

GENERAL MINING COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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 consolidated 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 2016, 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 consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated 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 (21) to the consolidated financial statements, which indicates that the Group's accumulated losses amounted to JD 1,779,111 as at 31 December 2016 reaching 119% of the paid up 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.

In addition, during June 2013, the Group filed a disclosure with the Jordanian Securities commission (JCS) regarding the suspension of work at the mine in Al-Subaihi, Al Balqa, as a result of the tension with the local community, with which the employees of the Group were not able to access the mining area. The consolidated financial statements were prepared on going concern basis, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is dependent on the successful implementation of the Group's future plan detailed in note (21). Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended at 31 December 2016. 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.

Other information included in the Group's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 Group 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 exists, 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.

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 Group maintains proper books of accounts and the accompanying financial statements and financial information presented in the Board of Directors' report are in agreement therewith.

Ernst & Young / Jordan


Waddah Issam Barkawi
License No. 591

Amman – Jordan
27 February 2017

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> <u>JD</u>	<u>2015</u> <u>JD</u>
<u>Assets</u>			
Non-Current Assets			
Property and equipment	3	222,574	261,077
Financial assets at fair value through other comprehensive income	4	8,701	12,458
		<u>231,275</u>	<u>273,535</u>
Current Assets			
Inventory	5	-	438,742
Account receivables	6	-	57,615
Financial assets at fair value through profit and loss	7	81,425	322,160
Other current assets	8	71,368	37,022
Cash and bank deposits	10	10,727	67,039
		<u>163,520</u>	<u>922,578</u>
Total Assets		<u>394,795</u>	<u>1,196,113</u>
<u>Liabilities and Shareholders' Equity</u>			
Shareholder's Equity			
Paid in capital	11	1,500,000	1,500,000
Statutory reserve	11	375,000	375,000
Voluntary reserve	11	156,733	156,733
Fair value reserve		(10,085)	(6,328)
Accumulated losses		(1,779,111)	(1,008,091)
Total Shareholders' Equity		<u>242,537</u>	<u>1,017,314</u>
Current Liabilities -			
Accounts payable	12	19,281	18,536
Other current liabilities	13	132,977	160,263
Total Liabilities		<u>152,258</u>	<u>178,799</u>
Total Liabilities and Shareholders' Equity		<u>394,795</u>	<u>1,196,113</u>

The accompanying notes from 1 to 25 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 2016

	<u>Notes</u>	<u>2016</u> <u>JD</u>	<u>2015</u> <u>JD</u>
Sales		-	178,159
Less: mining fees	14	-	(9,472)
Net sales		-	168,687
Cost of sale	15	-	(151,559)
Gross profit		-	17,128
Impairment in inventory's net realizable value		(438,742)	(96,239)
Operating expenses unutilized in production	16	(109,330)	(308,008)
Selling and distribution expenses		-	(18,344)
Administrative expenses	17	(215,675)	(212,637)
Interest revenues		-	1,533
Unrealized losses of financial assets at fair value through profit and loss		(15,149)	(33,028)
Realized losses of financial assets at fair value through profit and loss		(21,654)	-
Other revenues		2,588	13,867
Gain from disposal of property and equipment		-	77,878
Dividends revenue		15,490	25,946
Loss for the year before tax		(782,472)	(531,904)
Income tax	9	11,452	(5,264)
Loss for the year		(771,020)	(537,168)
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted loss per share for the year	18	(0/514)	(0/358)

The accompanying notes from 1 to 25 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 2016

	<u>2016</u>	<u>2015</u>
	JD	JD
Loss for the year	<u>(771,020)</u>	<u>(537,168)</u>
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>(3,757)</u>	<u>(791)</u>
Total comprehensive income for the year	<u>(774,777)</u>	<u>(537,959)</u>

The accompanying notes from 1 to 25 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 2016**

	Reserves				Accumulated losses	Total
	Paid in capital	Statutory	Voluntary	Fair value		
	JD	JD	JD	JD	JD	JD
Balance at 1 January 2016	1,500,000	375,000	156,733	(6,328)	(1,008,091)	1,017,314
Loss for the year	-	-	-	-	(771,020)	(771,020)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(3,757)	-	(3,757)
Total comprehensive income for the year	-	-	-	(3,757)	(771,020)	(774,777)
Balance at 31 December 2016	<u>1,500,000</u>	<u>375,000</u>	<u>156,733</u>	<u>(10,085)</u>	<u>(1,779,111)</u>	<u>242,537</u>

Balance at 1 January 2015	1,500,000	375,000	156,733	(5,537)	(470,923)	1,555,273
Loss for the year	-	-	-	-	(537,168)	(537,168)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(791)	-	(791)
Total comprehensive income for the year	-	-	-	(791)	(537,168)	(537,959)
Balance at 31 December 2015	<u>1,500,000</u>	<u>375,000</u>	<u>156,733</u>	<u>(6,328)</u>	<u>(1,008,091)</u>	<u>1,017,314</u>

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> JD	<u>2015</u> JD
<u>OPERATING ACTIVITIES</u>			
Loss for the year before tax		(782,472)	(531,904)
Adjustments:-			
Unrealized losses financial asset at fair value through profit and loss		15,149	33,028
Realized losses financial assets at fair value through profit and loss		21,654	-
Depreciation	3	38,503	98,722
Interest revenue		-	(1,533)
Interest expense		370	-
Impairment in inventory's net realizable value	5	438,742	96,239
Gain form disposal of property and equipment		-	(77,878)
Dividends revenue		(15,490)	(25,946)
Changes in working capital:			
Inventory		-	143,213
Accounts receivable		57,615	88,153
Cheques under collection		-	9,000
Other current assets		(22,894)	9,901
Accounts payable		745	(160,676)
Other current liabilities		(27,286)	92,542
Net cash flows used in operating activities		<u>(275,364)</u>	<u>(227,139)</u>
<u>Investing Activities</u>			
Proceeds from sale of financial assets at fair value through profit and loss		203,932	-
Purchase of property and equipment	3	-	(801)
Proceeds from selling property and equipment		-	232,807
Dividends income received		15,490	25,946
Interest income received		-	1,533
Net cash flows from investing activities		<u>219,422</u>	<u>259,485</u>
<u>Financing Activities</u>			
Paid interest expense		(370)	-
Net cash flows used in financing activities		<u>(370)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalent		(56,312)	32,346
Cash and cash equivalents at the beginning of the year		67,039	34,693
Cash and cash equivalents at the end of the year	10	<u>10,727</u>	<u>67,039</u>

The accompanying notes from 1 to 25 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 up capital of JD 1,500,000 divided into 1,500,000 shares at a par value of JD 1 per share.

The Company's objectives are mining, processing of ores and industrial rocks and to extract raw materials and to participate or contribute in 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 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).

The consolidated financial statements have been approved by Board of Directors in their meeting held on 27 February 2017.

(2) Basis of preparation and significant accounting policies

(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 subsidiaries " the group" as of 31 December 2016:

Company name	Legal status	Country of incorporation	% ownership
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 subsidiaries and has the right to effect those return.

The financial statements of the Company and subsidiaries 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 2015 except for the followings:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 *Presentation of Financial Statements – Amendments to IAS 1*

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation .

The implementation of the new amendments did not have impact on the Company's/ Group's/ Bank's financial position or performance and became effective for annual periods which started from 1 January 2016.

(2-4) Significant accounting policies

The following represents the significant accounting policies followed by the company:

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 Group 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 (22).

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 Group 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 Group 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 Group 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 includes all expenses incurred to bring the products to its present location and condition and is accounted for as follows:

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.

Revenue

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 IFRS (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 2016

(3) PROPERTY, PLANT AND EQUIPMENT

	Land	Walls	Building	Furniture and Fixture	Tools	Machinery and equipment	Vehicles	Roads	Computers and software	Total
2016 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
At 1 January 2016	169,811	90,154	73,987	26,963	1,416	144,801	38,769	132,545	25,774	704,220
At 31 December 2016	169,811	90,154	73,987	26,963	1,416	144,801	38,769	132,545	25,774	704,220
Accumulated Depreciation:										
At 1 January 2016	-	67,615	61,500	25,671	1,355	137,094	24,278	100,188	25,442	443,143
Depreciation for the year	-	22,539	736	777	61	6,196	5,816	2,259	119	38,503
At 31 December 2016	-	90,154	62,236	26,448	1,416	143,290	30,094	102,447	25,561	481,646
Net book value										
At 31 December 2016	169,811	-	11,751	515	-	1,511	8,675	30,098	213	222,574

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

	Notes	2016 JD	2015 JD
Cost of Sale	15	37,545	96,351
General and administrative expense	17	958	2,371
		<u>38,503</u>	<u>98,722</u>

The estimated value of fully depreciated property, plant and equipment is JD 283,373 as of 31 December 2016 (2015: JD 282,798).

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PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

	Land	Walls	Building	Furniture and fixture	Machinery and equipment	Machinery and Tools	Vehicles	Roads	Computers and software	Total
2015 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:										
At 1 January 2015	169,811	90,154	73,987	28,343	12,412	1,344,579	139,867	132,545	27,922	2,019,620
Additions	-	-	-	-	-	-	801	-	-	801
Disposals	-	-	-	(1,380)	(10,996)	(1,199,778)	(101,899)	-	(2,148)	(1,316,201)
At 31 December 2015	169,811	90,154	73,987	26,963	1,416	144,801	38,769	132,545	25,774	704,220
Accumulated Depreciation:										
At 1 January 2015	-	45,078	60,765	26,099	10,628	1,125,345	112,429	97,930	27,419	1,505,693
Depreciation for the year	-	22,537	735	952	829	61,581	9,659	2,258	171	98,722
Disposals	-	-	-	(1,380)	(10,102)	(1,049,832)	(97,810)	-	(2,148)	(1,161,272)
At 31 December 2015	-	67,615	61,500	25,671	1,355	137,094	24,278	100,188	25,442	443,143
Net book value										
At 31 December 2015	169,811	22,539	12,487	1,292	61	7,707	14,491	32,357	332	261,077

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

This item consists of the following:

Financial assets with market value

	2016		2015	
	Number of share	JD	Number of Share	JD
Travian Co.	19,775	8,701	19,775	12,458

(5) Inventories

	2016	2015
	JD	JD
Finished products - Gypsum	438,742	438,742
Finished products – Kaolin	96,239	96,239
Less: Impairment in inventory's net realizable value*	(534,981)	(96,239)
	-	438,742

The movement on impairment of inventory net realizable value is as follows:

	2016	2015
	JD	JD
Beginning balance at 1 January	96,239	-
Provision for the year	438,742	96,239
Ending balance at 31 December	534,981	96,239

(6) Accounts Receivable

	2016	2015
	JD	JD
Trade receivables	23,696	81,311
Less: Provision for doubtful debts	(23,696)	(23,696)
	-	57,615

The doubtful debts were amounted to JD 23,696 as of 31 December 2016 (2015: JD 23,696).

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The following represent the movement of provision for doubtful debts:

	2016	2015
	JD	JD
Beginning balance at 1 January	23,696	25,754
Recoveries	-	(2,058)
Ending balance at 31 December	23,696	23,696

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

	Amounts not due and not impaired	Past due but not impaired			Total
		1-60 days	61-150 days	More than 150 days	
		JD	JD	JD	JD
2016	-	-	-	-	-
2015	-	-	32,615	25,000	57,615

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

Financial assets with quoted prices.

	2016		2015	
	Number of shares	JD	Number of shares	JD
Jordan Kuwait Bank	-	-	30,000	123,000
Palestine Telecommunication Company	2,510	12,500	19,410	107,725
Capital Bank Jordan	80,693	66,975	80,693	80,693
United Arab Investors Company	65,000	1,950	65,000	1,950
Jordanian Duty Free	-	-	150	2,822
Northern Cement Company	-	-	1,977	5,970
		81,425		322,160

(8) Other current assets

	2016	2015
	JD	JD
Prepaid expenses	9,112	9,066
Refundable deposits	24,709	12,709
Employees' receivables	8,034	1,850
Income tax refundable deposits	21,920	10,468
Sales tax withholdings	4,943	-
Other	2,650	2,929
	71,368	37,022

(9) Income tax

No provision for income tax was calculated for the years ended 31 December 2016 and 2015 for the Company and its subsidiary due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014.

The Company filed its tax returns for the years 2016 and 2015, which have not been reviewed by the Income and Sales Tax Department up to the date of the financial statements.

The Income and Sales Tax Department did not review the subsidiary company up to the date of preparation of the financial statements.

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

A- Income tax provision

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

	2016	2015
	JD	JD
Accounting loss	(782,472)	(531,904)
Non-taxable income	(15,490)	(30,388)
Non-deductible expenses	457,763	165,984
Taxable loss	(340,199)	(396,308)
Statutory Income Tax rate	24%	24%

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

	2016	2015
	JD	JD
Prior years' tax refund	11,452	-
Change in deferred tax assets	-	(5,264)
	11,452	(5,264)

B- Deferred tax assets

This item consists the following:

	Income statement	
	2016	2015
	JD	JD
Unpaid leaves provision		
Doubtful debts provision	-	1,161
Legal cases provision	-	3,606
	-	497
	-	5,264

(10) Cash and cash equivalent

	2016	2015
	JD	JD
Cash on hand	2,108	3,823
Current accounts	8,619	63,216
	10,727	67,039

(11) Shareholders Equity

Paid in capital

The paid in capital amounts to JD 1,500,000 as at 31 December 2016 divided into 1,500,000 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) Account payables

	2016	2015
	JD	JD
Trade payables	18,617	17,872
Natural Recourses Authority	664	664
	<u>19,281</u>	<u>18,536</u>

(13) Other current liabilities

	2016	2015
	JD	JD
Post-dated checks	11,631	4,478
Shareholders deposits (dividends)	41,035	42,607
Accrued vacation provision	3,932	6,520
Legal cases provision	3,551	3,551
Sales tax deposits	-	30,279
Board of directors incentive provision	328	328
Advance payments from selling of mining rights	72,500	72,500
	<u>132,977</u>	<u>160,263</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

	2016 JD	2015 JD
Deprecation (Note 3)	37,545	96,351
Salaries and benefits	19,675	60,638
Fuel	1,450	26,850
Rent	38,910	78,265
Cost of excavation	-	7,614
Machines and vehicles maintenance	1,173	22,408
Social security	2,377	5,356
Insurance and license	246	12,314
Transportations inside location	-	7,110
Health insurance	718	1,810
Electricity, water and telephones	-	281
Mining right fees	5,000	12,500
Other	2,236	3,025
	109,330	334,522
Finished goods at 1 January	534,981	660,026
Finished goods at 31 December	(534,981)	(534,981)
Operational expense unutilized in production (Note 16)	(109,330)	(308,008)
	-	151,559

(16) Operational expenses not used in production

This item represents non-operational cost relating to Al Subahi mine, which not utilized in Gypsum production, As the Company stopped operation at this mine as mentioned in note (21).

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(17) Administrative expense

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries and wages	106,757	137,442
Professional fees	38,876	17,636
Social security contribution	26,009	14,653
Rent	11,814	11,070
Depreciation (Note 3)	958	2,371
Fuel	-	770
Utilities	2,927	4,307
Subscriptions	5,447	4,611
Maintenance and services	2,048	2,455
Penalties and Governmental fees	4,280	4,203
Post and phones	1,925	460
Stationary	1,845	1,546
Advertising	863	1,183
Hospitality	545	464
Bank charges	6,786	4,519
Other	4,595	4,947
	<u>215,675</u>	<u>212,637</u>

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

This item consists the following:

	<u>2016</u>	<u>2015</u>
Loss for the year (JD)	(771,020)	(537,168)
Weighted average number of shares (share)	<u>1,500,000</u>	<u>1,500,000</u>
	Fils/ JD	Fils/ JD
Basic and diluted loss per share from the year's losses	<u>(0/514)</u>	<u>(0/358)</u>

(19) 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>2016</u> JD	<u>2015</u> JD
Financial assets at fair value through profit or loss (Capital Bank- Jordan).	66,975	80,693
Cash at Capital Bank- Jordan	3,234	39,154

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

	<u>2016</u> JD	<u>2015</u> JD
Finance cost- Jordan Capital Bank	370	-
Interest revenue- Jordan Capital Bank	-	1,533

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

	<u>2016</u> JD	<u>2015</u> JD
Salaries and benefits	71,218	95,408
Benefits (travel and transportation)	320	1,200
	<u>71,538</u>	<u>96,608</u>

(20) Contingent liabilities

The Company has contingent liabilities presented below:

1- Letter of guarantees

Banks letter of guarantees amounted to JD 120,000 as of 31 December 2016 (2015: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.
- Starting 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 minimum future payments on the leasing contracts as at 31 December 2016 are as follows:

	2016
	JD
One year	<u>78,265</u>

3- Law suits against the Company

As of 31 December 2016, outstanding lawsuits against the Company amounted to JD 249,523 (2015: JD 259,523), 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.

Regarding Al Subiahi Mine, in 18 February 2014 the Court of Appeal resolved to halt the Company's operations in location No. 34 Al-Khoyouf, Al-Masan, Al-Subaihi, Al- Salt which is near by the plaintiff's land No 223, until building a reinforced retaining wall, in addition to applying all preventive measures stated in the experience report. The Company filed a cassation against the Court of Appeal's verdict on 15 January 2015. The Court of Cassation repealed the appealed verdict through its resolution No. 771/2015 to perform a new experience report.

(21) 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. The stoppage of this mine led to incurring significant losses by the Group. On 18 February 2014 the Regarding Al Subiahi Mine, in 18 February 2014 the Court of Appeal resolved to halt the Company's operations in location No. 34 Al-Khoyouf, Al-Masan, Al-Subaihi, Al- Salt which is near by the plaintiff's land No 223. Until building a reinforced retaining wall, in addition to applying all preventive measures stated in the experience report. The Company filed a cassation against the Court of Appeal's verdict on 15 January 2015. The Court of Cassation repealed the appealed verdict through its resolution No. 771/2015 to perform a new experience report.

Such stoppage lead to the Company to incur significant financial losses, whereas the Company's accumulated losses amounted to JD 1,500,000 as at 31 December 2016 forming 119% of the Group's 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 to deal with the losses or rectifying the losses. 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).

(22) 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 amounts, financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and some of the other current assets. Financial liabilities consist of accounts payable, and some of the other current liabilities.

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

(23) Risk Management

Interest rate risk

The Group is not exposed to interest rate risk as it doesn't have any interest-bearing assets and liabilities with floating interest rates.

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.

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	Less than 3 months	From 3 months to 12 months	Total
31 December 2015	JD	JD	JD
Accounts payable	18,536	-	18,536
Other current liabilities	160,263	-	160,263
Total	178,799	-	178,799

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.

(24) Capital Management

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

The Group manages its capital structure and makes adjustments in light of changes in business conditions. The Group did not make any adjustment on its objectives and policies regarding its capital management during the current year or prior year.

Capital comprises paid in capital, statutory reserve, voluntary reserve, fair value reserve and accumulated losses is measured at JD 242,537 as at 31 December 2016 (2015: JD 1,017,314).

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:

	Change in indicator	Effect on loss for the year	Effect on shareholders' equity
	%	JD	JD
2016 -			
Amman Stock Exchange	5	3,358	435
Palestine Stock Exchange	5	625	-
	Change in indicator	Effect on loss for the year	Effect on shareholders' equity
	%	JD	JD
2015 -			
Amman Stock Exchange	5	10,624	623
Palestine Stock Exchange	5	5,386	-

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 2016			
Accounts payable	19,281	-	19,281
Other current liabilities	132,977	-	132,977
Total	152,258	-	152,258

(25) 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:

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

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 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.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

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.

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.

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.

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.