General Mining Company plc.

الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/15 الرقم :

Date 25/2/2020 التاريخ :

To: Jordan Securities Commission

Amman Stock Exchange

Subject: **<u>Audited Financial Statements for</u>**

<u>The fiscal year ended 31/12/2019</u>

Attached the Audited Financial Statements of General Mining Company plc for the fiscal year ended 31/12/2019.

Kindly accept our high appreciation and respect

General Manager

Eng. Fares Al-Majali

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GENERAL MINING COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

Building a better working world

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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 consolidated financial statements of General Mining Company PLC (the "Company"), and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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.

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Material Uncertainty Related to Going Concern

Without qualifying our opinion, the Group's current liabilities amounting to JD 565,350 as at 31 December 2019 exceeded its current assets amounting to JD 520,164 as at 31 December 2019. In addition, the Group's accumulated losses amounting to JD 715,197 represents 70% of the Group's paid in capital amounting to JD 1,020,443 as at 31 December 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 disclosed in note (22), in addition to obtaining sufficient financing to settle its obligations when they become due and continue its sales activities and achieving operating profit from its operations.

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 2019. 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.

Revenue recognition	**Audit procedures**
Total recognized revenues for the year ended 31 December 2019 amounted to JD 701,323 (2018: JD 269,184). We focus on revenue recognition because it is an important determinant of the Group's performance. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition in the correct reporting period.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. Furthermore, since the Group had limited number of revenue contracts, we obtained the full list of sales transactions during the year, substantiated to supporting documents, and tested proper recording and recognition according to the agreed terms. Refer to note 2 to the consolidated financial statements for significant accounting policies applicable to revenue account.

Other information included in the Group's 2019 annual report.

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report other than the consolidated financial statements and our auditors' report thereon and the management is responsible of the annual report. 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
26 February 2020

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GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019	2018
		JD	JD
Assets			
Non-Current Assets			
Property and equipment, net	3	381,778	339,097
Financial assets at fair value through other comprehensive income	5	4,285	5,452
		386,063	344,549
Current Assets			
Accounts receivable, Net	6	418,055	197,590
Financial assets at fair value through profit or loss	7	41,173	37,879
Other current assets	8	58,803	50,983
Cash and bank balances	10	2,133	57,506
		520,164	343,958
Total Assets		906,227	688,507
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in capital	11	1,020,443	1,020,443
Statutory reserve	26	50,000	275,000
Fair value reserve		(14,369)	(13,202)
Accumulated losses		(715,197)	(887,886)
Net Shareholders' Equity		340,877	394,355
Liabilities			
Current Liabilities -			
Due to bank	12	137,001	-
Accounts payable	13	275,793	191,726
Other current liabilities	14	152,556	102,426
Total Liabilities		565,350	294,152
Total Shareholders' Equity and Liabilities		906,227	688,507

The accompanying notes from 1 to 28 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 2019

	Notes	2019	2018
		JD	JD
Sales		701,323	269,184
Less: Mining fees	15	(33,764)	(18,280)
Net sales		667,559	250,904
Cost of sale	16	(493,417)	(207,830)
Gross profit		174,142	43,074
Reversal of impairment on inventory's net realizable value		-	21,551
Operating expenses unutilized in production		-	(8,576)
Administrative expenses	17	(209,840)	(204,616)
Finance cost		(6,763)	(1,981)
Profit on financial assets at fair value through profit or loss	18	7,411	9,469
Expected credit losses		(21,598)	-
Other income		4,337	492
Loss for the year before tax		(52,311)	(140,587)
Income tax	9	-	-
Loss for the year		(52,311)	(140,587)
		JD/Fils	JD/Fils
Basic and diluted loss per share for the year	19	(0/051)	(0/141)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	JD	JD
Loss for the year	(52,311)	(140,587)
Add other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income, net after tax	(1,167)	(1,169)
Total comprehensive income for the year	(53,478)	(141,756)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid in capital	Reserves Statutory	Reserves 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 year	-	-	(1,167)	(52,311)	(53,478)
Accumulated losses write off (note 26)	-	(225,000)	-	225,000	-
Balance at 31 December 2019	1,020,443	50,000	(14,369)	(715,197)	340,877
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

The Company can not use a restricted amount of JD 14,369 and an amount of JD 25,829 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 2019

	Notes	2019	2018
		JD	JD
Operating Activities			
Loss for the year before tax		(52,311)	(140,587)
Adjustments: -			
Expected credit loss		21,598	-
Unrealized (gain) from financial asset at fair value through profit or loss	18	(3,294)	(5,352)
Dividends income from financial assets at fair value through profit or loss	18	(4,117)	(4,117)
Depreciation	3	17,084	7,015
Finance cost		6,763	1,981
Reversal of impairment on inventory's net realizable value	4	-	21,551
Changes in working capital:			
Inventory	4	-	(21,551)
Accounts receivable		(242,063)	(194,539)
Other current assets		(7,820)	4,450
Accounts payable		84,067	184,907
Other current liabilities		8,147	(4,667)
Net cash flows used in operating activities		(171,946)	(150,909)
Investing Activities			
Purchase of property and equipment		(7,870)	(134,296)
Dividends income received		4,117	4,117
Net cash flows used in investing activities		(3,753)	(130,179)
Financing Activities			
Capital increase expenses		-	(2,837)
Finance cost paid		(4,675)	(1,981)
Capital increase		-	520,443
Payments on lease obligation		(12,000)	-
Net cash flows (used in) from financing activities		(16,675)	515,625
Net(decrease) increase in cash and cash equivalent		(192,374)	234,537
Cash and cash equivalents at 1 January		57,506	(177,031)
Cash and cash equivalents at 31 December	10	(134,868)	57,506

The accompanying notes from 1 to 28 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 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 23 February 2020, 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 2019:

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 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
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	8%
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.

(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 (23).

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 Assembles 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.

(3) Property and equipment, net

	Lands	Roads	Walls	Buildings	Furniture and Fixture	Tools	Machinery and equipment	Vehicles	Computers and softwares	Right of use assets	Total
2019 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:											
Balance at 1 January 2019	294,169	132,545	93,310	73,987	26,963	1,416	144,801	38,769	32,556	-	838,516
Effect of IFRS (16)	-	-	-	-	-	-	-	-	-	51,895	51,895
Revised balance at 1 January 2019	294,169	132,545	93,310	73,987	26,963	1,416	144,801	38,769	32,556	51,895	890,411
Additions	-	-	-	6,293	1,276	-	-	-	301	-	7,870
Disposals	-	-	-	-	(24,052)	-	-	-	(5,540)	-	(29,592)
Balance at 31 December 2019	294,169	132,545	93,310	80,280	4,187	1,416	144,801	38,769	27,317	51,895	868,689
Accumulated Depreciation:											
Balance at 1 January 2019	-	106,965	90,154	63,679	26,963	1,416	144,801	38,602	26,839	-	499,419
Depreciation for the year	-	2,259	-	2,187	85	-	-	-	1,769	10,784	17,084
Disposals	-	-	-	-	(24,052)	-	-	-	(5,540)	-	(29,592)
Balance at 31 December 2019	-	109,224	90,154	65,866	2,996	1,416	144,801	38,602	23,068	10,784	486,911
Net book value-											
At 31 December 2019	294,169	23,321	3,156	14,414	1,191	-	-	167	4,249	41,111	381,778

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

	Notes	2019	2018
		JD	JD
Cost of Sale	16	2,995	2,995
Administrative expense	17	14,089	4,020
		17,084	7,015

	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
Cost:										
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
Balance at 31 December 2018	294,169	132,545	93,310	73,987	26,963	1,416	144,801	38,769	32,556	838,516
Accumulated Depreciation:										
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
Balance at 31 December 2018	-	106,965	90,154	63,679	26,963	1,416	144,801	38,602	26,839	499,419
Net book value-										
At 31 December 2018	294,169	25,580	3,156	10,308	-	-	-	167	5,717	339,097

(4) Inventory

	2019	2018
	JD	JD
Finished products - Gypsum	417,192	417,192
Finished products – Kaolin	96,238	96,238
Less: Impairment on inventory's net realizable value*	(513,430)	(513,430)
	-	-

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

	2019	2018
	JD	JD
Beginning balance at 1 January	513,430	534,981
Less: reversals from provision	-	(21,551)
Ending balance at 31 December	513,430	513,430

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

This item consists of the following:

Quoted financial assets

	2019	2018
	JD	JD
Quoted shares	4,285	5,452

(6) Accounts receivable, net

This item consists of the following:

	2019	2018
	JD	JD
Trade receivables	458,657	216,594
Less: Expected credit loss provision	(40,602)	(19,004)
	418,055	197,590

The expected credit loss amounted to JD 40,602 as of 31 December 2019 and 2018.

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

	2019	2018
	JD	JD
Beginning balance	19,004	19,004
Additions for the year	21,598	-
	40,602	19,004

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

	Past due but not impaired			
	1-60 days	61-150 days	More than 150 days	Total
	JD	JD	JD	JD
2019	173,404	190,948	53,703	418,055
2018	98,868	98,722	-	197,590

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

Quoted financial assets

	2019	2018
	JD	JD
Quoted shares	41,173	37,879

(8) Other current assets

This item consists of the following:

	2019	2018
	JD	JD
Prepaid expenses	21,598	16,160
Check under collection	-	7,000
Refundable deposits	11,709	10,709
Employees' receivables	22,554	9,405
Income tax refundable deposits	230	-
Other	2,712	7,709
	58,803	50,983

(9) Income tax

No provision for income tax was calculated for the years ended 31 December 2019 and 2018 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 2018, which have not been reviewed by the Income and Sales Tax Department up to the date of the financial statements.

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

	2019	2018
	JD	JD
Accounting loss	(52,311)	(140,587)
Non-taxable income	(7,411)	(31,020)
Non-deductible expenses	22,627	1,029
Taxable loss	(37,095)	(170,578)
Actual tax rate	-%	-%
Statutory Income Tax rate	24%	24%

(10) Cash and bank balances

	2019	2018
	JD	JD
Cash on hand	1,220	1,232
Current accounts	913	56,274
Total cash and bank balances	2,133	57,506

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

	2019	2018
	JD	JD
Cash and bank balances	2,133	57,506
Less: Due to bank (Note 12)	(137,001)	-
Cash and cash equivalent	(134,868)	57,506

(11) Shareholders equity

Paid in capital

The company authorized capital is 1,020,443 shares and paid in capital amounts to JD 1,020,443 shares at a par value of JD 1 each.

(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 2019.

(13) Accounts payable

This item consists of the following:

	2019	2018
	JD	JD
Trade payables	204,940	173,054
Natural Resources Authority	70,853	18,672
	275,793	191,726

(14) Other current liabilities

This item consists of the following:

	2019	2018
	JD	JD
Accrued expenses	695	895
Post-dated checks	26,275	-
Obligation on lease liability	41,983	-
Shareholders deposits (dividends)	38,531	39,033
Accrued vacation provision	2,617	2,387
Legal cases provision	3,250	3,250
Sales tax deposits	25,655	18,813
Board of Directors incentive provision	328	328
Other	13,222	37,720
	152,556	102,426

(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

	2019	2018
	JD	JD
Deprecation (Note 3)	2,995	2,995
Salaries and benefits	13,214	7,792
Social security contribution	1,519	1,619
Shoveling fees	189,875	84,547
Transportation	281,509	87,087
Fuel	-	8,576
Machines and vehicles maintenance	2,000	500
Insurance and license	281	208
Health insurance	806	769
Other	1,218	762
	493,417	194,855
Finished goods at beginning of the year	513,430	534,981
Finished goods at end of the year	(513,430)	(513,430)
Operational expense unutilized in production	-	(8,576)
	493,417	207,830

(17) Administrative expense

	2019	2018
	JD	JD
Environmental studies	4,267	22,650
Salaries and wages	92,347	74,288
Social security contribution	11,780	8,010
Chairman compensation for management activities	27,950	30,050
Professional fees	17,090	11,125
Rent	-	23,347
Depreciation (Note 3)	14,089	4,020
Utilities	2,646	2,355
Subscriptions	3,144	2,148
Maintenance and services	4,675	3,950
Penalties and governmental fees	9,061	5,505
Post and telecommunication	1,676	1,237
Stationary	1,090	1,173
Advertising	1,328	1,642
Hospitality	2,265	817
Bank charges	3,827	2,175
Other	12,605	10,124
	209,840	204,616

(18) Profit of financial assets at fair value through profit or loss

This item consists of the following:

	Unrealized gain (loss)	Dividends income	Total
	JD	JD	JD
At 31 December 2019			
Corporate shares	3,294	4,117	7,411
Total	3,294	4,117	7,411
At 31 December 2018			
Corporate shares	5,352	4,117	9,469
Total	5,352	4,117	9,469

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

This item consists of the following:

	2019	2018
Loss for the year (JD)	(52,311)	(140,087)
Weighted average number of shares (share)	1,020,443	999,055
	Fils/ JD	Fils/ JD
Basic and diluted loss per share for the year	(0/051)	(0/141)

(20) 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:

	2019	2018
	JD	JD
Financial assets at fair value through profit or loss (Jordan Capital Bank- major shareholder).	41,173	37,879
Cash at Capital Bank - Jordan	599	4,348
Due to bank (Jordan Capital Bank – Major shareholder)	137,001	-

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

	2019	2018
	JD	JD
Finance cost- Jordan Capital Bank	2,435	1,981

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

	2019	2018
	JD	JD
Salaries and benefits	58,388	49,083
Chairman compensation for management activities	27,950	30,050

(21) Contingent liabilities

The Company has contingent liabilities presented by the below:

1- Letter of guarantees

Banks letter of guarantees for Natural Resources Authority amounted to JD 55,000 as of 31 December 2019 (2018: JD 50,000).

2- Law suits against the Company

As of 31 December 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.

(22) 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 use to supply gypsum raw materials to a number of cement factories as a result of the tension with the surrounding local society, which led the company to incur financial losses. During 2017, the Company resumed the work in Al Subaihi mine, however, it could not 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 2019 and 2018.

The consolidated financial statements were 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 owned lands 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.

(23) 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 or 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 Group 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
For the period ended 31 December 2019	JD	JD
Financial assets at fair value through other comprehensive income	4,285	4,285
Financial assets at fair value through profit or loss	41,173	41,173
	45,458	45,458
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
	43,331	43,331

(24) 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 Group 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 consolidated income statement to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

The sensitivity of the consolidated 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.

2019-	Increase in interest rate	Effect on loss for the year
Currency	%	JD
JOD	1	1,370

2018-	Increase in interest rate	Effect on loss for the year
Currency	%	JD
JOD	-	-

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:

2019 -	Change in indicator	Effect on loss for the year	Effect on shareholders' equity
	%	JD	JD
Amman Stock Exchange	5	2,059	214

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

In the case of a negative change, the effect will be equal to the change above with the opposite effect.

Liquidity risk

The Group limits its liquidity risk by ensuring available financing from the Bank facilities.

The table below summaries the maturities of the Group's (undiscounted) financial liabilities at 31 December, based on contractual payment dates:

	Less than 3 months	From 3 months to 12 months	Total
31 December 2019	JD	JD	JD
Accounts payable	275,793	-	275,793
Due to bank	137,001	-	137,001
Other current liabilities	152,556	-	152,556
Total	565,350	-	565,350
31 December 2018			
Accounts payable	191,726	-	191,726
Other current liabilities	102,426	-	102,426
Total	294,152	-	294,152

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.

(25) 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.

The capital comprises of paid in capital, statutory reserves, fair value reserve and accumulated losses amounting to JD 340,877 as at 31 December 2019. (31 December 2018: JD 394,355).

(26) Statutory reserve

As required by the Jordanian Companies' Law, 10% of the Group's net income before tax is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 25% of the issued share capital. The Group has elected not to transfer any amount to the statutory reserve starting from 2005. The statutory reserve is not available for distribution to the shareholders.

In 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 so the statutory reserve balance became JD 50,000.

(27) 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 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 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Group

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's financial statements.

(28) COMPARATIVE FIGURES

Some of 2018 balances were reclassified to correspond with those of 2019 presentation. The reclassification did not affect the financial position of the Company nor the Company's performance for the year ended 31 December 2018.