

General Mining Company plc



الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/172

الرقم:

Date 31/10/2017

التاريخ:

To: Jordan Securities Commission
Amman Stock Exchange

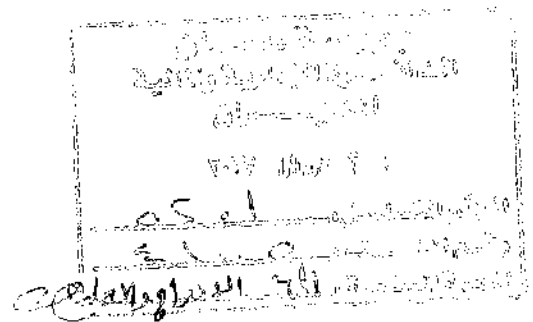
Subject: Quarterly Report as of 30/9/2017

Attached the Quarterly Report of General Mining Company plc
as of 30 September 2017.

Kindly accept our high appreciation and respect

Acting General Manager

Eng. Fares Al-Majali



GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 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 condensed consolidated statement of financial position as at 30 September 2017 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month 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 "*Interim Financial Reporting (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.



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Material Uncertainty Related to Going Concern

Without qualifying our conclusion, the interim condensed consolidated financial statements as at 30 September 2017 were prepared on going concern basis as mentioned in note (15), 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 amounting to JD 682,121 as at 30 September 2017 representing 136% of the Company's paid in capital amounting 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". 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 are mentioned in note (15).

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 be 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. The Company finalized legal procedures for reducing the Company's capital and did not finalize legal procedures for increasing the Company's capital yet.

Amman – Jordan
24 October 2017

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

	Notes	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Assets			
Non-Current Assets			
Property and equipment		213,852	222,574
Financial assets at fair value through other comprehensive income	3	7,316	8,701
		<u>221,168</u>	<u>231,275</u>
Current Assets			
Cheques under collection		38,000	-
Financial assets at fair value through profit or loss	4	85,910	81,425
Other current assets		54,895	71,368
Cash and bank balances		9,225	10,727
		<u>188,030</u>	<u>163,520</u>
		<u>409,198</u>	<u>394,795</u>
Total Assets			
Shareholders' Equity and Liabilities			
Shareholder's Equity			
Paid in capital	1	500,000	1,500,000
Statutory reserve		275,000	375,000
Voluntary reserve		-	156,733
Fair value reserve		(11,470)	(10,085)
Accumulated losses		(682,121)	(1,779,111)
		<u>81,409</u>	<u>242,537</u>
Net Shareholders' Equity			
Current Liabilities			
Due to bank	12	185,291	-
Accounts payable		15,059	19,281
Other current liabilities		127,439	132,977
		<u>327,789</u>	<u>152,258</u>
Total Liabilities			
		<u>409,198</u>	<u>394,795</u>
Total Shareholders' Equity and Liabilities			

The accompanying notes from 1 to 16 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 AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017	2016	2017	2016
		JD	JD	JD	JD
Operating expenses unutilized in production	5	(13,272)	(21,856)	(32,857)	(62,961)
Administrative expenses		(84,250)	(38,516)	(204,708)	(130,867)
Interest expense		(3,009)	(4)	(4,202)	(370)
Other revenues	7	72,500	-	72,500	-
Gains (losses) from financial assets at fair value through profit or loss	6	(93)	2,848	9,524	(14,974)
Loss for the period		<u>(28,124)</u>	<u>(57,528)</u>	<u>(159,743)</u>	<u>(209,172)</u>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss per share	13	<u>(0/056)</u>	<u>(0/115)</u>	<u>(0/319)</u>	<u>(0/418)</u>

The accompanying notes from 1 to 16 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 AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
Loss for the period	(28,124)	(57,528)	(159,743)	(209,172)
Add: Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Net change in fair value of financial assets at fair value through other comprehensive income	(1,385)	(792)	(1,385)	(3,362)
Total comprehensive income for the period	<u>(29,509)</u>	<u>(58,320)</u>	<u>(161,128)</u>	<u>(212,534)</u>

The accompanying notes from 1 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Reserves					Total	
	Paid in capital	Statutory		Voluntary	Fair value		Accumulated losses
		JD	JD	JD	JD		JD
Balance at 1 January 2017	1,500,000	375,000	156,733	(10,085)	(1,779,111)	242,537	
Amortization of accumulated losses (Note 1)	(1,000,000)	(100,000)	(156,733)	-	1,256,733	-	
Loss for the period	-	-	-	-	(159,743)	(159,743)	
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(1,385)	-	(1,385)	
Total comprehensive income for the period	500,000	275,000	-	(11,470)	(682,121)	81,409	
Balance at 30 September 2017							
Balance at 1 January 2016	1,500,000	375,000	156,733	(6,328)	(1,008,091)	1,017,314	
Loss for the period	-	-	-	-	(209,172)	(209,172)	
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(3,362)	-	(3,362)	
Total comprehensive income for the period	-	-	-	(3,362)	(209,172)	(212,534)	
Balance at 30 September 2016	1,500,000	375,000	156,733	(9,690)	(1,217,263)	804,780	

- The Group cannot use a restricted amount of JD 11,470 and JD 2,228 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 Securities Commission instructions.

The accompanying notes from 1 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	For the nine months ended 30 September	
		2017	2016
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Loss for the period before tax		(159,743)	(209,172)
Adjustments:-			
Depreciation		8,722	28,875
Interest expense		4,202	370
Realized losses on sale of financial assets at fair value through profit or loss	6	-	16,790
Unrealized (gain) losses of financial assets at fair value through profit or loss	6	(4,485)	13,674
Dividends on financial assets at fair value through profit or loss	6	(5,039)	(15,490)
Changes in working capital:			
Accounts receivable		-	57,615
Cheques under collection		(38,000)	(49,598)
Other current assets		16,473	(36,263)
Accounts payable		(4,222)	37
Other current liabilities		(5,538)	17,919
Net cash flow used in operating activities		<u>(187,630)</u>	<u>(175,243)</u>
<u>INVESTING ACTIVITIES</u>			
Proceeds from sale of financial assets at fair value through profit or loss		-	139,976
Dividends received from financial assets at fair value through profit or loss		5,039	15,490
Net cash flow from investing activities		<u>5,039</u>	<u>155,466</u>
<u>FINANCING ACTIVITIES</u>			
Interest expense paid		(4,202)	(370)
Net cash flows used in financing activities		<u>(4,202)</u>	<u>(370)</u>
Net decrease in cash and cash equivalent		(186,793)	(20,147)
Cash and cash equivalents as at 1 January		10,727	67,039
Cash and cash equivalents at the end of the period	11	<u>(176,066)</u>	<u>46,892</u>

The accompanying notes from 1 to 16 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 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 be 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. The Company finalized legal procedures for reducing the Company's capital and did not finalize legal procedures for increasing the Company's capital yet.

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 October 2017, authorized the issuance the interim condensed consolidated financial statements.

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

The interim condensed consolidated financial statements as of 30 September 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 nine-month period ended 30 September 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 subsidiary the "Group" as of 30 September 2017:

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 is fully owned by General Mining Company. The Company did not commence its activities until the date of these 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) Financial assets at fair value through other comprehensive Income

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(unaudited)	(audited)
Quoted financial assets		
Quoted shares	7,316	8,701

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

	30 September 2017	31 December 2016
	JD	JD
	(unaudited)	(audited)
Quoted financial assets		
Quoted shares	85,910	81,425

(5) Operational expenses unutilized in production

This item represents indirect-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 (15).

(6) Gains (losses) from financial assets at fair value through profit or loss

This item consists of the following:

	Realized (Losses) JD	Unrealized gains (losses) JD	Dividends income JD	Total JD
For the period ended 30 September 2017				
Shares of companies	-	4,485	5,039	9,524
Total	-	4,485	5,039	9,524
For the period ended 30 September 2016				
Shares of companies	(16,790)	(13,674)	15,490	(14,974)
Total	(16,790)	(13,674)	15,490	(14,974)

(7) Other revenues

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. 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.

(8) Income tax

No provision for income tax was calculated for the period ended 30 September 2017 due to the excess of taxable 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 2016 and 2015 up to the date of these interim condensed consolidated financial statements.

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

(9) Contingent liabilities

The Company has contingent liabilities presented below:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Letter of guarantees for National Recourses Authority	100,000	120,000

Legal cases held against the Company

As of 30 September 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.

(10) 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 condensed consolidated statement of financial position are as follows:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through profit or loss (Jordan Capital Bank – Major shareholder)	74,238	66,975
Cash at Jordan Capital Bank	264	3,234
Due to bank (Jordan Capital Bank – Major shareholder)	185,291	-

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

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

	For the nine months ended 30 September	
	2017	2016
	JD	JD
Interest expense- Jordan Capital Bank	4,202	370

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

	For nine months period ended 30 September	
	2017	2016
	JD	JD
Salaries and benefits	31,320	49,618
End of service	43,000	-

(11) Cash and cash equivalent

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand	2,546	3,020
Current Bank accounts	6,679	43,872
Total cash and balances with banks	9,225	46,892
Due to Bank (note 12)	(185,291)	-
	(176,066)	46,892

(12) Due to bank

This item represent 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.

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(13) Basic and diluted loss per share for the period

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
Loss for the period (JD)	(28,124)	(57,528)	(159,743)	(209,172)
Weighted average number of shares (share)	500,000	500,000	500,000	500,000
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss per share	<u>(0/056)</u>	<u>(0/115)</u>	<u>(0/319)</u>	<u>(0/418)</u>

(14) 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 be 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. The Company finalized legal procedures for reducing the Company's capital and did not finalize legal procedures for increasing the Company's capital yet.

The items included in the capital structure consist of paid- up capital, statutory reserves, fair value and accumulated losses amounting to JD 81,409 as at 30 September 2017. (31 December 2016: JD 242,537).

(15) 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 682,121 as at 30 September 2017 representing 136% of the Company's paid in capital amounting 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).

(16) Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash at banks and other current assets. Financial liabilities consist of other current liabilities, interest bearing loans and derivative financial instruments.

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 30 September 2017		
Financial assets at fair value through other comprehensive income	7,316	7,316
Financial assets at fair value through profit or loss	85,910	85,910
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