General Mining Company plc

الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/106 الرقم:

Date 29/10/2019 التاريخ:

To: Jordan Securities Commission

Amman Stock Exchange

Subject: Quarterly Report as of 30/9/2019

Attached the Quarterly Report of General Mining Company plc as of 30 September 2019.

Kindly accept our high appreciation and respect

General Manager

Eng. Fares Al-Majali

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٣١ تشرين الأول ٢٠١٩
الرقم المتسلسل: 4937
رقم الملف: 41005
الجهة المختصة:

تلفون ٥٥٣٧١٦٣ فاكس ٥٥٣٧١٦٤ ص . ب ٩٢٢٠٧٥ عمان ١١١٩٢ الأردن بريد الكتروني: gm@minco-jo.com
Tel. 5537163 Fax 5537164 P.O.Box 922075 Amman 11192 Jordan e-mail:gm@minco-jo.com
Website: www.minco-jo.com

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2019

Building a better
working world

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF GENERAL MINING COMPANY (PUBLIC SHAREHOLDING 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 2019 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory notes. Board of Directors 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 Group's current liabilities amounting to JD 372,871 as at 30 September 2019 exceeded its current assets amounting to JD 339,324 as at 30 September 2019. In addition, the Group's accumulated losses amounting to JD 698,968 represents 68% of the Company's paid in capital amounting to JD 1,020,443 as at 30 September 2019. The Group's ability to continue as a going concern entity and the ability to recognize its assets and settle its obligations depends on applying and committing to the future plan, obtaining sufficient fund to settle its obligations when they come due and continue its sales activities and achieving operating profit from the Group operations.

Amman – Jordan
27 October 2019

Ernst + Young

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Notes	30 September 2019	31 December 2018
		JD	JD
Assets		(Unaudited)	(Audited)
Non-Current Assets -			
Property and equipment, net		386,368	339,097
Financial assets at fair value through other comprehensive income	3	5,064	5,452
		391,432	344,549
Current Assets -			
Accounts receivable, net		191,780	197,590
Financial assets at fair value through profit or loss	4	42,820	37,879
Other current assets		101,782	50,983
Cash and bank balances	10	2,942	57,506
		339,324	343,958
Total Assets		730,756	688,507
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in capital	1	1,020,443	1,020,443
Statutory reserve	15,13	50,000	275,000
Fair value reserve		(13,590)	(13,202)
Accumulated losses		(698,968)	(887,886)
Net Shareholders' Equity		357,885	394,355
Liabilities			
Current Liabilities -			
Due to bank	5	106,325	-
Accounts payable		147,350	191,726
Other current liabilities		119,196	102,426
Total Liabilities		372,871	294,152
Total Shareholders' Equity and Liabilities		730,756	688,507

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 MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2019	2018	2019	2018
		JD	JD	JD	JD
Sales		163,884	67,719	415,535	97,344
Less: Mining fees		(9,025)	(4,579)	(30,150)	(4,579)
Net sales		154,859	63,140	385,385	92,765
Cost of sales		(112,516)	(52,472)	(288,836)	(83,793)
Gross profit		42,343	10,668	96,549	8,972
Reversal of excess in provision for impairment of net realizable value of inventories		-	-	-	21,551
Operating expenses not used in production	6	-	-	-	(8,576)
Administrative expenses		(41,723)	(42,192)	(139,584)	(144,665)
Unrealized gain of financial assets through profit or loss		(1,235)	3,705	4,941	3,705
Dividends from financial assets through profit or loss		4,117	-	4,117	4,118
Finance cost		(3,875)	-	(6,184)	(1,981)
Other income		3,475	-	4,079	-
Gain (loss) for the period before income tax		3,102	(27,819)	(36,082)	(116,876)
Income tax	7	-	-	-	-
Gain (loss) for the period		3,102	(27,819)	(36,082)	(116,876)
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss per share for the period	11	0/003	(0/027)	(0/035)	(0/118)

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements

	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	JD	JD	JD	JD
(Loss) for the period	3,102	(27,819)	(36,082)	(116,876)
Add: other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	195	(779)	(388)	(585)
Total comprehensive income for the period	3,297	(28,598)	(36,470)	(117,461)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

		Reserves			
	Paid in capital	Statutory	Fair value	Accumulated losses	Total
	JD	JD	JD	JD	JD
Balance at 1 January 2019	1,020,443	275,000	(13,202)	(887,886)	394,355
Total comprehensive income for the period	-	-	(388)	(36,082)	(36,470)
Accumulated losses write-off (Note 13)	-	(225,000)	-	225,000	-
Balance at 30 SEPTEMBER 2019	1,020,443	50,000	(13,590)	(698,968)	357,885
Balance at 1 January 2018	500,000	275,000	(12,033)	(744,462)	18,505
Capital increase (Note 1)	520,443	-	-	-	520,443
Capital increase expenses	-	-	-	(2,837)	(2,837)
Total comprehensive income for the period	-	-	(585)	(116,876)	(117,461)
Balance at 30 SEPTEMBER 2018	1,020,443	275,000	(12,618)	(864,175)	418,650

The Company can not use a restricted amount of JD 13,590 and an amount of JD 20,889 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 Securities Commission instructions.

General Mining Company
Public Shareholding Company
Interim Condensed Consolidated Statement of Cash Flows
For The Nine months Period Ended 30 September 2019 (Unaudited)

	Note	For the nine months ended 30 September 2019	2018
		JD	JD
Operating Activities			
Loss for the period before tax		(36,082)	(116,876)
Adjustments:			
Depreciation and amortization		15,375	5,325
Finance cost		6,184	1,981
Unrealized gain of financial assets at fair value through profit or loss		(4,941)	(3,705)
Dividends income from financial assets at fair value through profit or loss		(4,117)	(4,118)
Reversal of excess in provision for impairment of net realizable value of inventories		-	(21,551)
Changes in working capital:			
Inventory		-	21,551
Accounts receivable		5,810	(65,308)
Other current assets		(61,233)	18,922
Accounts payable		(44,376)	39,434
Other current labilities		(26,257)	(29,554)
Net cash flow used in operating activities		(149,637)	(153,899)
Investing Activities			
Dividends income received		4,117	4,118
Purchases of property and equipment		(10,751)	(131,140)
Net cash flow used in investing activities		(6,634)	(127,022)
Financing Activities			
Finance cost paid		(4,618)	(1,981)
Capital increase expenses		-	(2,837)
Capital increase		-	520,443
Net cash flows (used in) from financing activities		(4,618)	515,625
Net (decrease) increase in cash and cash equivalents		(160,889)	234,704
Cash and cash equivalents at the beginning of the period		57,506	(177,031)
Cash and cash equivalents at the end of the period	10	(103,383)	57,673

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements

(1) General

General Mining Public Shareholding Company was established on 5 December 1973, 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 in its extraordinary meeting held on 30 April 2017 to write off the accumulated losses amounted to JD 1,000,000 through the reduction of the Company's capital to become JD 500,000 and then, increase the Company's capital to be JD 1,100,000 through a private placement to the Company's shareholders increasing the capital by 600,000. Moreover, The General Assembly approved to write off the voluntary reserve balance and part of statutory reserve balance to write off the accumulated losses with a total amount of JD 256,733. Accordingly, the authorized capital become 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 and started increasing the Capital through the private placement from 24 December 2017 until 15 January 2018. Additional shares issued amounted to JD 520,443 as at 15 January 2018. At its extraordinary meeting held on 13 May 2019, the General Assembly approved the reduction of the remaining unsubscribed shares through the public placement to equal 79,557 shares out of the authorized capital of 1,100,000 shares. The Company's authorized capital after the decrease is 1,020,443 shares as of 30 September 2019.

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 objectives:

1- Purchasing and selling lands after developing, organizing, improving and dividing them and supplying them with all services in accordance with adopted laws.
2- Owning and renting movable and immovable property to achieve the Company's objectives.
3- Owning 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 October 2019 authorized and approved the interim condensed consolidated financial statements.

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34, (Interim Financial Reporting).

The interim condensed consolidated financial statement are presented in Jordanian Dinars that represents the Group's financial currencies.

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 consolidated financial statements as of 31 December 2018. In addition, results for the nine months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

(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 together are referred to" the Group" as of 30 September 2019:

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

* Aliat for Real Estate Development and Housing Company was established as a limited liability Company with an authorized capital of JD 10,000 and paid in capital of JD 5,000, it was registered at Ministry of Industry and Trade on 10 March 2014 and it's fully owned by General Mining Company. The Company did not commence its activities until the date of the 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, equit, 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 used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	2019 JD (Unaudited)
Property and equipment	
Right of use assets	51,895
Other current assets	
Prepaid expenses	(3,000)
Other current liabilities	
Operating lease liabilities	(48,895)
Total equity	-

A) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

• *Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

• *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

• Used a single discount rate to a portfolio of leases with reasonably similar characteristics

• Relied on its assessment of whether leases are onerous immediately before the date of initial application

• Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

• Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

• Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	60,000
Weighted average incremental borrowing rate as at 1 January 2019	%5.644
Discounted operating lease commitments at 1 January 2019	51,895
Less: Commitments relating to short-term leases	-
Lease liabilities as at 1 January 2019	51,895

B) Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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.

These amendments do not have any impact on the interim condensed consolidated financial statements of the Group.

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

This item consists of the following:

Financial assets with market rates

	30 September 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Quoted shares	5,064	5,452

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

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Quoted shares	42,820	37,879

(5) Due to bank

This item represents the utilized balance of the credit facilities granted to the Company, which represents an overdraft account granted to the Company by Jordan Capital Bank during 2019 with a ceiling of JD 150,000 bearing an annual interest rate of 11%.

(6) Operational expenses not used in production

This item represents non-operational cost relating to Al-Subahi mine in Balqa which was not utilized in Gypsum production. The Company resumed the work in the mine in 2017, and the Company started multiple sales contracts during 2018 and 2019.

(7) Income tax

No provision for income tax was calculated for the periods ended 30 September 2019 and 2018 for the Company and its subsidiary due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (38) of 2018 and No. (34) of 2014 respectively.

The Company filed its tax returns for the years 2017 and 2018, which have not been reviewed by the Income and Sales Tax Department 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 2016.

(8) Contingent liabilities

The Company has contingent liabilities at the date of the interim condensed consolidated financial statements as presented below:

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Letter of guarantees related to Natural Resources Authorization	55,000	50,000

Legal cases held against the Company

As of 30 September 2019, outstanding lawsuits against the Company amounted to JD 237,841 (31 December 2018: JD 305,099), these lawsuits were within the normal course of the Group's business. The lawsuits against the Company include a compensation claim 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 27,486 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 Company's lawyer believe that no future obligations may arise on the Company related to these claims.

(9) 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 interim condensed consolidated statement of financial position is as follow:

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss (Jordan Capital Bank – major shareholder).	42,820	37,879
Cash at Jordan Capital Bank	420	4,348
Due to bank (Jordan Capital Bank – major shareholder) (Note 5)	106,325	-

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

	For nine months period ended 30 September	
	2019	2018
	JD	JD
	(Unaudited)	(Unaudited)
Finance cost- Jordan Capital Bank	4,618	1,981

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

	For nine months period ended 30 September	
	2019	2018
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	37,310	23,870
Chairman compensation for management activities	19,350	23,600

(10) Cash and cash equivalent

	30 September 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	1,892	1,232
Current Bank accounts	1,050	56,274
Total cash and bank balances	2,942	57,506
Due to Bank (Note 5)	(106,325)	-
Cash and cash equivalent	(103,383)	57,506

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

This item consists of the following:

	For three months period ended 30 September		For nine months period ended 30 September	
	2019	2018	2019	2018
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Loss for the period (JD)	3,102	(27,819)	(36,082)	(116,876)
Weighted average number of shares (shares)	1,020,443	1,020,443	1,020,443	991,847
	Fils/JD	Fils/JD	Fils/JD	Fils/JD
Basic and diluted loss per share for the period	0/003	(0/027)	(0/035)	(0/118)

(12) Going Concern Assessment

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

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 applying and committing to 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.

(13) 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 items included in the capital structure consist of paid up capital, statutory reserves, fair value reserve and accumulated losses amounting to JD 357,885 as at 30 September 2019. (31 December 2018: JD 394,355).

Accumulated losses write-off
At its extraordinary meeting held on 27 April 2019, the General Assembly approved the write-off of part of its accumulated losses through the statutory reserve by an amount of JD 225,000 to become JD 50,000.

(14) Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, and financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.

The fair value of the financial instruments does not materially differ from the carrying value of these 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 – Other 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
For the period ended 30 September 2019	JD	JD
Financial assets at fair value through other comprehensive income	5,064	5,064
Financial assets at fair value through profit or loss	42,820	42,820
For the year ended 31 December 2018		
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

(15) STATUTORY RESERVE

The Group did not take any statutory reserve according to the Companies Law as these financial statements are interim condensed financial statements.

(16) COMPARATIVE FIGURES

Some of 2018 balances were reclassified to correspond to 30 September 2019 presentation with no effect on equity or profit for the year 2018 .