

General Mining Company plc



الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/45

الرقم:

Date 19/3/2019

التاريخ:

To: Jordan Securities Commission  
Amman Stock Exchange

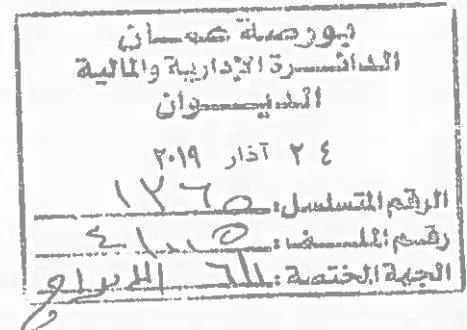
Subject: Audited Financial Statements for  
the fiscal year ended 31/12/2018

Attached the Audited Financial Statements of General Mining Company plc for the  
fiscal year ended 31/12/2018.

Kindly accept our high appreciation and respect

General Manager

Eng. Fares Al-Majali



GENERAL MINING COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of General Mining Company PLC**  
**Amman – Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the financial statements of General Mining Company PLC (the "Company"), and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Without qualifying our opinion, we draw attention to note (24) to the consolidated financial statements, which indicates that the Group's accumulated losses amounting to JD 887,886 represents 87% of the Company's paid in capital amounting to JD 1,020,443 as at 31 December 2018. 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 adjust the accumulated losses. In addition, the suspension of work in Al Subaihi Mine in previous years contributed to incurring these accumulated losses. The consolidated financial statements are 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.

The General Assemble approved in its extraordinary meeting held on 30 April 2017 the Board of Directors resolution to write off accumulated losses amounted to JD 1,000,000 through reducing the Company's capital. The Company's capital after the reduction became JD 500,000 and then to increase the Company's capital to become JD 1,100,000 through a private placement to the existing shareholders by 600,000. Also, the General Assembly approved to write off the voluntary reserve balance and part of statutory reserve balance in the accumulated losses for a total amount of JD 256,733. The Company has completed the legal procedures to amend the Company's capital, however, the Company is not complying with Article No, (266) of Companies Law No. (22) for the year 1997 yet.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, provide the basis for our audit opinion on the accompanying [consolidated] financial statements.



### **Other information included in the Group's 2018 annual report.**

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Isam Barkawi; license number 591.

Amman – Jordan  
27 February 2019





GENERAL MINING COMPANY  
PUBLIC SHAREHOLDING COMPANY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property and equipment, net	3	339,097	211,816
Financial assets at fair value through other comprehensive income	5	5,452	6,621
		<u>344,549</u>	<u>218,437</u>
<b>Current Assets</b>			
Accounts receivable, Net	6	197,590	3,051
Financial assets at fair value through profit or loss	7	37,879	32,527
Other current assets	8	50,983	55,433
Cash and bank balances	10	57,506	10,692
		<u>343,958</u>	<u>101,703</u>
<b>Total Assets</b>		<u><u>688,507</u></u>	<u><u>320,140</u></u>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Paid in capital	11	1,020,443	500,000
Statutory reserve	11	275,000	275,000
Fair value reserve		(13,202)	(12,033)
Accumulated losses		<u>(887,886)</u>	<u>(744,462)</u>
<b>Net Shareholders' Equity</b>		<u>394,355</u>	<u>18,505</u>
<b>Liabilities</b>			
<b>Current Liabilities -</b>			
Due to bank	12	-	187,723
Accounts payable	13	191,726	6,819
Other current liabilities	14	102,426	107,093
<b>Total Liabilities</b>		<u>294,152</u>	<u>301,635</u>
<b>Total Shareholders' Equity and Liabilities</b>		<u><u>688,507</u></u>	<u><u>320,140</u></u>

The accompanying notes from 1 to 29 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 2018

	Notes	2018 JD	2017 JD
Sales		169,184	3,051
Less: Mining fees	15	(18,280)	(181)
<b>Net sales</b>		<u>250,904</u>	<u>2,870</u>
Cost of sale	16	(207,830)	-
<b>Gross profit</b>		<u>43,074</u>	<u>2,870</u>
Reversal of impairment in inventory's net realizable value		21,551	-
Operating expenses unutilized in production	17	(8,576)	(43,307)
Administrative expenses	18	(204,616)	(265,363)
Finance cost		(1,981)	(8,306)
Profit of financial assets at fair value through profit or loss	19	9,469	3,094
Other income	20	492	98,255
<b>Loss for the year before tax</b>		<u>(140,587)</u>	<u>(212,757)</u>
Income tax	9	-	-
<b>Loss for the year</b>		<u>(140,587)</u>	<u>(212,757)</u>
		JD/Fils	JD/Fils
<b>Basic and diluted loss per share for the year</b>	21	<u>(0/141)</u>	<u>(0/426)</u>

The accompanying notes from 1 to 29 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 2018

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	2018	2017
	JD	JD
Loss for the year	(140,587)	(212,757)
<b>Add other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		
Change in fair value of financial assets at fair value through other comprehensive income, net after tax	(1,169)	(1,975)
<b>Total comprehensive income for the year</b>	<u>(141,756)</u>	<u>(214,732)</u>

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

**GENERAL MINING COMPANY  
PUBLIC SHAREHOLDING COMPANY  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Reserves					Total
	Paid in capital	Statutory			Accumulated losses	
		JD	Voluntary	Fair value		
	JD	JD	JD	JD	JD	JD
Balance at 1 January 2018	500,000	275,000	-	(12,033)	(744,462)	18,505
Capital increase	520,443	-	-	-	-	520,443
Capital increase expenses	-	-	-	-	(2,837)	(2,837)
Total comprehensive income for the year	-	-	-	(1,169)	(140,587)	(141,756)
Balance at 31 December 2018	1,020,443	275,000	-	(13,202)	(887,886)	394,355
Balance at 1 January 2017	1,500,000	375,000	156,733	(10,085)	(1,779,111)	242,537
Accumulated losses write-off (note 1)	(1,000,000)	(100,000)	(156,733)	-	1,256,733	-
Capital increase expense	-	-	-	-	(9,300)	(9,300)
Total comprehensive income for the year	-	-	-	(1,975)	(212,757)	(214,732)
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	27	(27)	-
Balance at 31 December 2017	500,000	275,000	-	(12,033)	(744,462)	18,505

The Company can not use a restricted amount of JD 13,202 and an amount of JD 29,123 representing the negative change in fair value of the financial assets at fair value through other comprehensive income and the negative change in fair value of the financial assets at fair value through profit or loss respectively in accordance with the instructions of Securities Commission instructions.

**GENERAL MINING COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 JD	2017 JD
<b>OPERATING ACTIVITIES</b>			
Loss for the year before tax		(140,587)	(212,757)
<b>Adjustments:-</b>			
Unrealized (profit) loss from financial asset at fair value through profit or loss	19	(5,352)	3,597
Realized (profit) from financial assets at fair value through profit or loss		-	(1,652)
Dividends income of financial assets at fair value through profit or loss	19	(4,117)	(5,039)
Depreciation	3	7,015	10,758
Finance cost		1,981	8,306
Excess in provision for doubtful debts	6	-	(4,692)
Reversal of impairment in inventory's net realizable value	4	21,551	-
<b>Changes in working capital:</b>			
Inventory	4	21,551	-
Accounts receivable		(194,539)	1,641
Checks under collection		-	(14,000)
Other current assets		4,450	29,935
Accounts payable		81,500	13,993
Other current liabilities		98,740	(52,339)
<b>Net cash flows used in operating activities</b>		<b>(150,909)</b>	<b>(222,249)</b>
<b>Investing Activities</b>			
Proceeds from sale of financial assets at fair value through profit or loss		-	46,953
Purchase of property and equipment		(134,296)	-
Proceeds from sale of financial assets at fair value through other comprehensive income		-	105
Dividends income received		4,117	5,039
<b>Net cash flows (used in) from investing activities</b>		<b>(130,179)</b>	<b>52,097</b>
<b>Financing Activities</b>			
Capital increase expenses		(2,837)	(9,300)
Paid finance cost		(1,981)	(8,306)
Capital increase		520,443	-
<b>Net cash flows from (used in) financing activities</b>		<b>515,625</b>	<b>(17,606)</b>
<b>Net increase (decrease) in cash and cash equivalent</b>		<b>234,537</b>	<b>(187,758)</b>
Cash and cash equivalents at 1 January		(177,031)	10,727
<b>Cash and cash equivalents at 31 December</b>	10	<b>57,506</b>	<b>(177,031)</b>

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements



**(1) General**

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

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

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

The board of directors in their meeting held on 27 February 2019, authorized the issuance of the consolidated financial statements.

**(2-1) Basis of preparation**

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

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

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

## **(2-2) Basis of consolidation**

The consolidated financial statements comprise of the financial statements of General Mining Company a Public Shareholding Company the "Company" and the below subsidiary the "Group" as of 31 December 2018:

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

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

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

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

## **(2-3) Change in accounting policies**

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the followings:

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.



The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The implementation of the new standard do not have any impact on the consolidated financial statements.

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

IFRS 9 requires the Group to record an allowance for ECL for all debt instruments measured at amortized cost.

#### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

This Interpretation does not have any impact on the Group's consolidated financial statements.

### **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

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 non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

### **Amendments to IAS 40 Transfers of Investment Property**

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.

These amendments do not have any impact on the Group's consolidated financial statements.

### **Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

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. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's consolidated financial statements.

### **Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 insurance contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.



**Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

**(2-4) Significant accounting policies**

**Property and equipment**

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

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

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

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

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

### **Financial assets at fair value through other comprehensive income**

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

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

These financial assets are not subject to impairment testing.

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

### **Financial assets at fair value through profit or loss**

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

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

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

### **Fair value measurement**

The Company measures financial instruments and non-financial assets through profit or loss at fair value at the date of consolidated financial statement. Also, fair values of financial instruments disclosed in note (25).

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

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

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



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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

## **Inventory**

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

Cost is measured as follows:

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

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



### **Accounts receivable**

Accounts receivable are recorded at the original invoice amount less an allowance for the expected credit loss. The provision expected credit loss is calculated using the simplified approach of IFRS (9) for the expected credit loss of financial assets.

### **Cash and cash equivalents**

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

### **Accounts payable and accruals**

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

### **Provisions**

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

### **Revenues**

The Company main source of income is mining and preparation of the raw mineral extractions, the revenue from customers' contracts is recognized in accordance with IFRS (15), when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably.

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

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

Other revenues are recognized on accrual basis.

## **Income tax**

Income tax expense includes current and deferred taxes.

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

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

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled or the tax asset is realized.

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

## **Foreign currencies**

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

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

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**(3) PROPERTY AND EQUIPMENT, NET**

	Lands	Roads	Walls	Buildings	Furniture and Fixture	Tools	Machinery and equipment	Vehicles	Computers and softwares	Total
2018 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost:</b>										
Balance at 1 January 2018	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
Additions	124,358	-	3,156	-	-	-	-	-	6,782	134,296
<b>Balance at 31 December 2018</b>	<b>294,169</b>	<b>132,545</b>	<b>93,310</b>	<b>73,987</b>	<b>26,963</b>	<b>1,416</b>	<b>144,801</b>	<b>38,769</b>	<b>32,556</b>	<b>838,516</b>
<b>Accumulated Depreciation:</b>										
Balance at 1 January 2018	-	104,706	90,154	62,943	26,963	1,416	144,801	35,741	25,680	492,404
Depreciation for the year	-	2,259	-	736	-	-	-	2,861	1,159	7,015
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>106,965</b>	<b>90,154</b>	<b>63,679</b>	<b>26,963</b>	<b>1,416</b>	<b>144,801</b>	<b>38,602</b>	<b>26,839</b>	<b>499,419</b>
<b>Net book value-</b>										
<b>At 31 December 2018</b>	<b>294,169</b>	<b>25,580</b>	<b>3,156</b>	<b>10,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>5,717</b>	<b>339,097</b>

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

	Notes	2018 JD	2017 JD
Cost of Sale	16	2,995	10,109
Administrative expense	18	4,020	649
		<u>7,015</u>	<u>10,758</u>

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	Lands	Roads	Walls	Buildings	Furniture and Fixture	Tools	Machinery and equipment	Vehicles	Computers and softwares	Total
2017 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost:</b>										
Balance at 1 January 2017	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
Balance at 31 December 2017	169,811	132,545	90,154	73,987	26,963	1,416	144,801	38,769	25,774	704,220
<b>Accumulated Depreciation:</b>										
Balance at 1 January 2017	-	102,447	90,154	62,236	26,448	1,416	143,290	30,094	125,561	481,646
Depreciation for the year	-	2,259	-	707	515	-	1,511	5,647	119	10,758
Balance at 31 December 2017	-	104,706	90,154	62,943	26,963	1,416	144,801	35,741	25,680	492,404
<b>Net book value-</b>										
At 31 December 2017	169,811	27,839	-	11,044	-	-	-	3,028	94	211,816

**(4) Inventory**

	2018 JD	2017 JD
Finished products - Gypsum	417,192	438,742
Finished products – Kaolin	96,238	96,239
Less: Impairment in inventory's net realizable value*	(513,430)	(534,981)
	-	-

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

	2018 JD	2017 JD
Beginning balance at 1 January	534,981	534,981
Less: reversals from provision	(21,551)	-
Ending balance at 31 December	513,430	534,981

**(5) Financial assets at fair value through other comprehensive income**

This item consists of the following:

**Quoted financial assets**

	2018 JD	2017 JD
Quoted shares	5,452	6,621



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**(6) Accounts Receivable, Net**

This item consists of the following:

	2018	2017
	JD	JD
Trade receivables	216,594	22,055
Less: Expected credit loss provision	(19,004)	(19,004)
	<u>197,590</u>	<u>3,051</u>

The doubtful debts were amounted to JD 19,004 as of 31 December 2018 (2017: JD 19,004).

This movement of the Expected Credit Loss provision is as follows:

	2018	2017
	JD	JD
Beginning balance	19,004	23,696
Reversals during the year	-	(4,692)
	<u>19,004</u>	<u>19,004</u>

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

	Past due but not impaired			Total
	1-60	61-150	More than	
	days	days	150 days	
	JD	JD	JD	JD
<b>2018</b>	98,868	98,722	-	197,590
<b>2017</b>	3,051	-	-	3,051



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

**Quoted financial assets**

	2018	2017
	JD	JD
Quoted shares	37,879	32,527

**(8) Other current assets**

This item consists of the following:

	2018	2017
	JD	JD
Prepaid expenses	16,160	7,972
Check under collection	7,000	14,000
Refundable deposits	10,709	19,709
Employees' receivables	9,405	2,985
Income tax refundable deposits	-	230
Other	7,709	10,537
	50,983	55,433

**(9) Income tax**

No provision for income tax was calculated for the years ended 31 December 2018 and 2017 for the Company and its subsidiary due to the excess of deductible expenses over taxable income.

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

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

The Group filed its tax returns for the year 2017, which have not been reviewed by the Income and Sales Tax Department up to the date of the financial statements.

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

	2018	2017
	JD	JD
Accounting loss	(140,587)	(212,757)
Non-taxable income	(31,020)	(9,730)
Non-deductible expenses	1,029	2,907
Taxable loss	(170,578)	(219,580)
Statutory Income Tax rate	24%	24%

**(10) Cash and bank balances**

	2018	2017
	JD	JD
Cash on hand	1,232	1,189
Current accounts	56,274	9,503
Total cash and bank balances	57,506	10,692

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

	2018	2017
	JD	JD
Cash and bank balances	57,506	10,692
Less: Due to bank (Note 12)	-	(187,723)
Cash and cash equivalent	57,506	(177,031)

**(11) Shareholders Equity**

**Paid in capital**

The company authorized capital is 1,100,000 shares and paid in capital amounts to JD 1,020,443 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) Due to bank**

This item represents the utilized part of the credit facilities granted to the Company which represents an overdraft account granted to the Company by Jordan Capital Bank in 2017, with a ceiling of JD 200,000 bearing average interest rate of 9,5% annually as at 31 December 2017. These facilities were not renewed during 2018.

**(13) Accounts Payable**

This item consists of the following:

	2018	2017
	JD	JD
Trade payables	173,054	6,449
Natural Resources Authority	18,672	370
	191,726	6,819



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**(14) Other current liabilities**

This item consists of the following:

	2018 JD	2017 JD
Advanced payments from customers	-	1,000
Accrued expenses	895	6,598
Post-dated checks	-	19,688
Shareholders deposits (dividends)	39,033	39,468
Accrued vacation provision	2,387	2,447
Legal cases provision	3,250	3,551
Sales tax deposits	18,813	1,765
Board of directors incentive provision	328	328
Other	37,720	32,248
	<u>102,426</u>	<u>107,093</u>

**(15) MINING fees**

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

**(16) Cost of sales**

	2018 JD	2017 JD
Deprecation (Note 3)	2,995	10,109
Salaries and benefits	7,792	19,675
Social security contribution	1,619	2,520
Fuel	8,576	2,782
Shoveling fees	84,547	748
Transportation	87,087	1,496
Machines and vehicles maintenance	500	1,994
Insurance and license	208	1,292
Health insurance	769	721
Mining right fees	-	1,300
Other	762	670
	<u>194,855</u>	<u>43,307</u>
Finished goods at beginning of the year	534,981	534,981
Finished goods at end of the year	(534,981)	(534,981)
Operational expense unutilized in production (Note 17)	(8,576)	(43,307)
	<u>207,830</u>	<u>-</u>

**(17) Operational expenses not used in production**

This item represents indirect operational cost relating to Al Subahi mine in Albalqa, which was not utilized in Gypsum production. The Company resumed the work in the mine in 2017, however the Company could not sign sales contract, and the work was limited to the extraction of samples during 2017. During 2018 the Company has signed several agreements with contractors for the selling of Gypsum.

**(18) Administrative expense**

	2018	2017
	JD	JD
Environmental studies	22,650	-
Salaries and wages	74,288	98,678
Social security contribution	8,010	9,904
End of service indemnities	-	22,500
Chairman compensation for management activates	30,050	12,000
Professional fees	11,125	62,475
Rent	23,347	10,030
Depreciation (Note 3)	4,020	649
Utilities	2,355	2,704
Subscriptions	2,148	4,935
Maintenance and services	3,950	2,242
Penalties and governmental fees	5,505	16,199
Post and telecommunication	1,237	1,946
Stationary	1,173	2,035
Advertising	1,642	4,530
Hospitality	817	398
Bank charges	2,175	2,348
Other	10,124	11,790
	204,616	265,363

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

This item consists of the following:

	Realized profit JD	Unrealized gain (loss) JD	Dividends income JD	Total JD
<b>At 31 December 2018</b>				
Equity share	-	5,352	4,117	9,469
<b>Total</b>	-	5,352	4,117	9,469
<b>At 31 December 2017</b>				
Equity share	1,652	(3,597)	5,039	3,094
<b>Total</b>	1,652	(3,597)	5,039	3,094

**(20) OTHER REVENUES**

This item consists of the following:

	2018 JD	2017 JD
Revenue from selling mining rights*	-	95,130
Other	492	3,125
	492	98,255

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



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

This item consists of the following:

	<u>2018</u>	<u>2017</u>
Loss for the year (JD)	(140,587)	(212,757)
Weighted average number of shares (share)	999,055	500,000
	<u>Fils/ JD</u>	<u>Fils/ JD</u>
Basic and diluted loss per share for the year	<u>(0/141)</u>	<u>(0/426)</u>

**(22) 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 statement of financial position is as follow:

	<u>2018</u>	<u>2017</u>
	JD	JD
Financial assets at fair value through profit or loss (Jordan Capital Bank- major shareholder).	<u>37,879</u>	<u>32,527</u>
Cash at Capital Bank - Jordan	<u>4,348</u>	<u>5,207</u>
Due to bank (Jordan Capital Bank – Major shareholder)	<u>-</u>	<u>187,723</u>

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

	<u>2018</u>	<u>2017</u>
	JD	JD
Finance cost- Jordan Capital Bank	<u>1,981</u>	<u>8,306</u>

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

	2018	2017
	JD	JD
Salaries and benefits	49,083	22,129
End of service indemnities	-	43,000
Chairman compensation for management activates	30,050	12,000

### **(23) Contingent liabilities**

The Company has contingent liabilities presented below:

#### **1- Letter of guarantees**

Banks letter of guarantees for Natural Resources Authority amounted to JD 50,000 as of 31 December 2018 (2017: JD 70,000).

#### **2- Law suits against the Company**

The outstanding lawsuits against the Company amounted to JD 305,099 as of 31 December 2018 (2017: JD 261,865), which were within the normal course of business. The lawsuits against the Company include a claim compensation for the decrease in the value of land plots surrounding Al-Subahi Mine. The Court of First Instance and the Court of Appeal issued a decision in favor of plaintiffs with a compensation amounting to JD 185,399 for which the Company requested for cassation; the cassation court sent the claim back to the court of appeal. The management and the Group's lawyer believe that the Company has a strong position based on a similar precedent litigation which was ruled in the favor of the Company at Cassation Court. Management and the Group's lawyer believe that no future obligation may arise on the Group regarding those cases.

### **(24) Going concern assessment**

On 2 June 2013 the Group filed a disclosure with the Jordanian Securities Commission (JCS) regarding the suspension of work at the mine in Balqa, Al-Subaihi area which the Company supply gypsum raw materials to a number of cement factories as a result of the tension with the surrounding local society. During 2017, the Company resumed the work in Al Subaihi mine, however, it could not to sign any sale contracts, the work was limited to extracting Gypsum samples. The Company signed contracts with contractors to provide Gypsum materials from the mine during 2018.

The suspension of work during the prior years resulted significant financial losses, whereas the Company's accumulated losses forming 87% of the Group's paid in capital amounted to JD 1,020,443. According to Article No. (266) of the Jordanian Companies Law No. (22) for the year 1997 and its amendments "If the losses of the Public Shareholding Company exceed 75% of its capital, the company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the company's capital to deal with the losses or rectifying the losses". As mentioned in note (1), the Company has completed the legal procedures to amend the Company's Capital, however, the Company is still not able to rectify the losses and additional procedures should be taken to reduce the accumulated losses percentage of the capital.

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

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

## **(25) 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, financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.



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

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

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

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

	Level 1	Total
	JD	JD
<b>For the period ended 31 December 2018</b>		
Financial assets at fair value through other comprehensive income	5,452	5,452
Financial assets at fair value through profit or loss	37,879	37,879
	43,331	43,331

**For the year ended 31 December 2017**

Financial assets at fair value through other comprehensive income	6,621	6,621
Financial assets at fair value through profit or loss	32,527	32,527
	39,148	39,148

**(26) Risk Management**

**Interest rate risk**

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

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

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

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

<b>2018-</b>	Increase in interest rate	Effect on loss for the year
Currency	(basis points)	JD
JOD	-	-

<b>2017-</b>	Increase in interest rate	Effect on loss for the year
Currency	(basis points)	JD
JOD	100	(1,877)

### **Credit risk**

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

The Group is not exposed to credit risk as it sets credit limits for customer and constantly monitoring outstanding receivables. Also, the Group holds its cash balances and deposits at reputable banks. The largest two customers represent 100% of net receivables.

### **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:

<b>2018 -</b>	Change in indicator	Effect on loss for the year	Effect on shareholders' equity
	%	JD	JD
Amman Stock Exchange	5	1,894	273

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	Change in indicator %	Effect on loss for the year JD	Effect on shareholders' equity JD
<b>2017 -</b>			
Amman Stock Exchange	5	100	(1,877)

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 JD	From 3 months to 12 months JD	Total JD
<b>31 December 2018</b>			
Accounts payable	191,726	-	191,726
Other current liabilities	102,426	-	102,426
Total	294,152	-	294,152
	Less than 3 months JD	From 3 months to 12 months JD	Total JD
<b>31 December 2017</b>			
Due to bank	187,723	-	187,723
Accounts payable	6,819	-	6,819
Other current liabilities	107,093	-	107,093
Total	301,635	-	301,635

### 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.



## **(27) Capital Management**

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

As mentioned in note (1), the Group has decreased and then increased its capital to become JD 1,020,443 as of 31 December 2018.

The capital comprise of paid in capital, statutory reserves, fair value reserve and accumulated losses amounting to JD 394,355 as at 31 December 2018. (31 December 2017: JD 18,505).

## **(28) Standards issued but not effective**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

### **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.

### *Transition to IFRS 16*

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16.

The Group expects the effect of adopting IFRS 16 to be 46,560 on the opening balances of total assets and 46,560 on the total liabilities.

#### **IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

#### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

#### **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

**(29) COMPARATIVE FIGURES**

Some of 2017 balances were reclassified to correspond with those of 2018 presentation. The reclassification did not affect the financial position of the Company nor the Company's performance for the year ended 31 December 2017.