

**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**

**UNAUDITED INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2017**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF GENERAL MINING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of General Mining Company (Public Shareholding Company) (the Company) and its subsidiary ('the Group'), comprising of the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "IAS 34". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **Material Uncertainty Related to Going Concern**

Without qualifying our conclusion, the interim condensed consolidated financial statements as at 30 June 2017 were prepared on going concern basis as mentioned in note (9), on 2 June 2013, the Group filed a disclosure with the Jordanian Securities commission (JSC) 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 interim condensed consolidated financial statements, which indicates that the Group's accumulated losses amounted to JD 1,910,730 as at 30 June 2017 forming 127% of the Group's paid in capital amounted to JD 1,500,000. 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 Group's capital". The consolidated financial statements prepared based on going concern basis, 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 future procedures mentioned in note (9).

In 30 April 2017, the General Assembly approved at its extraordinary meeting on the Board of Directors resolution rectify the accumulated losses in an amount of JD 1,000,000 through reducing the Company's capital, the Company's capital after the reduction is an amount of JD 500,000 and then increased the Company's capital to be JD 1,100,000 per share which increased by JD 600,000 through private placement to the shareholders of the Company. Also, the General Assembly approved to rectify reserves balance in the accumulated losses. Legal procedures for these decisions are not finalized until the date of preparation of these consolidated financial statements.

Amman – Jordan  
24 July 2017



**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At 30 June 2017**

	<u>Note</u>	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b><u>Assets</u></b>			
<b>Non-Current Assets</b>			
Property and equipment		216,212	222,574
Financial assets at fair value through other comprehensive income		8,701	8,701
		<u>224,913</u>	<u>231,275</u>
<b>Current Assets</b>			
Cheques under collection		48,000	-
Financial assets at fair value through profit and loss		86,003	81,425
Other current assets		47,745	71,368
Cash and short term deposits	8	32,369	10,727
		<u>214,117</u>	<u>163,520</u>
<b>Total Assets</b>		<u>439,030</u>	<u>394,795</u>
<b><u>Liabilities and Shareholders' Equity</u></b>			
<b>Shareholder's Equity</b>			
Paid in capital		1,500,000	1,500,000
Statutory reserve		375,000	375,000
Voluntary reserve		156,733	156,733
Fair value reserve		(10,085)	(10,085)
Accumulated losses		(1,910,730)	(1,779,111)
<b>Net Shareholders' Equity</b>		<u>110,918</u>	<u>242,537</u>
<b>Current Liabilities -</b>			
Due to banks	8	89,664	-
Accounts payable		11,594	19,281
Other current liabilities		226,854	132,977
<b>Total Liabilities</b>		<u>328,112</u>	<u>152,258</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>439,030</u>	<u>394,795</u>

The accompanying notes from 1 to 9 form an integral part of these interim condensed consolidated financial statements

**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Operating expenses unutilized in production	3	(9,177)	(21,358)	(19,585)	(41,105)
Administrative expenses		(44,967)	(43,597)	(120,458)	(92,351)
Interest expense		(1,193)	(366)	(1,193)	(366)
Realized losses of financial assets at fair value through profit and loss		-	(1,461)	-	(1,461)
Unrealized gain (losses) of financial assets through profit and loss		3,080	(9,090)	4,578	(31,851)
Dividends revenue		5,039	15,490	5,039	15,490
<b>Loss for the period</b>		<b>(47,218)</b>	<b>(60,382)</b>	<b>(131,619)</b>	<b>(151,644)</b>
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted losses per share attributable to equity holders of the parent</b>		<b>(0/031)</b>	<b>(0/04)</b>	<b>(0/088)</b>	<b>(0/10)</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed consolidated financial statements

**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

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	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	JD	JD	JD	JD
Loss for the period	(47,218)	(60,382)	(131,619)	(151,644)
<b>Add: other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Net change in fair value of financial assets at fair value through other comprehensive income	-	(2,175)	-	(2,570)
<b>Total comprehensive income for the period</b>	<b>(47,218)</b>	<b>(62,557)</b>	<b>(131,619)</b>	<b>(154,214)</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed consolidated financial statements

**GENERAL MINING COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	Reserves					Accumulated losses	Total
	Paid in capital		Statutory		Fair value		
	JD		JD		JD		
Balance at 1 January 2017	1,500,000		375,000		(10,085)	(1,779,111)	242,537
Total comprehensive income for the period	-		-		-	(131,619)	(131,619)
Balance at 30 June 2017	1,500,000		375,000		(10,085)	(1,910,730)	110,918
Balance at 1 January 2016	1,500,000		375,000		(6,328)	(1,008,091)	1,017,314
Loss for the period	-		-		-	(151,644)	(151,644)
Net change in fair value of financial assets at fair value through other comprehensive income, net after tax	-		-		(2,570)	-	(2,570)
Total comprehensive income for the period	-		-		(2,570)	(151,644)	(154,214)
Balance at 30 June 2016	1,500,000		375,000		(8,898)	(1,159,735)	863,100

The accompanying notes from 1 to 9 form an integral part of these interim condensed consolidated financial statements

**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	For the six months ended 30 June	
<u>Note</u>	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Loss for the period before tax	(131,619)	(151,644)
<b>Adjustments:-</b>		
Depreciation	6,362	19,251
Interest expense	1,193	366
Realized losses of financial assets at fair value through profit and loss, net	-	1,461
Unrealized (gain) losses of financial assets at fair value through profit and loss	(4,578)	31,851
Dividends revenue	(5,039)	(15,490)
<b>Changes in working capital:</b>		
Accounts receivable	-	48,267
Checks under collections	(48,000)	-
Other current assets	23,623	(18,672)
Accounts payable	(7,687)	(1,556)
Other current liabilities	93,877	(21,570)
<b>Net cash flow used in operating activities</b>	<b>(71,868)</b>	<b>(107,736)</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Proceeds from sale of financial assets at fair value through profit and loss	-	28,674
Dividends income received	5,039	15,490
<b>Net cash flow from investing activities</b>	<b>5,039</b>	<b>44,164</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Interest expense paid	(1,193)	(366)
<b>Net cash flows used in financing activities</b>	<b>(1,193)</b>	<b>(366)</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(68,022)</b>	<b>(63,938)</b>
Cash and cash equivalents at the beginning of the period	8 10,727	67,039
<b>Cash and cash equivalents at the end of the period</b>	<b>(57,295)</b>	<b>3,101</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed 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 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 24 July 2017, authorized the interim condensed consolidated financial statements for issuance.

**(2-1) BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed consolidated financial statements for the six-month period to 30 June 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statement are presented in Jordanian Dinars, which represent the functional currency of the Company.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements as of 31 December 2016. In addition, results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

## **(2-2) BASIS OF CONSOLIDATION**

The interim condensed 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 30 June 2017:

<u>Company name</u>	<u>Legal status</u>	<u>Country of incorporation</u>	<u>% ownership</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 is fully owned by General Mining Company. The Company did not commence its activities until the date of the interim condensed 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 adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

### **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 Group's consolidated interim condensed financial statements.

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

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

### **(3) Operational expenses unutilized in production**

This item represents non-operational cost relating to Al Subahi mine / Al Balqa'a which is not utilized in Gypsum production, as the Company stopped its operations at this mine as mentioned in note (9).

### **(4) Income tax**

No provision for income tax was calculated for the periods ended 30 June 2017 and 2016 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014.

Income and Sales Tax Department did not review the Company's tax returns for the years 2015 and 2016 up to the date of the interim condensed consolidated financial statements.

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

### **(5) Contingent liabilities**

The Company has contingent liabilities presented below:

	30 June 2017 JD	31 December 2016 JD
Letter of guarantees	120,000	120,000

### **Legal cases held against the Company**

As of 30 June 2017, outstanding lawsuits against the Company amounted to JD 259,523 (31 December 2016: 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 those cases.

**(6) Legal reserves**

The Group did not deduct legal reserves as of 30 June 2017 due to that the financial statements are interim in accordance with the companies' law provisions.

**(7) Related Parties Transactions**

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Related parties balances included in interim consolidated statement of financial position are as follows:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Financial assets at fair value through profit or loss (Jordan Capital Bank).	73,431	66,975
Cash at Jordan Capital Bank	1,492	3,234
Due to bank (Jordan Capital Bank)	89,664	-

Related parties transactions included in the interim consolidated statement of profit or loss are as follows:

	For the six months ended 30 June	
	2017 JD (Unaudited)	2016 JD (Unaudited)
Finance cost- Jordan Capital Bank	1,193	366

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

	For six months period ended 30 June	
	2017 JD (Unaudited)	2016 JD (Unaudited)
Salaries and benefits	21,214	45,740

**(8) Cash and cash equivalent**

	30 June 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Cash on hand	3,781	2,108
Current Bank accounts	28,588	8,619
	32,369	10,727
Due to Bank	(89,664)	-
	(57,295)	10,727

**(9) Going concern assessment**

On 2 June 2013 the Group filed a disclosure with the Jordanian Securities Commission (JSC) regarding the suspension of work at the mine in Balqa'a, 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 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 led the Company to incur significant financial losses, whereas the Company's accumulated losses amounted to JD 1,910,730 as at 30 June 2017 forming 127% of the Group's paid in capital amounted to JD 1,500,000. 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." The consolidated 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).

In 30 April 2017, the General Assembly approved at its extraordinary meeting on the Board of Directors recommendation to rectify the accumulated losses in an amount of JD 1,000,000 through reducing the Company's capital, the Company's capital after the reduction is an amount of JD 500,000 and then increased the Company's capital to be JD 1,100,000 per share which increased by JD 600,000 through private placement to the shareholders of the Company. Also, the General Assembly approved to rectify reserves balance in the accumulated losses Legal procedures for these decisions have not completed until the date of preparation of these consolidated financial statements.