General Mining Company plc

الشركة العامة للتعدين المساهمة المحدودة

No. 2/15/99 الرقم:

Date 29/7/2018 التاريخ:

To: Jordan Securities Commission

Amman Stock Exchange

Subject: Semi- Annual Report as of 30/06/2018

Attached the company's Semi- Annual Report of General Mining Company plc as of 30/06/2018.

Kindly accept our high appreciation and respect

General Manager

Eng. Fares Al-Majali

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٣١ تموز ٢٠١٨
الرقم المتسلسل
الجهة المختصة

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GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2018

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

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of General Mining Company (Public Shareholding Company) (the Company) and its subsidiary ("the Group"), comprising of the interim condensed consolidated statement of financial position as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended and explanatory notes. Bored 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.

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Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note (12) in the interim condensed consolidated financial statements, which indicates that the Group's accumulated losses amounting to JD 836,356 as at 30 June 2018 representing 82% of the Group's paid in capital amounting 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 exceeds 75% of it's capital the Company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the Group's capital." The interim condensed consolidated financial statements prepared based on going concern basis, these conditions and incidents indicate a material uncertainty related to the Company's ability to continue. 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 procedures as mentioned in note (12).

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, whereas the Company's paid in capital has become JD 1,020,443 as of 30 June 2018.

Amman – Jordan Ernst + Young
26 July 2018

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	30 June 2018	31 December 2017
		JD	JD
Assets		*(Unaudited)*	*(Audited)*
Non-Current Assets			
Property and equipment		339,569	211,816
Financial assets at fair value through other comprehensive income	3	6,815	6,621
		346,384	218,437
Current Assets			
Accounts receivable, Net		-	3,051
Financial assets at fair value through profit or loss	4	36,232	32,527
Other current assets		36,098	55,433
Cash and bank balances	9	95,530	10,692
		167,860	101,703
Total Assets		514,244	320,140
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in capital		1,020,443	500,000
Statutory reserve		275,000	275,000
Fair value reserve		(11,839)	(12,033)
Accumulated losses		(836,356)	(744,462)
Net Shareholders' Equity		447,248	18,505
Liabilities			
Current Liabilities -			
Bank overdraft	10	-	187,723
Accounts payable		16,901	33,274
Other current liabilities		50,095	80,638
Total Liabilities		66,996	301,635
Total Shareholders' Equity and Liabilities		514,244	320,140

The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

GENERAL MINING COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2018	2017	2018	2017
		JD	JD	JD	JD
Sales		22,047	-	29,624	-
Cost of sales		(23,373)	-	(31,321)	-
Gross loss		(1,326)	-	(1,697)	-
Excess in provision for impairment of net realizable value of inventories		15,412	-	20,708	-
Operating expenses not used in production	5	(9,344)	(9,177)	(18,948)	(19,585)
Administrative expenses		(34,532)	(44,967)	(94,962)	(120,458)
Finance expense		-	(1,193)	(1,981)	(1,193)
Unrealized gain (loss) of financial assets through profit or loss		(4,941)	3,080	3,705	4,578
Dividends income		4,118	5,039	4,118	5,039
Loss for the period before income tax		(30,613)	(47,218)	(89,057)	(131,619)
Income tax	6	-	-	-	-
Loss for the period		(30,613)	(47,218)	(89,057)	(131,619)
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss per share for the period	11	(0/03)	(0/09)	(0/09)	(0/26)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	JD	JD	JD	JD
Loss for the period	(30,613)	(47,218)	(89,057)	(131,619)
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	1,363	-	194	-
Total comprehensive income for the period	(29,250)	(47,218)	(88,863)	(131,619)

The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

		Reserves				
	Paid in capital	Statutory	Voluntary	Fair value	Accumulated losses	Total
	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 period	-	-	-	194	(89,057)	(88,863)
Balance at 30 June 2018	1,020,443	275,000	-	(11,839)	(836,356)	447,248
Balance at 1 January 2017	1,500,000	375,000	156,733	(10,085)	(1,779,111)	242,537
Total comprehensive income for the period	-	-	-	-	(131,619)	(131,619)
Balance at 30 June 2017	1,500,000	375,000	156,733	(10,085)	(1,910,730)	110,918

Retained earnings includes a restricted amount of JD 11,839 and JD 15,948 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 SIX MONTHS PERIOD ENDED 30 JUNE 2018 (UNAUDITED)

	Note	For the six months ended 30 June 2018	2017
		JD	JD
OPERATING ACTIVITIES			
Loss for the period before tax		(89,057)	(131,619)
Adjustments:-			
Depreciation		3,387	6,362
Finance expense		1,981	1,193
Unrealized gain of financial assets through profit and loss, net		(3,705)	(4,578)
Dividends income		(4,118)	(5,039)
Excess in provision for impairment of net realizable value of inventories		(20,708)	-
Changes in working capital:			
Inventory		20,708	-
Accounts receivable		3,051	-
Other debit balances		19,335	(24,377)
Accounts payable		(16,373)	(7,687)
Other credit balances		(30,543)	93,877
Net cash flow used in operating activities		(116,042)	(71,868)
INVESTING ACTIVITIES			
Dividends income received		4,118	5,039
Purchasing property and equipment		(131,140)	-
Net cash flow (used in) from investing activities		(127,022)	5,039
FINANCING ACTIVITIES			
Finance expense paid		(1,981)	(1,193)
Capital increase expenses		(2,837)	-
Capital increase		520,443	-
Net cash flows used in (from) financing activities		515,625	(1,193)
Net increase (decrease) in cash and cash equivalent		272,561	(68,022)
Cash and cash equivalents at the beginning of the period		(177,031)	10,727
Cash and cash equivalents at the end of the period	9	95,530	(57,295)

(1) General

General Mining Company was established on 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 in its extraordinary meeting held in 30 April 2017 to write off the accumulative losses in an amount of JD 1,000,000 through reduce the Company's capital to be amount of JD 500,000 and then, increase the Company's capital to be JD 1,100,000 through increasing the Capital by private placement to the Company's shareholders. 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 is amounting 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. The paid capital amounted to JD 1,020,443 as of 30 June 2018.

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- Owning and renting movable and immovable property to achieve the Company's purposes.
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 26 July 2018 authorized and approved the interim condensed consolidated financial statements.

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statement are presented in Jordanian Dinars.

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 2017. In addition, results for the six months period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

(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 June 2018:

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 comence 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 followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

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.

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.

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

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs 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.

The Group's debt instruments at FVOCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL basis.

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 Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 is immaterial on the retained earnings, its accounting policy for revenue recognition as detailed below:

(a) Sale of goods
The Group's contracts with customers for the sale of equipment/goods generally include performance obligation(s). The Group has concluded that revenue from sale of equipment/goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Variable consideration
Some contracts for the sale of equipment/goods provide customers with a right of return and volume rebates. Prior to the adoption of IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company/Group deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Rights of return
When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

Warranty obligations
The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15. However, in certain non-standard contracts, the Group provides one-year extended warranties, which were accounted for under IAS 37 prior to the adoption of IFRS 15. Under IFRS 15, such warranties are accounted for as service-type warranties and, therefore, are accounted for as separate performance obligations to which the Group allocates a portion of the transaction price based on the relative stand-alone selling price. Revenue are subsequently recognised over time based on the time elapsed.

(b) Rendering of services
Under IFRS 15, the Group concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the equipment will continue to be recognised at a point in time, upon delivery of the equipment.

(c) Advances received from customers
Generally, the Group receives short-term advances from its customers. However, from time to time, the Group also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Group presented these advances as deferred revenue in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer is more than one year, the Group shall adjust the promised amount of consideration for the effects of the time value of money.

(d) Principal versus agent considerations
From time to time, the Group enters into contracts with its customers to acquire, on their behalf, equipment produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., selecting suitable suppliers and managing the ordering and delivery of the imported equipment). In these contracts, the Group is not primarily responsible for fulfilling the promise to provide the specified equipment. The Group does not have inventory risk before or after the specified equipment has been transferred to the customer as it purchases equipment only upon approval of the customer and the foreign supplier ships equipment directly to the customers. In addition, the Group has no discretion in establishing.

The price for the specified equipment. However, the Group's consideration in these contracts is determined as the difference between the maximum purchase price quoted by the customer and the final price negotiated by the Group with the foreign supplier. The Group bears credit risk on these transactions as it is obliged to pay the foreign supplier even if the customer defaults on a payment.

Prior to the adoption of IFRS 15, based on the existence of credit risk, the Group concluded that it has an exposure to the significant risks and rewards associated with the sale of equipment to its customers, and accounted for the contracts as if it is a principal. Upon adoption of IFRS 15, the Group determined that it does not control the goods before they are transferred to customers, and hence, is an agent in these contracts because it does not have the ability to direct the use of the equipment or obtain benefits from the equipment. In addition, the Group concluded that it transfers control over its services (of arranging for the provision of the equipment from a foreign supplier), at a point in time, upon receipt by the customer of the equipment, because this is when the customer benefits from the Group's service.

(e) Other adjustments
In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associate and a joint venture, share of profit of an associate and a joint venture, income tax expense, and retained earnings, were adjusted as necessary. Furthermore, exchange differences on translation of foreign operations were also adjusted.

These new standards do not have material impact on the Group's condensed 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 condensed 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 condensed 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. *The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction.*

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

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 condensed consolidated financial statements.

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

This item consists of the following:

	30 June 2018	31 December 2017
	JD	JD
Quoted financial assets	(Unaudited)	(Audited)
Quoted shares	6,815	6,621

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

	30 June 2018	31 December 2017
	JD	JD
Quoted financial assets	(Unaudited)	(Audited)
Quoted shares	36,232	32,527

(5) 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.

(6) Income tax

No provision for income tax was calculated for the periods ended 30 June 2018 and 2017 for the Company and its subsidiary due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014.

The Company filed its tax returns for the years 2016 and 2017, 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 2015.

(7) Contingent liabilities

The Company has contingent liabilities presented below:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Letter of guarantees related to Natural Resources Authorization	50,000	70,000

Legal cases held against the Company

As of 30 June 2018, outstanding lawsuits against the Company amounted to JD 261,865 (31 December 2017: JD 261,865), these lawsuits were within the normal course of the Group's business. Management and the Company's lawyer believe that no future obligations may arise on the Group related to these claims.

(8) 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 financial position is as follow:

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss (Jordan Capital Bank – major shareholder).	36,232	32,527
Cash at Jordan Capital Bank	88,311	5,207
Due to bank (Jordan Capital Bank – major shareholder)	-	187,723

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

	For six months period ended 30 June	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Finance cost- Jordan Capital Bank	1,981	1,193

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

	For six months period ended 30 June	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	20,433	21,214
Chairman compensation for management activities	17,150	-

(9) Cash and cash equivalent

	30 June 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	2,835	1,189
Current Bank accounts	92,695	9,503
Total	95,530	10,692
Due to Bank (note 10)	-	(187,723)
Cash and cash equivalent	95,530	(177,031)

(10) 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 during 2017 with a ceiling of JD 200,000 bearing an annual average interest rate of 9.5%.

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

This item consists of the following:

	For three months period ended 30 June		For six months period ended 30 June	
	2018	2017	2018	2017
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the year (JD)	(30,613)	(47,218)	(89,057)	(131,619)
Weighted average number of shares (shares)	1,020,443	500,000	977,312	500,000
	Fils/JD	Fils/JD	Fils/JD	Fils/JD
Basic and diluted loss per share from the period	(0/03)	(0/09)	(0/09)	(0/26)

(12) Going Concern Assessment

On 2 June 2013, the Group filed a disclosure with the Jordan Securities Commission (JCS) 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 sales contracts and the work was limited to extracting gypsum samples. During the period ended 31 March 2018, the Company has signed a contract with one contractor to sell the gypsum.

The Company's accumulated losses representing 82% of the Group's paid in capital amounted to JD 1,020,443 as of 31 March 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 exceeds 75% of it's capital the Company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase the Group's capital. As mentioned, the Company has completed the legal procedures to amend the Company's 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.

(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.

As mentioned in note (1), the Company has reduced its capital and then increased its capital to become JD 1,020,443 as of 30 June 2018.

The items included in the capital structure consist of paid up capital, statutory reserves, fair value reserve and accumulated losses amounting to JD 447,248 as at 30 June 2018. (31 December 2017: JD 18,505).

(14) Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities.

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

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
For the period ended 30 June 2018	JD	JD
Financial assets at fair value through other comprehensive income	6,815	6,815
Financial assets at fair value through profit or loss	36,232	36,232
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