<u>(212,757)</u>	<u>(782,472)</u>
Income tax	8	-	11,452
Loss for the year		<u>(212,757)</u>	<u>(771,020)</u>
		JD/Fils	JD/Fils
 Basic and diluted loss per share for the year	 20	 <u>(0/426)</u>	 <u>(1/542)</u>

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>2017</u>	<u>2016</u>
	JD	JD
Loss for the year	(212,757)	(771,020)
Add other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income, net after tax	<u>(1,975)</u>	<u>(3,757)</u>
Total comprehensive income for the year	<u><u>(214,732)</u></u>	<u><u>(774,777)</u></u>

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

**GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Reserves					Accumulated losses	Total	
	Paid in capital		Statutory		Fair value			
	JD		JD		JD			
Balance at 1 January 2017	1,500,000		375,000		156,733	(10,085)	(1,779,111)	242,537
Amortized accumulated losses (note 1)	(1,000,000)		(100,000)		(156,733)	-	1,256,733	-
Capital increase expense	-		-		-	-	(9,300)	(9,300)
Total comprehensive income	-		-		-	(1,975)	(212,757)	(214,732)
Losses from selling financial assets at fair value through other comprehensive income	-		-		-	27	(27)	-
Balance at 31 December 2017	500,000		275,000		-	(12,033)	(744,462)	18,505
Balance at 1 January 2016	1,500,000		375,000		156,733	(6,328)	(1,008,091)	1,017,314
Total comprehensive income	-		-		-	(3,757)	(771,020)	(774,777)
Balance at 31 December 2016	1,500,000		375,000		156,733	(10,085)	(1,779,111)	242,537

The Company can not use a restricted amount of JD 12,033 and an amount of JD 3,597 representing the negative change in fair value of the financial assets at fair value through other comprehensive income and the negative change in fair value of the financial assets at fair value through profit or loss respectively in accordance with the instructions of Securities Commission instructions.

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
OPERATING ACTIVITIES			
Loss for the year before tax		(212,757)	(782,472)
Adjustments:-			
Unrealized losses financial asset at fair value through profit or loss	18	3,597	15,149
Realized (profit) losses financial assets at fair value through profit or loss	18	(1,652)	21,654
Dividends income of financial assets at fair value through profit or loss	18	(5,039)	(15,490)
Depreciation	3	10,758	38,503
Interest expense		8,306	370
Excess in provision for doubtful debts	5	(4,692)	-
Impairment in inventory's net realizable value		-	438,742
Changes in working capital:			
Accounts receivable		1,641	57,615
Cheques under collection		(14,000)	-
Other current assets		29,935	(22,894)
Accounts payable		13,993	745
Other current liabilities		(52,339)	(27,286)
Net cash flows used in operating activities		(222,249)	(275,364)
Investing Activities			
Proceeds from sale of financial assets at fair value through profit or loss		46,953	203,932
Proceeds from sale of financial assets at fair value through other comprehensive income		105	-
Dividends income received		5,039	15,490
Net cash flows from investing activities		52,097	219,422
Financing Activities			
Capital increase expenses		(9,300)	-
Paid interest expense		(8,306)	(370)
Net cash flows used in financing activities		(17,606)	(370)
Net decrease in cash and cash equivalent		(187,758)	(56,312)
Cash and cash equivalents at 1 January		10,727	67,039
Cash and cash equivalents at 31 December	9	(177,031)	10,727

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements

(1) General

General Mining Company was established at 5 December 1973 as a Public Shareholding Company, with paid in capital of JD 1,500,000 divided into 1,500,000 shares at a par value of JD 1 per share. The General Assembly approved at its extraordinary meeting held on 30 April 2017 the Board of Directors resolution to write off accumulated losses in an amount of JD 1,000,000 through reducing the Company's capital, the Company's capital after the reduction became JD 500,000 and then to increase the Company's capital to become JD 1,100,000 per share representing an increase of JD 600,000 through private placement to the shareholders of the Company. Also, the General Assembly approved to write off the voluntary reserve balance and part of statutory reserve balance in the accumulated losses with total amount of JD 256,733. Accordingly, the authorized capital is amounting to JD 1,100,000 and paid in capital amounting to JD 500,000. The Company has completed the legal procedures to amend the Company's capital during 2017 through increasing the Capital by private placement from 24 December 2017 until 15 January 2018. Additional shares issued amounted to JD 520,443 as of 15 January 2018. The Company obtained Jordan Securities Commission's approval to offer the remaining shares in Amman stock exchange.

The Company's objectives are mining, processing of ores and industrial rocks and to extract raw materials and to participate or contribute in any projects or other actions. The General Assembly resolved in its extraordinary meeting held on 13 October 2016 to amend the articles of association of the Company by adding the following activities to the company's purposes:

- 1- Purchasing and selling lands after developing, organizing, improving and dividing them and supplying them with all services in accordance with adopted laws.
- 2- Possessing and renting movable and immovable property to achieve the Company's purposes.
- 3- Possessing and developing land and properties (except real estate office).
- 4- Providing real estate management services (except real estate office).

The board of directors in their meeting held on 13 March 2018, authorized the issuance the interim condensed consolidated financial statements.

(2-1) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income and profit or loss which have been measured at fair value at the date of the consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with the IFRS issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared in Jordanian Dinar, which is the functional currency of the Group.

(2-2) Basis of consolidation

The consolidated financial statements comprise of the financial statements of General Mining Company a Public Shareholding Company the "Company" and the below subsidiary the "Group" as of 31 December 2017:

<u>Company name</u>	<u>Legal status</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>
Aliat For Real Estate Development and Housing Company	Limited liability	Jordan	100%

- * Aliat For Real estate Development and Housing Company was established as a limited liability Company with an authorized capital of JD 10,000 and paid in capital of JD 5,000, it was registered at Ministry of Industry and Trade on 10 March 2014 and it's fully owned by General Mining Company. The Company did not commence its activities until the date of the consolidated financial statements.

Consolidation of a subsidiary begins on the date that the group obtains control over the subsidiary and ceases when the group loses control over the subsidiary. Control exists when the group controls the subsidiaries significant and relevant activities and is exposed, or has the rights on the variable returns from its involvement with the subsidiary and has the right to effect those return.

The financial statements of the Company and subsidiary are prepared for the same reporting period and using the same accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

(2-3) Change in accounting policies

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 consolidated financial statements.

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

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

(2-4) Significant accounting policies

Property and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. When an item of property, plant and equipment is sold or disposed, the related cost and accumulated depreciation are reversed and any gains or losses are recognized in the consolidated statement of profit or loss.

Depreciation of property, plant and equipment (except for land) is computed on a straight-line basis using the following annual depreciation rates:

	<u>%</u>
Buildings	4-10
Furniture and fixtures	9 - 25
Tools	12
Machinery and equipment	7 - 12
Vehicles	15
Roads	10
Computers and softwares	25
Walls	25

Gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from items of property, plant and equipment.

Financial assets at fair value through other comprehensive income

These are equity investments that are not held for sale in the near future.

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.

These financial assets are not subject to impairment testing.

Dividends income is recognized in the consolidated statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets which do not meet the business model for financial assets at amortized cost, and are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the statement of profit or loss. When these assets or portion of these assets are sold, the gain or loss arising are recorded in the consolidated statement of profit or loss.

Dividend and interest income are recorded in the consolidated statement of profit or loss.

Fair value measurement

The Company measures financial instruments and non-financial assets through profit or loss at fair value at the date of consolidated financial statement. Also, fair values of financial instruments disclosed in note (24).

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventory

Inventories are valued at the lower of cost or net realizable value.

Cost is measured as follows:

- Spare parts: at purchase cost on weighted average method.
- Finished products and work in progress: at cost of direct materials and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to complete the sale.

Accounts receivable

Accounts receivable are recorded at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of part or the full amount is no longer probable.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and bank balances net of bank overdraft with an original maturity of three months or less.

Accounts payable and accruals

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

Provisions

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

Revenues

Sales revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably.

Interest income is recognized when accrued using the effective interest rate method.

Dividends income is recognized when realized. When General Assemblies of the companies declare the dividends).

Other revenues are recognized on accrual basis.

Income tax

Income tax expense includes current and deferred taxes.

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

Current income tax is calculated in accordance with the prevailing Income Tax Law in Jordan and in accordance with IAS (12).

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.

The carrying amount of deferred income tax assets is reviewed at each financial statements date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Foreign currencies

Transactions in foreign currencies are recorded at the average rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All differences are taken to the consolidated statement of profit or loss.

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

(3) PROPERTY AND EQUIPMENT

	Lands	Roads	Walls	Buildings	Furniture and Fixture	Tools	Machinery and equipment	Vehicles	Computers and softwares	Total
2017 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
Balance at 1 January 2017	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
Balance at 31 December 2017	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
Accumulated Depreciation:										
Balance at 1 January 2017	-	102,447	90,154	62,238	26,448	1,416	143,290	30,094	125,561	481,648
Depreciation for the year	-	2,259	-	707	515	-	1,511	6,647	119	10,758
Balance at 31 December 2017	-	104,706	90,154	62,943	26,963	1,416	144,801	35,741	25,680	492,404
Net book value-										
At 31 December 2017	169,811	27,839	-	11,044	-	-	-	3,028	94	211,818

The depreciation included in statement of profit or loss is distributed as follows:

	Notes	2017 JD	2016 JD
Cost of Sale	15	10,109	37,545
Administrative expense	17	649	958
		10,758	38,503

The estimated value of fully depreciated property, plant and equipment is JD 324,166 as of 31 December 2017 (2016: JD 283,373).

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

	<u>Lands</u>	<u>Roads</u>	<u>Walls</u>	<u>Buildings</u>	<u>Furniture and Fixture</u>	<u>Tools</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Computers and softwares</u>	<u>Total</u>
2016 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
Balance at 1 January 2016	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
Balance at 31 December	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
2016										
Accumulated Depreciation-										
Balance at 1 January 2016	-	100,188	67,615	61,500	25,671	1,355	137,094	24,278	25,442	443,143
Depreciation for the year	-	2,259	22,639	736	777	61	6,196	5,816	119	38,503
Balance at 31 December	-	102,447	90,154	62,236	26,448	1,416	143,290	30,094	25,561	481,646
2016										
Net book value-										
At 31 December 2016	169,811	30,098	-	11,751	516	-	1,511	8,675	213	222,674

(4) Financial assets at fair value through other comprehensive income

This item consists of the following:

Quoted financial assets

<u>2017</u>	<u>2016</u>
JD	JD
<u>6,621</u>	<u>8,701</u>

Quoted shares

(5) Accounts Receivable, Net

This item consists of the following:

	2017	2016
	JD	JD
Trade receivables	22,055	23,696
Less: Provision for doubtful debts	(19,004)	(23,696)
	<u>3,051</u>	<u>-</u>

The doubtful debts were amounted to JD 19,004 as of 31 December 2017 (2016: JD 23,696).

The following represent the movement of provision for doubtful debts:

	2017	2016
	JD	JD
Balance at the beginning of the year	23,696	23,696
Recovery	(4,692)	-
	<u>19,004</u>	<u>23,696</u>

The aging of unimpaired receivables as of 31 December is as follows:

	Past due but not impaired			
	1-60	61-150	More than	
	days	days	150	Total
	JD	JD	days	JD
2017	3,051	-	-	3,051
2016	-	-	-	-

(6) Financial assets at fair value through profit or loss

Quoted financial assets

	<u>2017</u>	<u>2016</u>
	JD	JD
Quoted shares	<u>32,527</u>	<u>81,425</u>

(7) Other current assets

This item consists of the following:

	<u>2017</u>	<u>2016</u>
	JD	JD
Prepaid expenses	7,972	9,112
Check under collection	14,000	-
Refundable deposits	19,709	24,709
Employees' receivables	2,985	8,034
Income tax refundable deposits	230	21,920
Sales tax withholdings	-	4,943
Other	<u>10,537</u>	<u>2,650</u>
	<u>55,433</u>	<u>71,368</u>

(8) Income tax

No provision for income tax was calculated for the years ended 31 December 2017 and 2016 for the Company and its subsidiary due to the excess of deductible expenses over taxable income.

Income and Sales Tax Department did not review the subsidiary's records up to the date of the financial statements.

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

The Group filed its tax returns for the year 2016, which have not been reviewed by the Income and Sales Tax Department up to the date of the financial statements.

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

The reconciliation between accounting profit and taxable profit is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Accounting loss	(212,757)	(782,472)
Non-taxable income	(9,730)	(15,490)
Non-deductible expenses	<u>2,907</u>	<u>457,763</u>
Taxable loss	<u>(219,580)</u>	<u>(340,199)</u>
Statutory Income Tax rate	24%	24%

Income tax expense presented in the income statement represents the following:

	<u>2017</u>	<u>2016</u>
	JD	JD
Prior years' tax refund	-	11,452
	<u>-</u>	<u>11,452</u>

(9) Cash and bank balances

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand	1,189	2,108
Current accounts	<u>9,503</u>	<u>8,619</u>
Total cash and bank balances	<u>10,692</u>	<u>10,727</u>

For the purposes of preparing the statement of cash flow, cash and cash equivalent comprises:

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash and bank balances	10,692	10,727
Less: Due to bank (Note 10)	<u>(187,723)</u>	<u>-</u>
	<u>(177,031)</u>	<u>10,727</u>

(10) Due to bank

This item represents the utilized part of the credit facilities granted to the Company which represents overdraft account granted to the Company by the Jordan Capital Bank with a ceiling of JD 200,000 bearing average interest rate of 8.25% annually.

(11) Shareholders Equity

Paid in capital

The company authorized capital is 1,100,000 shares and paid in capital amounts to JD 500,000 shares at a par value of JD 1 each.

Statutory reserve

According to Jordanian Companies Law, 10% of the profit before tax is to be appropriated to statutory reserve. This reserve is not available for distribution to the shareholders. The Company can stop this annual appropriation if the statutory reserve reaches 25% of the Company's capital, accordingly in 2007 the Company decided not to transfer any additional amount to the statutory reserve.

Voluntary reserve

This item represents the appropriations of the profit before tax, up to 20% of the paid in capital. This reserve is available for distribution to the shareholders.

(12) Accounts Payable

This item consists of the following:

	<u>2017</u>	<u>2016</u>
	JD	JD
Trade payables	32,904	18,617
Natural Recourses Authority	<u>370</u>	<u>664</u>
	<u>33,274</u>	<u>19,281</u>

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

(13) Other current liabilities

This item consists of the following:

	<u>2017</u> JD	<u>2016</u> JD
Accrued expenses	6,598	-
Post-dated checks	19,688	11,631
Shareholders deposits (dividends)	39,491	41,035
Accrued vacation provision	2,447	3,932
Legal cases provision	3,551	3,551
Sales tax deposits	1,975	-
Board of directors incentive provision	328	328
Advance payments from selling of mining rights	-	72,500
Other	6,560	-
	<u>80,638</u>	<u>132,977</u>

(14) MINING fees

According to Mining law (57) of 2012, National Resources Authority charges JD 1 on each ton produced from Gypsum and Kolin.

(15) Cost of sales

	<u>2017</u> JD	<u>2016</u> JD
Deprecation (Note 3)	10,109	37,545
Salaries and benefits	19,675	19,675
Social security contribution	2,520	2,377
Fuel	2,782	1,450
Rent	-	38,910
Machines and vehicles maintenance	1,994	1,173
Insurance and license	1,292	246
Health insurance	721	718
Mining right fees	1,300	5,000
Other	2,914	2,236
	<u>43,307</u>	<u>109,330</u>
Finished goods at beginning of the year	534,981	534,981
Finished goods at end of the year	(534,981)	(534,981)
Operational expense unutilized in production (Note 16)	(43,307)	(109,330)
	<u>-</u>	<u>-</u>

(16) Operational expenses not used in production

This item represents non-operational cost relating to Al Subahi mine, which not utilized in Gypsum production. The Company resumed the work in the mine in 2017, however the Company could not sign sales contract, and the work was limited to the extraction of samples during 2017

(17) Administrative expense

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and wages	98,678	106,757
Social security contribution	9,904	26,009
End of service indemnities	22,500	-
Chairman compensation for management activates	12,000	-
Professional fees	62,475	38,876
Rent	10,030	11,814
Depreciation (Note 3)	649	958
Utilities	2,704	2,927
Subscriptions	4,935	5,447
Maintenance and services	2,242	2,048
Penalties and governmental fees	16,199	4,280
Post and phones	1,946	1,925
Stationary	2,035	1,845
Advertising	4,530	863
Hospitality	398	545
Bank charges	2,348	6,786
Other	11,790	4,595
	<u>265,363</u>	<u>215,675</u>

(18) PROFIT (LOSS) OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized profit (loss) JD	Unrealized loss JD	Dividends income received JD	Total JD
At 31 December 2017				
Equity share	1,652	(3,597)	5,039	3,094
Total	<u>1,652</u>	<u>(3,597)</u>	<u>5,039</u>	<u>3,094</u>
At 31 December 2016				
Equity share	(21,654)	(15,149)	15,490	(21,313)
Total	<u>(21,654)</u>	<u>(15,149)</u>	<u>15,490</u>	<u>(21,313)</u>

(19) OTHER REVENUES

This item consists of the following:

	2017 JD	2016 JD
Gain from selling mining rights*	95,130	-
Other	<u>3,125</u>	<u>2,588</u>
	<u>98,255</u>	<u>2,588</u>

- * During the year 2015, the Company signed a contract to dispose of mining rights for lands owned by the government located in the eastern Petra Mountain/ Ma'an with areas of 1,003 acres, 494 square meters and 1,007 acres and 99 square meters and land of Aqraba and methlula/ Madaba with an area of 1,005 acres and 658 square meters and land of Emeh/ Tafeleh with an area of 1,360 acres. The contract is conditional to obtain the prime minister's approval to sell the mining right for these lands. On 18 September 2017, the Company obtained the prime minister's approval on sale of the mining rights for the lands mentioned above.

(20) Basic and diluted loss per share from the year's losses

This item consists of the following:

	<u>2017</u>	<u>2016</u>
Loss for the year (JD)	(212,757)	(771,020)
Weighted average number of shares (share)	<u>500,000</u>	<u>500,000</u>
	<u>Fils/ JD</u>	<u>Fils/ JD</u>
Basic and diluted loss per share for the year	<u>(0/426)</u>	<u>(1/542)</u>

(21) Related Parties Transactions

Related parties represent major shareholders, directors and key management personnel of the Group within the normal course of business. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Related parties balances included in consolidated financial position is as follow:

	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
Financial assets at fair value through profit or loss (Jordan Capital Bank- major shareholder).	<u>32,527</u>	<u>66,975</u>
Cash at Capital Bank- Jordan	<u>5,207</u>	<u>3,234</u>
Due to bank (Jordan Capital Bank – Major shareholder)	<u>187,723</u>	<u>-</u>

Summary of related party transactions in the consolidated statement of profit or loss:

	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
Interest expense- Jordan Capital Bank	<u>8,306</u>	<u>370</u>

Compensation of key management personnel of the Company is as follows:

	2017	2016
	JD	JD
Salaries and benefits	22,129	71,218
End of service indemnities	43,000	-
Chairman compensation for management activates	12,000	-

(22) Contingent liabilities

The Company has contingent liabilities presented below:

1- Letter of guarantees

Banks letter of guarantees for Natural Recourses Authority amounted to JD 70,000 as of 31 December 2017 (2016: JD 70,000).

2- Operating lease commitments

During 2008 and previous years, the Company signed land leasing contracts with the Ministry of Finance with an amount of JD 500 for each square kilometer annually. According to Prime Ministry's letter No. 31/16/3744 dated 18 February 2009, related to adjustments of annual rent for the governmental lands that are leased for excavation and mining purposes for the extraction of various mineral ores, in addition to identifying the higher and lower limits for the rented lands, as well as, for the identification of the required guarantees to comply with leasing conditions. On 17 February 2009, the Council of Ministers resolved in accordance with article (2) of Governmental Land Leasing and Mandate Law No. (53) of 1977 and its amendments as follows:

- Annual leasing fees for excavations purposes by JD 500 for each 1 square kilometer.
- Annual leasing fees for mining purposes by JD 500 for each 1 square kilometer until 31 December 2008.
- Staring from 1 January 2009, the annual leasing fees for mining purposes are JD 4 for each Dunam or any part of it.

According to the Lands and Survey Department's letter dated 4 February 2013 the annual leasing fees for mining purposes has been amended to become JD 20 for each Dunam or any part of it for areas ranging between (1- 500 Dunam) and JD 18 for areas ranging between (501- 1,000 Dunam) and JD 15 for areas ranging between (1,001- 50,000 Dunam).

Accordingly, in 18 February 2013 the Company's management resolved to reduce the areas of leased lands. The Ministry of Finance has approved this resolution on 15 January 2014. The Company has sold mining rights for lease lands during 2017.

The minimum future payments on the leasing contracts as at 31 December 2017 are as follows:

	2017	2016
	JD	
One year	-	78,265

3- Law suits against the Company

As of 31 December 2017, outstanding lawsuits against the Company amounted to JD 261,865 (2016: JD 249,523), these lawsuits were within the normal course of business. Management and the Company's lawyer believe that no future obligations may arise on the Company.

(23) Going concern assessment

On 2 June 2013 the Group filed a disclosure with the Jordanian Securities Commission (JCS) regarding the suspension of work at the mine in Balqa, Al-Subaihi area which the Company supply gypsum raw materials to a number of cement factories as a result of the tension with the surrounding local society. During 2017, the Company resumed the work in Al Subaihi mine, however, it could not to sign any sale contracts, the work was limited to extracting Gypsum samples.

The suspension of work during the prior years resulted significant financial losses, whereas the Company's accumulated losses forming 149% of the Group's paid in capital amounted to JD 500,000. According to Article No. (266) of the Jordanian Companies Law No. (22) for the year 1997 and its amendments "If the losses of the Public Shareholding Company exceed 75% of its capital, the company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the company's capital to deal with the losses or rectifying the losses". As mentioned in note (26), the Company has completed the legal procedures to amend the Company's Capital.

The financial statements prepared based on going concern assumption, The Group's ability to continue as a going concern entity and the ability to recognize its assets and settle its obligations depends on the following procedures:

- 1- Utilize the Group's land through developing and organizing these lands for investment and selling them through marketing plans.
- 2- Prevent compulsory liquidation of the Company according to the Companies law.
- 3- To outsource the mining operations through third parties in order to avoid the conflicts with the mines surrounding local society.
- 4- Commitment of management to cutting cost policy.

The General Assembly resolved in its extraordinary meeting held on 13 October 2016 to amend the articles of association of the Company by adding the following activities to the company's purposes:

- 1- Purchasing and selling land after developing, organizing, improving and dividing them and supplying them with all services in accordance with adopted laws.
- 2- Possessing and renting movable and immovable property to achieve the Company's purposes.
- 3- Possessing and developing land and properties (except real estate office).
- 4- Providing real estate management services (except real estate office).

(24) Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, accounts receivable, checks under collection financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and some of the other current assets. Financial liabilities consist of accounts payable, due to banks, and some of the other current liabilities.

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

The Company uses the following methods and alternatives of valuating and presenting the fair value of financial instruments by valuation technique.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Other techniques for which all inputs that have significant effect on the recorded fair value observable, either directly or indirectly.
- Level 3 - Techniques that uses input that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of financial instruments, and hierarchy:

	Level 1	Total
	JD	JD
For the period ended 31 December 2017		
Financial assets at fair value through other comprehensive income	6,621	6,621
Financial assets at fair value through profit or loss	32,527	32,527
For the year ended 31 December 2016		
Financial assets at fair value through other comprehensive income	8,701	8,701
Financial assets at fair value through profit or loss	81,425	81,425

(25) Risk Management

Interest rate risk

Interest rate risk is the risk that results from the fluctuation in fair value on future cash flows of financial instruments due to change in interest rates.

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

The following table demonstrates the sensitivity on the income statement to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

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

2016- Currency	Increase in interest rate (basis points)	Effect on loss for the year JD
JOD	100	(1,877)

Credit risk

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

The Group is not exposed to credit risk as it sets credit limits for customer and constantly monitoring outstanding receivables. Also, the Group holds its deposits at reputable banks.

Share Price Risk

The following table demonstrates the sensitivity of the consolidated income statement (for financial assets at fair value through profit or loss) to the fair value reserve (for financial assets through other comprehensive income) due to reasonable and possible changes in share prices, with all other variables held constant:

	<u>Change in indicator</u>	<u>Effect on loss for the year</u>	<u>Effect on shareholders' equity</u>
	<u>%</u>	<u>JD</u>	<u>JD</u>
2017 -			
Amman Stock Exchange	5	(1,626)	(331)
	<u>Change in indicator</u>	<u>Effect on loss for the year</u>	<u>Effect on shareholders' equity</u>
	<u>%</u>	<u>JD</u>	<u>JD</u>
2016 -			
Amman Stock Exchange	5	(3,446)	(435)
Palestine Stock Exchange	5	(625)	-

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

Liquidity risk

The Group limits its liquidity risk by ensuring available financing from the Bank facilities.

The table below summaries the maturities of the Group's (undiscounted) financial liabilities at 31 December, based on contractual payment dates:

	Less than 3 months	From 3 months to 12 months	Total
	JD	JD	JD
31 December 2017			
Due to bank	187,723	-	187,723
Accounts payable	33,274	-	33,274
Other current liabilities	80,638	-	80,638
Total	301,635	-	301,635

	Less than 3 months	From 3 months to 12 months	Total
	JD	JD	JD
31 December 2016			
Accounts payable	19,281	-	19,281
Other current liabilities	132,977	-	132,977
Total	152,258	-	152,258

Currency risk

Most of the Group's transactions are in U.S. Dollars and Jordanian Dinars. The Jordanian Dinar exchange rate is fixed against the U.S. Dollar (U.S Dollars 1.41 for each 1 JD). Accordingly, the Group is not exposed to significant currency risk.

(26) Capital Management

The main objective of the company's capital management is to ensure that appropriate capital ratios are maintained in a manner that support the company's activity and maximizes equity.

The company manages the capital structure and makes necessary adjustments in light of changes in working conditions. The General Assembly approved at its extraordinary meeting held on 30 April 2017 the Board of Directors resolution to write off accumulated losses in an amount of JD 1,000,000 through reducing the Company's capital, the Company's capital after the reduction is became of JD 500,000 and then to increase the Company's capital to become JD 1,100,000 per share representing an increase of JD 600,000 through private placement to the shareholders of the Company. Also, the General Assembly approved to write off the voluntary reserve balance and part of statutory reserve balance in the accumulated losses with total amount of JD 256,733. Accordingly, the authorized capital amounting to JD 1,100,000 and paid in capital amounting to JD 500,000. The Company has completed the legal procedures to amend the Company's capital during 2017 through increasing the Capital by private placement from 24 December 2017 until 15 January 2018. Additional shares issued amounted to JD 520,443 as of 15 January 2018. The Company obtained the Jordan Securities Commission's approval to offer the remaining shares in Amman stock exchange.

The items included in the capital structure consist of paid- up capital, statutory reserves, fair value and accumulated losses amounting to JD 18,505 as at 31 December 2017. (31 December 2016: JD 242,537).

(27) Standards issued but not 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. It expects to continue being measured at amortised cost.

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.

During 2017, the Company has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company adopts IFRS 15, whereas,

The Group 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.