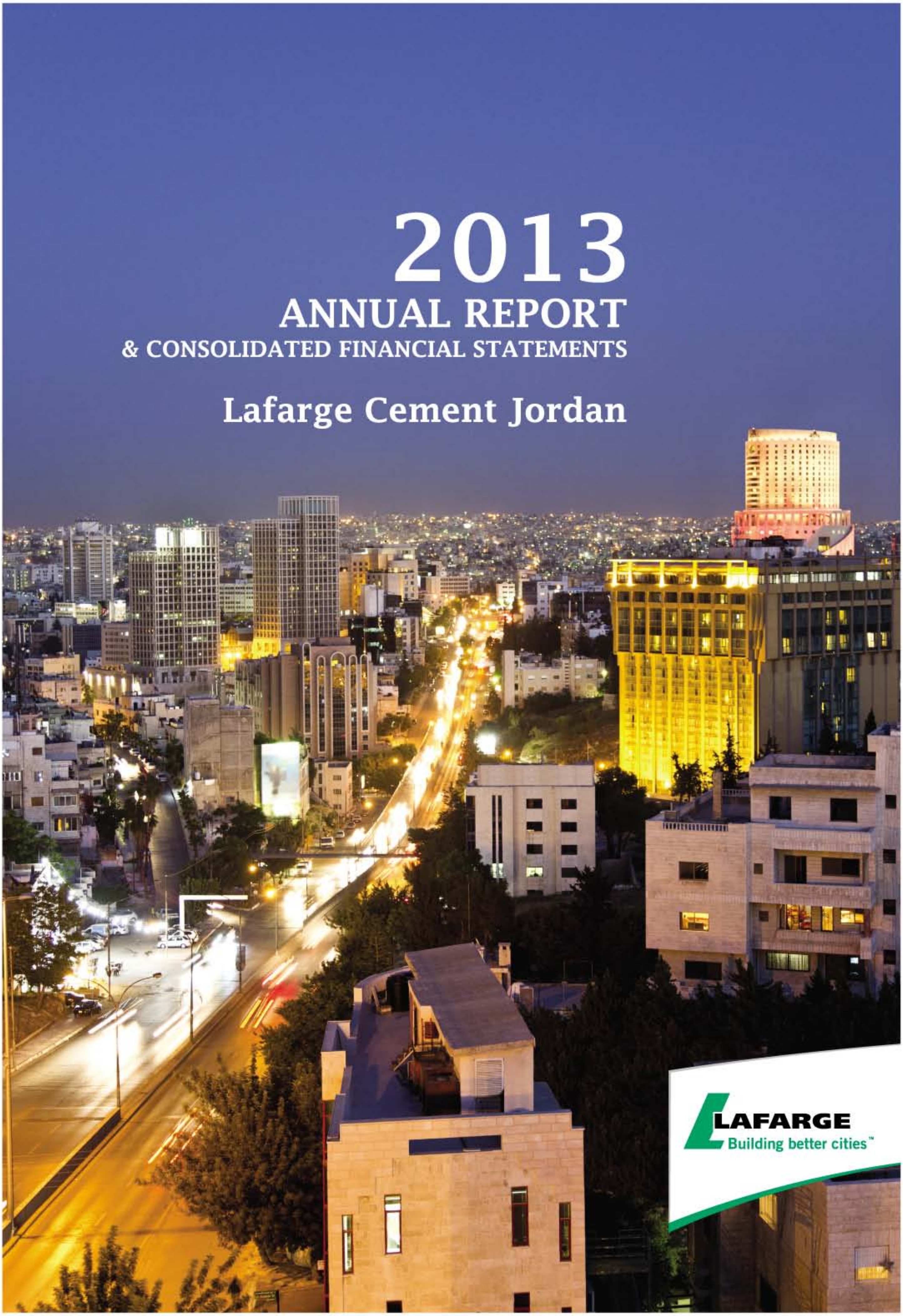
2013
ANNUAL REPORT
& CONSOLIDATED FINANCIAL STATEMENTS

Lafarge Cement Jordan



LAFARGE
Building better cities™

Content

2013 Company Brief

Lafarge Cement Jordan is one of the largest and oldest industrial companies in Jordan, founded in 1951 as a public shareholding company, with concession.

The company has two plants in Fuhais and Rashadiyeh, and an export terminal in Aqaba, which was established in 1992.

Production Capacity of the company is (4.8) million tons.

In 1998. Jordan government sold 33% of its share to Lafarge Group, that presently owns (50,2%) of the company.

Lafarge Group was founded in 1833, and is now the world leader in building materials; active in 64 countries, with 1.570 industrial sites worldwide and 65,00 employees.

Our Vision

To remain the leader in Cement and Building Materials in Jordan.

To do so..

- **We will provide the safest environments for our employees, customers, suppliers, contractors and visitors.**
- **We will retain, attract and develop the best talent.**
- **We will aim to be the best partners for our customers.**
- **We will strive to be welcomed by all our stakeholder.**
- **We will provide the best returns on investment to our shareholders.**

Our Values

- **Courage**
- **Integrity**
- **Commitment**
- **Consideration for others**
- **Concern for Company and Group**

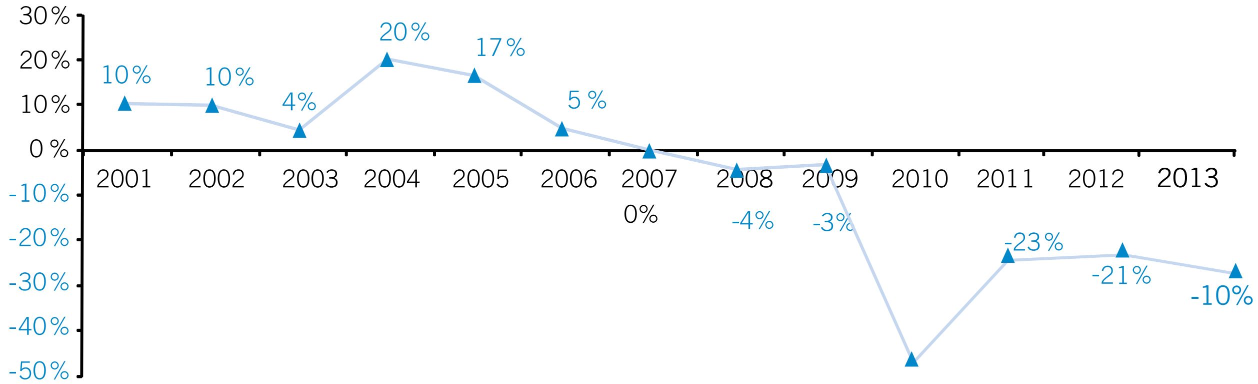
"The Lafarge Way"

HIS MAJESTY KING ABDULLAH II BIN AL HUSSEIN

Key Figures

Safety Results (2002-2013)

Local Market Sales Growth Percentage (2001-2013)



1 BOARD OF DIRECTORS

Letter from the Chairman

Dear Shareholders,

On behalf of myself and members of the Board of Directors, I would like to present to you Lafarge Cement Jordan 62nd Annual Report, which addresses the Company's results in 2013, and explains the main factors that has lead to this results.

2013 annual results showed a net loss of (26.2) million Dinars, compared to a net loss of (19.7) million Dinars in 2012. This loss is attributed to drop in sales as a result of sever competition due to the imbalance between supply and demand, whereby total local production exceeded 11 million tons, against a local demand around 4 million tons. This loss is also attributed to fuel costs, despite all the efforts implemented by the company for many years to use alternative sources of energy.

Despite these difficulties, the Company started using ground coal in Rashadiya plant. However, Fuheis plant stopped production since the beginning of 2013, as the company is still unable to use coal in Fuheis Plant.

The Company continued to meet the needs of our customers, providing them with high quality products and sustaining our market share.

In conclusion, we as Board of Directors have full confidence in the Company's ability to ensure its competitiveness in the Jordanian market in the coming years .

Neil Curtis

Neil Curtis.

Letter from the Chief Executive Officer

Dear Shareholders,

In 2013 the company achieved a significant part of its priorities. It was able to translate these achievements to reality inspite of several crises that had a direct negative affect on the results .These crises included the twin factors of; decreases in sales due to severe competition, and increases in production costs.

The sales volume decreased by approximately 10%, which had a direct negative impact on net sales value, which were also negatively impacted by price decreases. Moreover the significant increase in electricity costs in 2013 and the increase in mining costs and other variable costs, let to a sustained increase in cost of sales. Add to that an increase in transport cost as a direct result of the remoteness of the Rashadeya plant in relation to the location of the cement consumption centers.

The Company continues to operate at less than full production capacity, ever since production at Fuhais plant stopped early 2013, due to the non-feasibility of production using the high-cost fuel oil. As, regrettably, the obstacles facing the usage of coal at Fuhais plant still exist. This in itself is a harm and burden to the Company, since it has a direct impact on costs due to the strategic location of Fuhais plant as compared to Rashadeya plant. The production surplus has led to a decrease in the utilization level of Rashadeya plant to only 29% of its production capacity.

Inspite of the severity of the crises that the Company had witnessed, nonetheless it persevered to keep its leading position in the market taking into account the necessity of improving its competitive abilities in light of the sever competition currently faced in the cement market.

The Company's management has focused on reducing production costs, primarily the cost of fuel. As a result, the Company began using ground coal at Rashadeya plant, where the coal mill was effectively commissioned in December 2013. This has resulted in raising the Company's competitiveness in relation to the other companies which were using alternative energies for a while before us. This is one of the top achievements of which we are proud of in 2013.

The Company has also continued to implement a number of programs related to its priorities and they are:

Health and Safety - our top priority:

The company faced major challenges in this regard. Nonetheless, the attention and focus of the management on activating Health and Safety rules and procedures as well as reinforcing the awareness of employees to the importance of safe behavior in all work locations is still top priority for the company. This materialized during the many field visits conducted by the management team, as well as through the many activities most important of which is the Health and Safety Month which is annually held with participation of all employees and contractors.

Customers Services and Satisfaction:

Our Company adopts a clear marketing strategy aimed at maintaining our market share through providing our customers in particular and the construction sector in general with high quality cement products. This marketing strategy includes the provision of the best services and solutions to retain the trust and loyalty of our customers in a market that is still suffering from oversaturation. Our sales team continues their outreach to our customers on direct and daily basis to ensure meeting their needs, and rendering technical support to them through our Customer Service Center, and the Concrete Laboratory, using the latest methods of technology. In addition, we have conducted training courses for the sales team to enhance their sales skills and performing local surveys of cement market.

Cost Reduction:

The Company continued in 2013 to take many procedures to reduce fixed costs and control unnecessary administrative expenses to improve the company's competitiveness; among those procedures taken are: controlling and reducing maintenance costs, using the less costly alternative fuel, and reducing administrative expenses, noticeably.

People Development:

The human resources and the technical expertise of the company's employees have enabled us to deal competently and successfully with the crises we faced. The Company continued rendering its internal training programs to enhance employee's skills, whereby over 400 training days in a number of fields were conducted, with special focus on safety training programs in addition to career development.

Social Responsibility:

The Company continued to ensure its social responsibility commitments towards the local communities around its plants through cooperating with the municipalities of Fuhais, Mahes, Bseira and Qadisiyeh. The Company has also continued to finance some of the projects that were agreed upon since four years ago in Bseira and Qadisiyeh. However, the Company was forced to reduce its annual support for these municipalities due to the difficult financial situation. The Company has also stopped its support to a number of civil society organizations that it used to support in the past.

Honorable Shareholders,

Despite the negative financial results in 2013, I still believe that we have been successful in defining our priorities for the past year and working with great diligence and determination towards making these priorities realities especially in relation to starting the use of coal and alternative fuel. I firmly believe that with God's grace first, then your constant support and stand with your company, we will march forward with firm steps towards improving the financial situation of the company, and to stand again on firm ground that will preserve the company's competitiveness in the years to come God willing.

Toufic Tabbara

Future Outlook

Dear Shareholders,

2014 will yet be more challenging for us in order to improve our competiveness and sustain our market share. It is expected that the market will remain saturated with cement products which will make the supply exceed the demand significantly.

Therefore, the Company will continue to work on implementing a number of programs and plans in 2014 to guarantee its competitiveness.

To achieve this, efforts will be exerted to implement the following five priorities:

1. **Health and Safety:** We will launch a safety initiative to engage, mobilize and enhance the commitment of all employees to create a positive culture and work environment. We will renew the commitment of each and every one of us to the rules and procedures for health and safety. Moreover this initiative will include many activities to reach the goal of "ZERO" work related accidents.

2. **Customer Service & Satisfaction:** We will strive to maintain our market share and work to increase cement sales, and continue to provide the Jordanian market with the best cement products in terms of quality and variety and best services to our customers.

3. **Cost Reduction:** we will continue to lower our production cost, by using coal and other alternative energy resources in Rashadeya plant, in addition to continue reducing unnecessary costs.

4. **People Development:** We will focus on internal trainings on Health & Safety, in addition to building the skills of our sales force in particular.

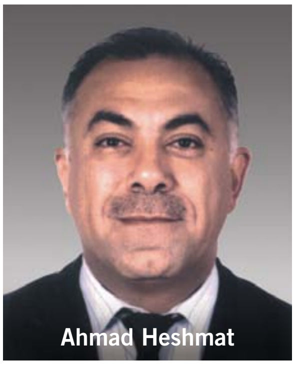
5. **Social Responsibility:** We will maintain the positive and good relations with our partners in the local communities in which we work to become the welcomed partner in these areas.

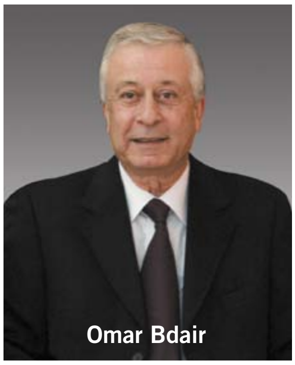
In conclusion, I trust that we are capable of achieving these priorities and finding the suitable solution to the obstacles that might face us during the execution given what is available to us of trained and skilled human resources for this cause. I am also confident that exiting the financial difficulty that the company has passed through in the last two year has become possible, specifically after the start of using coal in Rashadeya plant.

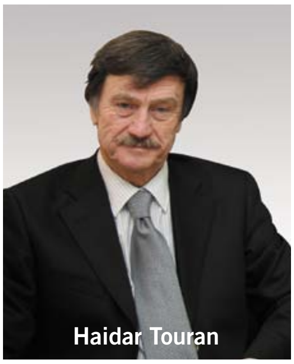
Toufic Tabbara

MEMBERS OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Members of Board of Directors







Neil Curtis

- Chairman of the Board of Directors and Lafarge representative as of 22/10/2013. Previously a Board member between 24/04/2006 and 25/4/2011
- Holder of Bachelor of Civil Laws (BCL) from University College Cork in Ireland. Qualified as Solicitor.
- Holder of M.A. in Business Law – France.
- Member of the Law Society of Ireland and Law Society of England & Wales.
- SVP and Deputy General Counsel of Lafarge Group since 2008.
- Member of the Board of Directors at a number of Lafarge subsidiaries in the Middle East and Africa regions.

Louis Chavane

- Chairman of the Board Directer's and Lafarge represesen tative until 21/10/2013
- Graduate of Finance from Dauphine University.
- He started his career with KPMG in France as an External Auditor. Subsequently, he joined Colgate Palmolive in France as its Director of Internal Audit Department.
- In 1985, he was appointed the Financial Controller of Schlumberger for various business units based in France and Mexico.
- Joined the Lafarge Group in 1989 as Chief Financial Officer for Cement, and then for Aggregates & Concrete, Subsequently, he held the position of Chief Executive Officer of various Aggregates & Concrete business. He was promoted to the position of Senior Vice President, Finance of the Gypsum division in 2009.
- He was appointed to his current position as Senior Vice President Finance for Cement, Aggregates & Concrete activities attached to one of the Lafarge Group EVP since 2012.

Ahmad Said Heshmat Hasan

- Deputy Chairman of the board and Lafarge representative as of 22/7/2008
- Holder of BS in Architectural Engineering , Diploma in Financial Management –Egypt, and Certificate in Business Management-Switzerland
- Worked at leading International Companies in Egypt and Arab Gulf, joined Orascom in 1998 and held several positions in it.
- Joined Lafarge in 2008, and was appointed as Regional President for Cement Division's operations in the Middle East and Pakistan.

Omar Bdair
- Member of the Board and representative of the private sector as of 8/2/2006
- Holder of M.A degree in Civil Engineering- USA.
- Worked as Chairman of Arabian Technical Construction Co. and Jordan Cement Company.
- Member of the Board of Directors at a number of Jordanian companies and societies.

Toufic Tabbara
- Member of the Board and representative from 1/2/2012
- Holds a Bachelors of Business Administration from The American University of Beirut (Lebanon, 1995) and a Master's of Business Administration from The American Graduate School of international Management, Thunderbird (USA, 1997).
- Started his career with the Republic National Bank of New York in London, UK as an analyst.
- Joined Lafarge in 1998 as Manager of Strategy and Development of the Gypsum activity in Reston, Virginia.
- In 2001, he was appointed Director of Asphalt and Paving Performance in Denver, Colorado.
- In 2004, held the post of General Manager for Ready Mix for Western New York, subsequently he was appointed in 2006 as General Manager Concrete for the Quebec Province, Canada.
- In 2008, he was appointed as Business Unit Manager Egypt, Aggregates and Concrete based in Cairo.
- In 2012 he was appointed as Country CEO for Cement & Concrete in Jordan.

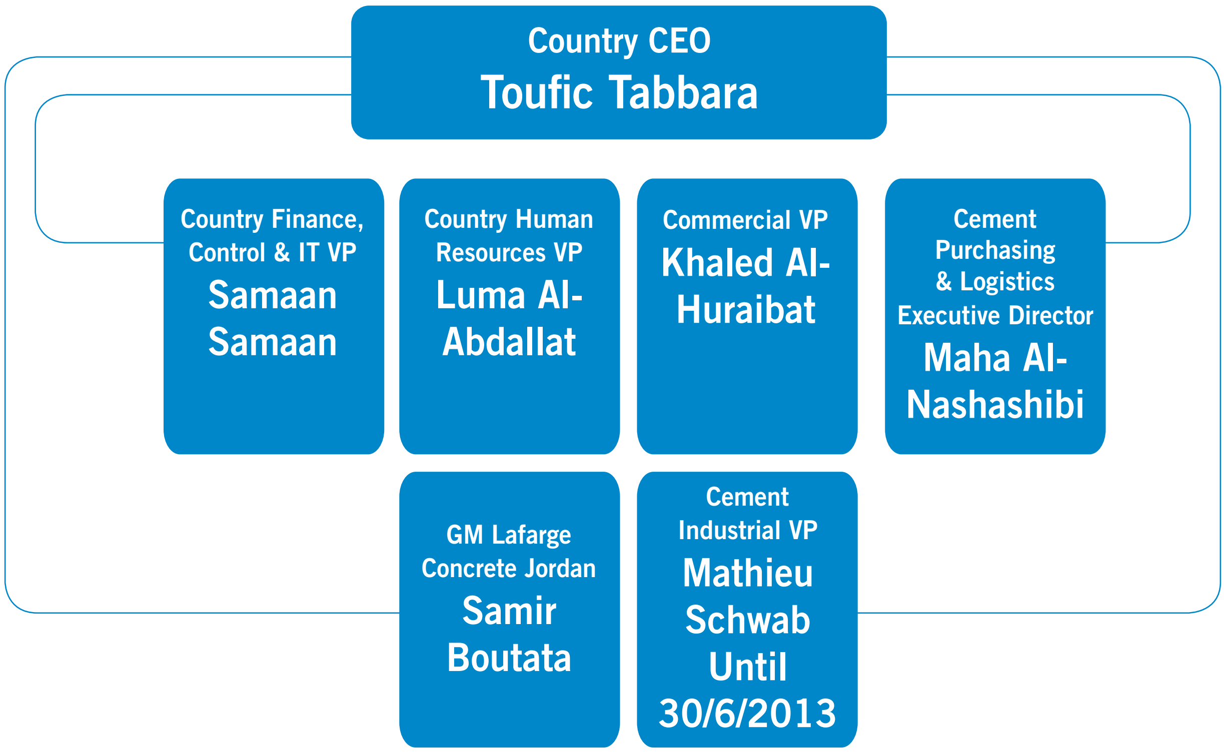
Samir Boutata
- General Manager Lafarge Concrete Jordan as of 1st September 2011.
- Holder of a Post Graduate Degree in International Business from Paris La Sorbonne University, and a Master's Degree in Finance from Paris Dauphine Institute - France.
- Joined Lafarge Group in 1997 and worked for 15 years at Lafarge and held several positions in France, UAE, Switzerland, Jordan in the fields of Finance & Control and Strategy & Business Development.

Haidar Izzat Toran
- Member of the Board of Directors and Social Security representative as of 15/6/2009
- Holder of PHD in political economy.
- Held several positions including Public Relations Director of the National Bank of Jordan.
- Board Member of several national bodies and institutions and president of General Union for banking, insurance, and accounting, and Assistant Secretary-General for Culture and Information of the General Federation of Trade Unions of Jordan.

Ashraf Abu Al-Khair
- Member of the board and Lafarge representative as of 26/4/2011
- Holder of PHD in Business Law.
- Worked as a Business Lawyer in Egypt and France.
- Joined Lafarge in 2003 as General Counsel for Egypt, in 2006 he joined Lafarge SA Paris as a Senior Legal Counsel for the regions Latin America and Middle Europe, and in 2008 he has been appointed as Lafarge General Counsel for Middle East and Africa.

Abd Al-Halem Al-Hiary
- Member of the Board of Directors and Social Security representative as of 20/10/2011
- Holder of BA degree in Law.
- Currently works as a Department Manager in Social Security Corporation.
- Board Member of several national bodies and institutions; Consultancy Firm, Arab Engineering Industries and Industrial Development Bank.

Organizational Chart of the Company's Executive Committee



Organization Structure for the Subsidiary Company (Lafarge Concrete Jordan)

Executive Committee

Toufic Tabbara
- Holds a Bachelors of Business Administration from The American University of Beirut (Lebanon, 1995) and a Master's of Business Administration from The American Graduate School of international Management, Thunderbird (USA, 1997).
- Started his career with the Republic National Bank of New York in London, UK as an analyst.
- Joined Lafarge in 1998 as Manager of Strategy and Development of the Gypsum activity in Reston, Virginia.
- In 2001, he was appointed Director of Asphalt and Paving Performance in Denver, Colorado.
- In 2004, held the post of General Manager for Ready Mix for Western New York, subsequently he was appointed in 2006 as General Manager Concrete for the Quebec Province, Canada.
- In 2008, he was appointed as Business Unit Manager Egypt, Aggregates and Concrete based in Cairo.
- In 2012 he was appointed as Country CEO for Cement & Concrete.

Samir Boutata
- General Manager Lafarge Concrete Jordan as of 1st September 2011.
- Holder of a Post Graduate Degree in International Business from Paris La Sorbonne University, and a Master's Degree in Finance from Paris Dauphine Institute - France.
- Joined Lafarge Group in 1997 and worked for 15 years at Lafarge and held several positions in France, UAE, Switzerland, Jordan in the fields of Finance & Control and Strategy & Business Development.

Samaan Samaan
- Country Finance, Control and IT VP.
- Holder of BA Degree in Accounting – University of Jordan.
- Certified Public Accountant (CPA) from USA and member of Jordanian Association of Certified Accountants (JACPA).
- Joined Lafarge in 2005 and held several positions in Jordan.

Mathieu Schwab
- Cement Industrial VP Until 30/6/2013.
- Holder of a higher diploma in Engineering- France.
- Joined Lafarge in 1996 and held several positions in France.
- Joined the company in 2007.

Maha Al Nashashibi
- Cement Purchasing and Logistics Executive Director.
- Holder of B.A degree in English Literature-Jordan.
- Held several positions in the Banking Sector.
- Joined the company in 2001 and held several positions in finance.

Khaled Al Huraibat
- Cement Commercial VP.
- Holder of M.A degree in Business Administration– Philippines.
- Held several positions at a number of other companies.
- Joined the company in 2001 and held several positions in Marketing and sales.

Luma Al-Abdallat
- Country Human Resources VP.
- Holder of BSc. in Industrial Engineering, and M.A in International Human Resources Management.
- Held several positions in the field of management consulting and organizational development and human resources consulting in Jordan.
- Joined Lafarge in 2006 and held several positions in Human Resources Management in Jordan.

2

COMPANY ACHIEVEMENTS IN 2013

Health and Safety

- Safety results for 2013 were not satisfactory. One fatality happened with one of contractor loading labor in Fuheis Plant. Another two work-related lost time injuries (LTIs) happened at Rashadeya Plant. However, the Company continued its efforts to ensure safe working conditions to all employees and improve work conditions at all our sites.

- A total of 1584 near-miss accidents were reported during 2013, compared to 1524 near-miss reporting in 2012, indicating a 4% increase

- The Company continued performing energy isolation and reviewing working at height (WAH) procedure, both of which have been 100% completed in previous years. Comprehensive revision has also been done for Contractors' Management Standard, and the implementation of safe electrical applications started in 2013.

- On Safety training, nearly 400 hours of training were conducted in various topics, marking an increase of 25% compared to 2012.

- Also this year, the Company celebrated the 2013 Health and Safety Month. The activities were under the theme of "At Work ... At Home, Safety First".

Environment

- As part of its continuous efforts towards environmental improvement and development, the Company adopted a number of plans and programs at both plants. These activities were the outcome of internal and external environmental audits to maintain good environmental condition in our plants.

- The Company completed the second stage of environmental management system review (ISO14001) following the comprehensive theoretical revision that was initiated since the end of 2011 and carried throughout 2012 - 2013.

- A total of 700 trees were planted at Fuhais Plant and 200 trees at Rashadeya Plant as part of the quarries' rehabilitation plan.

Industrial Performance

- Production at Al-Fuhais plant has been stopped since the beginning of 2013 due to non feasible utilization of the costly fuel oil in production.

- Tangible improvement in the technical performance at Rashadeya plant following the use of ground coal as a source of energy.

Sales and Marketing

1. The Local Market

- The Company's market share declined compared to2012 due to sever competition; nonetheless, the Company maintained its leading position in the cement market.

- The imbalance between demand and supply affected the prices significantly especially in the second and third quarter of the year. The prices improved in the last quarter of 2013.

2. Marketing

- The Company continued to provide high quality white cement to traders and consumers.

- The Company played effective role in providing its customers with high quality of cement products and strong relations with its customers

3. Training

• In 2013, focus was given to internal training activities and programs in order to reduce costs as much as possible. With regard to safety related training which remains the company's first priority, several important fields were covered, including:

- Hand and Eye Safety Course
- Electricity Risks Course
- Dust and Noise Risks Course

The following table summarizes the training efforts conducted during 2013:

No.	Training Field	Training Days
1	Public Safety	269
2	Self Development Plans	107
3	Lafarge University	6
4	Capacities	25
5	Awareness Sessions	35
	Total	**442**

Sustainable Development

Despite the Company's respect to its commitment to support and develop the local communities around its plants, yet it was unable to start implementing some of its Corporate Social Responsibility programs in order to reduce costs. The Company has therefore opted for continuing to finance the completion of development projects in Bseira and Al-Qadisiyah that had been approved since over four years. These projects are:

1. Multi purpose Hall in Bseira Municipality
2. Residential apartments for Al Qadesiya Municipality

3

FACTS AND FIGURES ON LAFARGE GROUP IN 2013

LAFARGE PROFILE

KEY FIGURES
(at December 31, 2013)

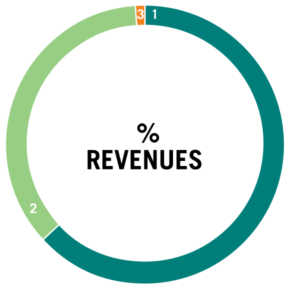
62
countries

64,000
employees

15,198
revenues
in million euros

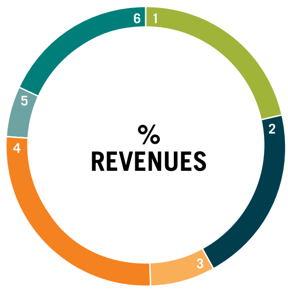
1,636
production sites

GROUP REVENUES BY ACTIVITIES
(at December 31, 2013)



1. Cement	63.5%
2. Aggregates and concrete	35.9%
3. Other	0.6%

GROUP REVENUES BY GEOGRAPHIC AREA
(at December 31, 2013)



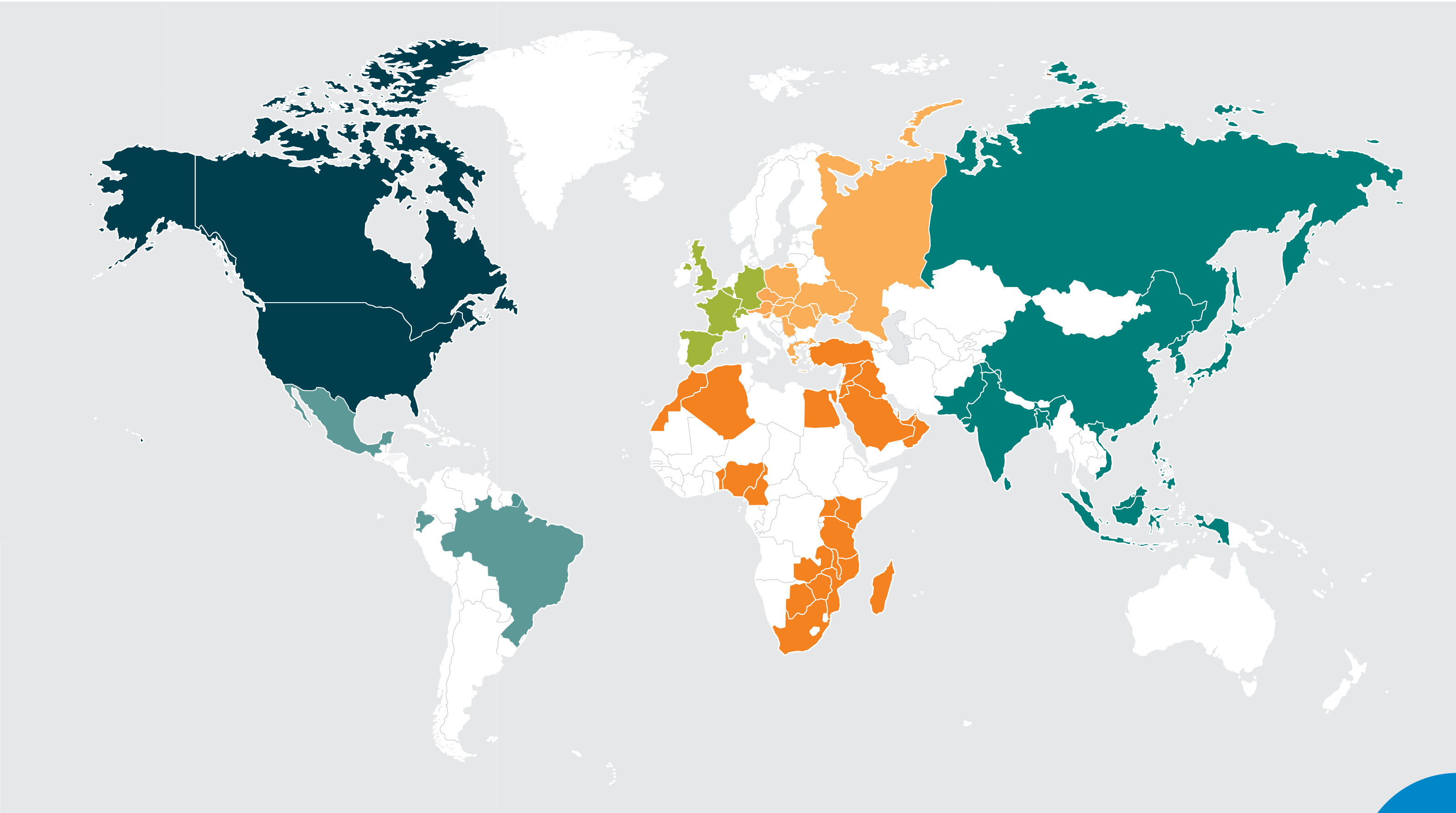
1. Western Europe	21.4%
2. North America	20.6%
3. Central and Eastern Europe	7.5%
4. Middle East and Africa	26.9%
5. Latin America	5.7%
6. Asia	17.9%

NET INCOME GROUP SHARE

601 M€

LAFARGE WORLDWIDE (December 31, 2013)

Western Europe | North America | Central and Eastern Europe | Middle East and Africa | Latin America | Asia



World map of Lafarge's presence as of December 31, 2013 (plants and sales offices).

CEMENT WORLD LEADER

56
countries

38,000
employees

9,657
revenues
in million euros

155
production sites

N°2 AGGREGATES & N°4 CONCRETE

37
countries

25,000
employees

5,451
revenues
in million euros

1,481
production sites

4

JORDAN SECURITIES COMMISSION REQUIREMENTS RECORDS FOR 2013

Jordan securities commission requirements records for 2013

A. Letter from chairman: Please refer back to page (8)

B. Board of Directors Report:

Six meetings were held by the Boards of Directors during 2013

1. Company's Main Activities:

a. The company's main activities are producing, manufacturing and selling of cement.
b. Geographical distribution of the company is as follows:

No.	Location	Headcount
1	Head office- AMMAN	103
2	Fuhais Plant- Fuhais	214
3	Rashadya Plant- Tafila	272
4	Aqaba sales office- Aqaba	2
5	Aqaba Terminal-Aqaba	2
6	Eritrea & Sudan Terminals	-
	Total	593

C. The total capital investment for the company and its subsidiaries reached 410 MJD in 2013.

2. Associate companies & Subsidiaries:

1. Sudan Company CTS- SUDAN
The subsidiary (CTS Company -SUDAN) is managed by CEMENTIA who in turn manages Eritrea & Sudan terminals. Lafarge Cement Jordan is no longer controlling the Financial and operational strategies for this company.

2. Name of Subsidiary: **Arab Concrete Supply Company (Lafarge Concrete Jordan)**

- Type of subsidiary: limited liability
- Main activity: Ready mix
- Subsidiary capital: 1,915,000 JD
- Ownership percentage: 51%
- Address:

    85 Al Sharif Naser Bin Jamil str.-shmeisani
    P.O.Box 930490
    Amman-Jordan
    Tel:06-5507250 Fax:06-5507260

Headcount: 283 employees (distributed as per below schedule over the different plants & locations):

Abu Alanda plant	50
Shafa badran plant	31
Irbid plant	30
Dleil plant	22
Sweileh plant	38
Jerash plant	12
Maintenance	39
Lab	23
Head Office	23
Aqaba	15

* In March 2011 Arab Concrete Supply Company (the subsidiary) has established Arabian Specialized Transportation Company 100% owned by the **Arab Concrete Supply Company (Lafarge Concrete Jordan)**

Type of subsidiary: limited liability
Main activity: Transportation
Ownership percentage: 51%

3. Members of board of directors: Please refer back to page (12)

Higher/ Top Management: Please refer back to page (14)

4. The Main shareholders:

Shareholder name	Nationality	Number of shares 2013	Percentage	Number of shares 2012	Percentage
Lafarge	French	30,388,664	50.275%	30,388,664	50.275%
Social Security Corporation	Jordanian	13,197,226	21.83%	13,197,226	21.83%
Mayloud Shoaiby	Moroccan	6,232,125	10.31%	6,232,125	10.31%

5. Competitive Position:

During 2013 an increase in competition was noticed especially on cement prices. As a step to reduce the increase in energy cost, the company started using ground petcoke in Rashadiyah Plant while the coal mill to support the future of the company was commissioned in December 2013 despite the extra freight cost incurred as a result of transporting product from Rashadiyah to the market.

6.Main Suppliers & Customers:

a	Suppliers:	Supply % of total company purchases
	1- National Electricity Company	25%
	2. Heracles General Company	19%
	3. Jordan Petroleum Refinery Company	18.8%
b	Main Customers:	Sales % of total company sales
	1. Arabia Company for Concrete Industries.	22.9%
	2. Emaar Jordan Building Materials	12.2%

4

7. Franchise, Collateral & Invention Rights :

No collateral agreement is provided for Lafarge Jordan Cement Company by the government, in addition to the expiration of the Merit agreement with the government by the end of year 2001.

The company did not obtain any patents during 2013.

8. Government Decisions & International Quality Standards:

a) Government decisions:

The fact that company continues not being able to use coal in Fuhais Plant as a source of energy puts the company in a disadvantage position.

The increase in electricity & water prices negatively impacting company's production cost

b) International Quality Standards:

The company applies the International Quality Standards and has obtained the following certificates:

1. ISO 9001
2. ISO 14001

9. A. Organizational Hierarchy:

Please refer back to page (14)

B. Headcount by Qualifications

Qualification / certification	Headcount as of 31/12/2013
MASTER'S DEGREE	11
HIGHER DIPLOMA	1
BACHELORS DEGREE	149
COMMUNITY COLLEGE DIPLOMA	97
TAWJIHI (Secondary education certificate)	55
BELOW TAWJIHI	158
ILLITERATE	1
APPLIED SECONDARY EDUCATION CERTIFICATE	55
TRAINING CERTIFICATE	66
TOTAL	593

Subsidiary's Headcount by Qualifications

Company	Headcount	PHD & Master Deg.	Bachelor Deg.	Diploma	Tawjihi
Plants	260	1	26	14	219
Head Office	23	2	15	3	3
Total	283	3	41	17	222

C. Employee development & training programs:

Please refer back to page (18)

10. Risks:

1. Continuous increase in energy & raw material price.
2. Allowing continuous importation of clinker & cement.
3. The small size of the Jordanian market at the presence of five companies producing and selling cement .
5. Impact of economic slowdown on the overall cement market.

11. Main activities & achievements:

Please refer back to page (17)

12.Financial impact of non recurring activities:

Non.

13. Evolution of profit, dividends, shareholders equity, securities prices:

Year	Net profit before tax & fees (JD million)	Dividends (JD million)	Distribution	Net shareholders equity (JD Million)	Price per share (JD)
2005	80.790	90.667	150%	200.974	13.27
2006	67.250	39.289	65%	165.515	12.84
2007	57.948	39.289	65%	173.308	10.95
2008	60.023	39.289	65%	183.248	6,45
2009	57.180	39.289	65%	188.941	7,1
2010	0.447	-	-	147.654	4.75
2011	(19.887)	-	-	127.329	1.75
2012	(22.390)	-	-	106.963	1.37
2013	(26.225)	-	-	76.908	1.34

14.Financial position Analysis & Results:

Lafarge Cement Jordan's 2013 annual results showed a net loss of (26.2) million Jordanian Dinars compared to a net loss of (19.7) million Jordanian Dinars in 2012. Forceful measures to reduce fixed costs mitigated the continuous increase in operating costs as well as the heavy administrative fixed costs, however, results decreased due to drop in sales as a result of severe competition.

As a step to further reduce costs, the company started using ground Petcoke in Rashadiah plant while the coal mill to support the future of the company was commissioned in December 2013. Noting that the company is still not able to use coal in Fuhais plant.

Company's financial statements in 2013 are consolidated minority interest is 1.377 MJD in 2013.

Below is a list of key financial indicators for the company in 2013 compared to 2012:

No	Financial indicator	2013	2012
1	Return per share	-43%	-33%
2	ROI (return on investment)	-14%	-10%
3	Return on shareholders equity	-31%	-17%
4	Return on capital	-43%	-33%
5	Return on sales	-29%	-18%
6	Working capital	-27,315,273JD	-10,401,816JD
7	Working capital / shareholders equity	-32%	-9%
8	Revenues/Assets	66%	84%

Government Income:

Lafarge Cement Jordan contributed to government treasury and thus to the jordanian economy by almost 9.4 MJD during 2013 compared to 9.1 MJD in 2012:

The list below is the government returns for the years 2006-2013:

Year	Profit MJD	VAT MJD	Income tax & *other fees MJD	Total MJD
2006	0.094	40.642	12.908	53.644
2007	0.051	41.246	13.415	54.712
2008	0.096	42.993	12.111	55.200
2009	0.096	39.819	11.741	51.656
2010	-	22.904	10.927	33.831
2011	-	18.867	0.841	19.708
2012	-	8.441	0.659	9.100
2013	-	8.998	.440	9.438

* "Other fees" have been added to income tax column; ie University fees & R&D.

15. Future development, 2015 Plan & the Board Forecasted Financial results

Please refer back to page (10)

16. Audit Fees:

Total Audit fees for the external auditors E&Y for the year ended 2013 is 60,500 JD.
The total amount paid to the external auditors E&Y for work done at the subsidiaries was as follows:

Company	Audit fee	Other	Total
Lafarge Concrete Jordan	14,750	-	14,750
Arabian Specialized Transportation Company	2,500	-	2,500
TOTAL	17,250	-	17,250

17. 1 Securities owned by Board of Directors members:

Description	Title	Nationality	No. of shares 2013	No. of shares 2012
Lafarge Company Represented by :			30,388,664	30,388,664
1-Neil Curtis	Chairman from 22.10.2013	French	None	None
2- Louis Marie Chavane	Chairman until 21.10.2013	French	None	None
3-Ahmad Said Heshmat Hasan	Vice chairman	Egyptian	None	None
4-Toufic Ahmed Tabbara	Member	Canadian	None	None
Social Security Corporation Represented by :			13,197,226	13,197,226
Haidar Izzat Toran	Member	Jordanian	None	None
Rama company for saving and invstment			10,000	10,000
Abd Al-Halem Al-Hiary	Member	Jordanian	None	None
Private sector Represented by : Omar Bdeir	Member	Jordanian	56,356	56,356
Lafarge Concrete Jordan : Samir Boutata	Member	French	2,000 10	2,000 10

No other companies' shares are controlled by members of the board.

17.2 Securities owned by Board of Directors' relatives:

No.	Description	Nationality	No. of shares 2013	No. of shares 2012
1.	Ghada Ahmad Mukhtar / Wife of Member of the board Omar Bdeir	Jordanian	115	115

-No shares owned by other members of the board relatives.
- No shares owned by relatives of the higher management.
- No other companies' shares are controlled by members of the board.

17.3 Number of shares owned by Top Management:

Description	Title	Nationality	No. of shares 2013	No. of shares 2012
Toufic Tabbara	Country CEO	Canadian	None	None
Samaan Samaan	Country Finance Control & IT VP	Jordanian	None	None
Luma Al-Abdallat	Country Human Resource VP	Jordanian	None	None
Mathieu schwab	Cement Industrial VP till 30/6/2013	French	None	None
Ms. Maha Nashashibi	Cement Purchasing & Logistics Executive Director	Jordanian	None	None
Khalid Huraibat	Commercial VP	Jordanian	None	None

No other companies' shares are controlled by Executive committee.

4

18 A. Board of Directors remuneration & benefits:

	Description	Title	Yearly salary	Transportation allowance (JD)2013	Board Remuneration 2012(JD)	Yearly Travel expenses (JD)	Total Yearly benefits (JD)	Others
1	** Neil Curtis	Chairman from 22.10.2013						
2	** Louis Chavane	Chairman until 21.10.2013						
3	**Ahmad Said Heshmat Hasan	Vice chairman	-	-	-	-	-	-
4	** Toufic Tabbara	Member	-	-	-	-	-	-
5	Omar Bdeir	Member	-	3,627	149	-		-
6	* Abd Al-Halem Al-Hiary	Member	-	-	-	-	-	-
7	* Haidar Rashid	Member	-	-	-	-	-	-
8	Samir Boutata	Member	-	-	-	-	-	-

*Transportation Allowance & remuneration package for Social Security Corporation representatives amounting 3,776 have been transferred to Social Security Corporation.

** Remuneration package for Lafarge Company representatives' amounting 446JDs after tax for 2012 have been transferred to Lafarge Company -France.

*** Transportation Allowance & remuneration package for Rama Company for Saving and Investment Amounting 3,776 have been transferred to Rama Company for Saving and Investment.

**** Remuneration package for Arabia Company for Concrete Industries representatives' amounting 149 JDs have been transferred to Arabia Company for Concrete Industries.

18 B. Top Management remuneration & benefits:

	Description	Title	Monthly salary(JD)	Yearly remuneration & other allowance (JD)	*Yearly Travel expenses (JD)	Tax paid locally & Externally(JD)	Other benefits
1	**Toufic Tabbara	Country CEO	16,050	100,357	2,745	69,479	Status Car & house rent
2	Luma Al-Abdallat	Country Human Resource VP	6,137	28,025			
3	Samaan Samaan	Country Finance Control & IT VP	7,157	34,410			
4	Mathiew Schwab	Cement Industrial VP Until 30/6/2013	9,420	40,181	1,576		Status Car & house rent
5	Maha Nashashibi	Cement Purchasing & Logistics Executive Director	6,187	27,315			
6	Khalid Huraibat	Commercial VP	6,636	25,091			Status Car

*Represents travel, tickets, accommodation & travel expenses for the top management members & does not include travel perdiems, for which they are not entitled.

19. Donations Paid accrued in 2013:

No.	Description	JD
	Support Local Community	140,217

20. Commitments, Contracts & Projects with Associate companies:

LCJ Company's relations with the associate (STRAMCO) during 2013 amounted to 3,177,418 JD, which represents the transport of raw materials, clinker and cement & Stramco purchase cement with amount 1,085,031 JD.

LCJ Company's relations with the Subsidiary (Lafarge Concrete Jordan) during 2013 amounted to 15,026,262 JD, which represents the net purchases of cement.

LCJ Company's relations with the associate company (Jordanian Environment Solution Company) during 2013 amounted 3,442,614 JD which represents purchasing alternative fuel. LCJ revenue 56400 JD which represent Office rent & administration fees.
The company in 2013 did not make any commitments, contracts & projects with Chairman of the Board or Board of Directors or General Manager or with any employee in the company or their relatives.

21. A- Company's environmental contribution:

Please refer back to page (18)

B- Company contribution in serving the local community

Please refer back to page (19)

C-1 The Board of Directors confirms that there are no significant issues that may affect company's continuity over the coming year.
2. Confirms its responsibility for preparing the financial statements and providing an efficient control system within the enterprise.

Name	Chairman of the Board **Neil Curtis**	Vice chairman **Ahmad Heshmat**	Member **Toufic Tabbara**	Member **Omar Bdeir**
Signature:				

Name	Member **Samir Bottata**	Member **Haidar Rachid**	Member **Abd Al-Halem Al-Hiary**
Signature:			

3. We sign here below to confirm the correctness, accuracy, and completeness of the information in this report.

Name	Chairman of the Board **Neil Curtis**	General Manager **Toufic Tabbara**	VP Finance **Samaan Samaan**
Signature:			

4- The Company confirms applying the terms of the guidelines of the governance except for the following items:

Rule		Reason
At least one third of Board members is of independent members.	Not Applied	Because six members out of seven represent persons who own more than 10% of Company shares.
The Board constitutes of a permanent committee called the Nominations & Remuneration Committee.	Not Applied	Not formed; not required by law.
Audit and Nomination & Remuneration Committees are composed of at least three non-executive board members, of which two of them are independent members and chaired by one of the independent members.	Partially applied	Applied within Audit Committee; its composed of one independent member as six out of seven members are non independent.
Subject to Board approval, each of the two committees sets written procedures defining their scope and obligations.	Partially applied	Applied within Audit Committee
Each of the two committees' provides the Board with their decisions and recommendations. General Assembly shall receive as well a report in regard to work performed.	Partially applied	Applied within Audit Committee
The Nomination & Remuneration Committee shall perform the following tasks: 1. Ensure the independence of its independent members on an ongoing basis.	Not Applied	No Nominations and Remuneration committee.
2. Preparing a policy in regards to granting remunerations, benefits, incentives and salaries in the company, reviewed on an annual basis.	Not Applied	No Nominations and Remuneration committee. The company has a policy addressing benefits, bonuses, incentives and salaries.
3. Specify company's need in regards to competencies and selection process to Executive Management levels as well as employees.	Not Applied	No Nominations and Remuneration committee. The company has a policy addressing benefits, bonuses, incentives and salaries.
4. Preparation of Human Resources and training Policy in the company and monitoring its implementation.	Not Applied	Done through the Company management.
Nominations & Remuneration Committee is authorized to: 1. Request any data or information from company's employees who must cooperate to provide this information fully and accurately.	Not Applied	No Committee
2. Seek legal, financial, administrative or technical advice from any external consultant.	Not Applied	No Committee
3. Request the presence of any employee for any necessary clarifications.	Not Applied	No Committee
The Board of Directors sends invitations to each shareholder by e-mail to attend the General assembly meeting before 21 days of the meeting, appropriate arrangements and procedures to be done, including the place and time.	Partially applied	According to Companies Law; invitations to shareholders to be send 14 days prior to meeting date by mail as there is no e-mail listing in the records of shareholders.
The date and venue of the General Assembly meeting to be announced in three local daily newspapers at least twice and on the Company website.	Partially applied	Announced in one newspapers and on TV according to law.
The Board of Directors shall provide shareholders with necessary Information attached to the General Assembly invitation flier in regard to shareholders to be members in the Board of Directors.	Not Applied	Nominees are announced at the Board members election day which is the General Assembly day.
The Audit Committee meets external auditors without the presence of any of the executive management or its representatives, once a year at least.	Partially applied	Financials presented by Company Management during their meeting with the Audit Committee
Company commits to not involving External Auditors in other assignments.	Partially applied	Any other work besides the scope of audit is approved according to internal procedures. External Auditor is currently performing Sales tax services.

5 CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JORDAN CEMENT FACTORIES PUBLIC SHAREHOLDING COMPANY AMMAN – JORDAN

Consolidated Financial Statements Report

We have audited the accompanying consolidated financial statements of Jordan Cement Factories Public Shareholding Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Legal Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements are in agreement with.

Amman – Jordan
12 February 2014

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 JD	2012 JD
Assets			
Non Current Assets –			
Property, plant and equipment	4	118,728,463	128,466,380
Financial assets at fair value through other	5	227,637	207,445
comprehensive income	6	270,562	321,859
Investment in an associate	3	2,495,945	2,495,945
Goodwill	7	4,776,004	5,944,477
Employees' housing and car loans	21	8,989,743	7,064,281
Deferred tax assets			
		135,488,354	144,500,387
Current Assets -			
Inventory and spare parts	8	28,450,112	29,435,526
Accounts receivable	9	12,762,870	12,095,717
Other current assets	10	7,648,392	6,532,846
Cash on hand and at banks	11	3,561,363	5,928,742
		52,422,737	53,992,831
Total Assets		187,911,091	198,493,218
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Paid in capital	12	60,444,460	60,444,460
Treasury stocks	13	(4,461)	(4,461)
Statutory reserve	12	27,000,000	27,000,000
Voluntary reserve	12	12,399,640	12,399,640
Fair value reserve		(9,923)	(30,115)
(Accumulated losses) retained earnings		(22,921,864)	7,153,526
		76,907,852	106,963,050
Non-controlling interests		7,958,547	9,437,521
Total Equity		84,866,399	116,400,571
Non Current Liabilities –			
Obligation for employees' post retirement health insurance benefits	18	19,772,971	17,698,000
Term loans	17	2,760,000	-
Long term accounts payable	14	773,711	-
		23,306,682	17,698,000
Current Liabilities -			
Short term accounts payable	14	42,690,071	29,206,407
Other current liabilities	15	13,519,536	13,122,156
Current portion of term loans	17	5,040,000	662,000
Bank overdrafts	11,16	17,622,010	20,271,407
Provision for employees' termination benefits	19	-	261,187
Provision for social projects grants	20	31,870	58,045
Income tax payable	21	834,523	813,445
		79,738,010	64,394,647
Total Liabilities		103,044,692	82,092,647
Total Equity and Liabilities		187,911,091	198,493,218

The attached notes 1 to 34 form part of these consolidated financial statements

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		JD	JD
Sales	25	91,489,156	106,700,873
Cost of sales		(102,065,547)	(110,265,209)
Gross loss		(10,576,391)	(3,564,336)
Selling and marketing expenses	22	(1,747,849)	(1,863,351)
Administrative expenses	23	(8,469,335)	(10,461,074)
Employees' post retirement health insurance expense	18	(76,000)	(2,821,000)
Provision for rehabilitation of quarries and environment protection	15	(96,984)	(161,004)
Provision for employees' vacation		(37,681)	(58,254)
Other expenses		(201,548)	(584,989)
Operating loss		(21,205,788)	(19,514,008)
Interest income		71,353	86,742
Finance costs		(2,899,394)	(1,620,915)
Lawsuits expenses	15	(2,097,414)	(2,950,939)
Interest on obligation for employees post retirement health insurance benefit	18	(1,267,000)	(1,265,000)
Provision for employees' termination benefits	19	-	(953,000)
Share of loss of an associate	6	(51,297)	(35,951)
Foreign exchange (loss) gains		(147,113)	73,248
(Loss) gain on disposal of property, plant and equipment		(80,622)	51,905
Other income		130,659	3,737,655
Loss before tax for the year		(27,546,616)	(22,390,263)
Income tax benefits	21	1,320,952	2,699,653
Loss for the year		(26,225,664)	(19,690,610)
Attributable to:			
Equity holders of the parent		(27,603,390)	(21,109,508)
Non-controlling interests		1,377,726	1,418,898
		(26,225,664)	(19,690,610)
Basic and diluted earnings per share, from the loss for the year attributable to equity holders of the parent	24	(0.457)	(0.349)

The attached notes 1 to 34 part of these consolidated financial statements

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		JD	JD
Loss for the year		(26,225,664)	(19,690,610)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net gain (loss) from financial assets at fair value through other comprehensive income		20,192	(20,302)
Actuarial (losses) gains	18	(2,472,000)	768,000
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, after tax		(2,451,808)	747,698
Total loss and comprehensive income for the year		(28,677,472)	(18,942,912)
Attributable to:			
Equity holders of the parent		(30,055,198)	(20,361,810)
Non-controlling interests		1,377,726	1,418,898
		(28,677,472)	(18,942,912)

5

The attached notes 1 to 34 part of these consolidated financial statements

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to equity holders of the parent								
	Paid in Capital	Treasury stocks	Reserves		Fair value reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total equity
			Statutory	Voluntary					
	JD		JD	JD	JD	JD	JD	JD	JD
2013 -									
At 1 January 2013	60,444,460	(4,461)	27,000,000	12,399,640	(30,115)	7,153,526	106,963,050	9,437,521	116,400,571
Total loss and comprehensive income for the year	-	-	-	-	20,192	(30,075,390)	(30,055,198)	1,377,726	(28,677,472)
Dividends of subsidiaries	-	-	-	-	-	-	-	(2,856,700)	(2,856,700)
At 31 December 2013	60,444,460	(4,461)	27,000,000	12,399,640	(9,923)	(22,921,864)	76,907,852	7,958,547	84,866,399
2012 -									
At 1 January 2012	60,444,460	-	27,000,000	12,399,640	(9,813)	27,495,034	127,329,321	8,956,973	136,286,294
Total loss and comprehensive income for the year	-	-	-	-	(20,302)	(20,341,508)	(20,361,810)	1,418,898	(18,942,912)
Treasury stocks	-	(4,461)	-	-	-	-	(4,461)	-	(4,461)
Dividends of subsidiaries	-	-	-	-	-	-	-	(938,350)	(938,350)
At 31 December 2012	60,444,460	(4,461)	27,000,000	12,399,640	(30,115)	7,153,526	106,963,050	9,437,521	116,400,571

The attached notes 1 to 34 form part of these consolidated financial statements

JORDAN CEMENT FACTORIES C-OMPANY
PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 JD	2012 JD
OPERATING ACTIVITIES			
Loss before tax		(27,546,616)	(22,390,263)
Non-cash adjustments			
Depreciation	4	10,690,120	11,360,862
Loss (gain) on disposal of property, plant and equipment		80,622	(51,905)
Other non-cash expenses		3,878,079	5,166,189
Interest income		(71,353)	(86,742)
Finance costs		2,899,394	1,620,915
Share of loss of an associate	6	51,297	35,951
Working capital adjustments:			
Accounts receivable, other current assets and employees' housing and car loans		(767,226)	1,302,969
Inventory and spare parts		835,414	(1,241,876)
Accounts payable and other current liabilities		14,571,903	1,153,140
Post retirement health insurance benefits paid	18	(1,740,029)	(1,737,000)
Social projects grants paid	20	(20,565)	(237,250)
Employees termination benefits paid	19	(266,797)	(14,818,894)
Other provisions paid		(2,112,638)	(3,077,614)
Employees' vacation accrual paid		(36,589)	(193,971)
Income tax paid	21	(583,432)	(616,947)
Net cash flows used in operating activities		(138,416)	(23,812,436)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,112,566)	(1,721,967)
Proceeds from sale of property, plant and equipment		79,741	624,024
Interest received		71,353	86,742
Net cash flows used in investing activities		(961,472)	(1,011,201)
FINANCING ACTIVITIES			
Proceeds from term loans		7,800,000	-
Repayments of term loans		(662,000)	(668,000)
Finance costs paid		(2,899,394)	(1,496,519)
Dividends of subsidiaries for non-controlling interests		(2,856,700)	(938,350)
Treasury share		-	(4,461)
Net cash flows from (used in) financing activities		1,381,906	(3,107,330)
Net increase (decrease) in cash and cash equivalents		282,018	(27,930,967)
Cash and cash equivalents, beginning of the year		(14,342,665)	13,588,302
Cash and cash equivalents, end of the year	11	(14,060,647)	(14,342,665)

5

The attached notes 1 to 34 form part of these consolidated financial statements

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012

(1) GENERAL

Jordan Cement Factories Company Ltd. (the "Company") was established as a public shareholding company in 1951 and was registered in Ministry of Industry and Trade in 1964. The Company's paid in capital as of 31 December 2013 is JD 60,444,460 divided into 60,444,460 shares at a par value of JD 1 each.

The Company's main objectives are quarrying, producing, and trading in cement both in Jordan and abroad either directly or through brokers as deemed appropriate by the Company. The subsidiaries main objectives are producing and trading in ready mix cement.
The consolidated financial statements for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 12 February 2014.

(2.1) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.
The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS").
The consolidated financial statements are presented in Jordanian Dinars, which represents the functional currency of the Group.

BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.
The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS").
The consolidated financial statements are presented in Jordanian Dinars, which represents the functional currency of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Jordan Cement Factories Company (the Company) and its subsidiaries (the "Group") as at 31 December 2013:

	Percentage Holding	Country
Arabian Concrete Supply Company	51%	Jordan
Arabian Specialized Transportation Company *	100%	Jordan

* Arabian Concrete Supply Company (the subsidiary) has established Arabian Specialized Transportation Company on 10 March 2011 and its fully owned by Arabian Concrete Supply Company.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(2.2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2013 are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

Implementation of new and amended standards

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.
This standard became effective stating from 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
This standard became effective starting from 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.
This standard became effective stating from 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard became effective for annual periods starting from 1 January 2013.
The application of the new standards did not have a significant impact on the financial position or performance of the Group.

Amended Standards

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment became effective starting from 1 January 2013.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.
The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Group's financial position or performance and became effective starting from 1 January 2013.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no material effect on the Group's financial position or performance. The amendment became effective starting from 1 January 2013.

IAS 16 Property Plant and Equipment (Revised)

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendment has no impact on the Group's financial position or performance since the Group is already classifying major spare parts and servicing equipment as property, plant and equipment. The amendment became effective starting from 1 January 2013.

IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment became effective starting from 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and IFRS 12 IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment became effective for annual periods starting from 1 January 2013.
The application of this amendment did not have impact on the financial position or presentation of the Group.

(2.3) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions. Significant estimates are as follows:

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Obligation for employees' post retirement heath insurance benefits

The cost of employees' post retirement heath insurance benefits, as well as the present value of the post retirement health insurance benefits, are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date.

Rehabilitation of Quarries

The Group recognizes a provision for the cost of rehabilitation of quarries. In determining the amount of the provision, estimates are made in relation to the discount rate, the expected costs to rehabilitate and the expected timing of those costs.

(2.4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation (except for land and quarries) is computed on a straight-line basis over the estimated useful lives of assets as follows:

Description	Years
Buildings	6-50
Machinery and equipment	5-30
Vehicles	5-15
Tools and devices	5-15
Furniture and fixture	5-11
Computers	2-15
Others	5-20

Cost of quarries is depreciated using the depletion method whereby the expense charged to the consolidated income statement is calculated based on the estimated quantity of the raw materials reserve adjusted for the quantity depleted (already extracted).

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated income statement.

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 benefits from items of property, plant and equipment.

Projects in progress

Projects in progress represent plant and properties under construction and are stated at cost. This includes the cost of construction and other direct costs.

Financial assets at fair value through other comprehensive income

These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the statement of comprehensive income within equity and the fair value reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated income statement.

These financial assets are no longer subject to impairment testing and dividends are recognized in the consolidated income statement

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating

profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.
The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Impairment of goodwill
Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of each cash- generating unit (or group of cash generating unit) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

Employees' Housing and Car Loans
Housing and car loans are recognized initially at fair value, and subsequently carried at amortized cost using the effective interest rate method.
Gain and losses are recognized in the consolidated income statement when the loans are derecognized or impaired, as well as through the amortization process.

Inventory and spare parts
Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
Raw materials and spare parts – purchase cost on weighted average basis.
Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts Receivable
Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, and other short-term highly liquid investments with original maturities of three months or less.

Impairment of financial assets
The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Impairment amount is determined as follows
- Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.
In relation to trade receivables, a provision for impairment is made when there is objective evidence or that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

Fair value
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

Obligation For Employees Post Retirement Health Insurance Benefits
The Group operates a defined post retirement health benefit plan for qualifying employees and their families. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized in the period in which they are occurred within other comprehensive income. The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested.

Loans
All loans are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method.
Interest on loans is recorded in the year it's earned.

Finance Leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Accounts Payables and Accruals
Liabilities are recognized for amounts to be paid in the future for services or goods received whether billed by the supplier or not.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Rehabilitation of Quarries
Provision is made for the Rehabilitation of Quarries, based on future estimated expenditures discounted to present values.

Employees' Termination Benefits and Social Project Grants
The Group recognizes employees' termination benefits as a liability and an expense when the Group is demonstrably committed to provide termination benefits. The Group is demonstrably committed when a detailed formal plan is in place and is without realistic possibility of withdrawal. The employees' termination benefits are measured based on the number of employees expected to accept the offer.
A provision for the social project grants was made to assist employees whose employments were terminated and after meeting all the special terms and conditions of the program.

Income Tax
Current income tax is calculated based on the tax rates and laws that are applicable at the statement of financial position date.
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 and tax losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are recognized regardless of when the timing difference is likely to reverse.
Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial
position date, the Group re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized.

Revenue Recognition
Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.
Interest revenue is recognized as interest accrues using the effective interest rate method.
Other revenues are recognized on an accrual basis.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the consolidated income statement.

Segment Reporting
For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.
For the purpose of reporting to management and the decision makers in the Group, a geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(3) GOODWILL

Goodwill of JD 2,495,945 relates to the acquisition of Al Aloul Group that took place in 2008. For impairment testing purposes, goodwill acquired through business combination has been allocated to the ready mix (concrete) operating and reportable segment (cash-generating unit).

on 31 December 2013, management performed it good will impairment test.

The recoverable amount of the ready mix (concrete) cash-generating unit has been determined based on a value in use calculation using cash flow projections based on the 2014 financial budget approved by management. Cash flow projections beyond 2015 are extrapolated using a 1% to 6% growth rate, which management believes is reflective of the average growth rate in the region. The discount rate applied to cash flow projections is 9.6%, which represents the weighted-average cost of capital for the Group, taking into consideration the risks specific to the ready mix (concrete) segment.

As a result of this analysis, no impairment loss was recorded.

The calculation of value in use is most sensitive to the following assumptions:
- Gross margin
- Discount rates
- Growth rate used to extrapolate cash flows beyond the budget period

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(4) PROPERTY, PLANT AND EQUIPMENT

2013	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Projects under progress	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost											
At 1 January 2013	7,665,720	11,291,279	91,816,365	267,593,342	6,393,366	8,689,553	694,458	3,688,776	2,080,171	10,371,748	410,284,778
Additions	-	-	-	146,100	-	-	-	-	966,466	-	1,112,566
Transfers form projects in progress	-	-	-	725,432	-	95,206	-	11,795	(837,425)	4,992	-
Disposals	-	-	(183,234)	(117,371)	(656,327)	-	-	-	-	-	(956,932)
At 31 December 2013	7,665,720	11,291,279	91,633,131	268,347,503	5,737,039	8,784,759	694,458	3,700,571	2,209,212	10,376,740	410,440,412
Accumulated depreciation											
At 1 January 2013	-	2,491,471	61,658,349	193,878,945	5,424,253	6,861,444	506,831	3,604,329	-	7,392,776	281,818,398
Depreciation charge for the year	-	58,176	2,511,080	6,233,031	456,253	652,154	85,942	34,268	-	659,216	10,690,120
Disposals	-	-	(22,904)	(117,370)	(656,295)	-	-	-	-	-	(796,569)
At 31 December 2013	-	2,549,647	64,146,525	199,994,606	5,224,211	7,513,598	592,773	3,638,597	-	8,051,992	291,711,949
Net book value											
At 31 December 2013	7,665,720	8,741,632	27,486,606	68,352,897	512,828	1,271,161	101,685	61,974	2,209,212	2,324,748	118,728,463

5

2012	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Projects under progress	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost											
At 1 January 2012	7,665,720	11,291,279	91,610,947	265,973,969	7,151,315	8,029,673	694,458	3,595,093	5,459,181	9,194,310	410,665,945
Additions	-	-	-	265,012	-	-	-	-	1,456,955	-	1,721,967
Transfers form projects in progress	-	-	205,418	2,432,774	-	659,880	-	93,683	(4,830,511)	1,438,756	-
Disposals	-	-	-	(1,078,413)	(757,949)	-	-	-	(5,454)	(261,318)	(2,103,134)
At 31 December 2012	7,665,720	11,291,279	91,816,365	267,593,342	6,393,366	8,689,553	694,458	3,688,776	2,080,171	10,371,748	410,284,778
Accumulated depreciation											
At 1 January 2012	-	2,430,596	59,153,029	188,189,465	5,830,145	6,122,854	394,889	3,539,886	-	6,327,687	271,988,551
Depreciation charge for the year	-	60,875	2,505,320	6,305,669	352,023	738,590	111,942	64,443	-	1,222,000	11,360,862
Disposals	-	-	-	(616,189)	(757,915)	-	-	-	-	(156,911)	(1,531,015)
At 31 December 2012	-	2,491,471	61,658,349	193,878,945	5,424,253	6,861,444	506,831	3,604,329	-	7,392,776	281,818,398
Net book value											
At 31 December 2012	7,665,720	8,799,808	30,158,016	73,714,397	969,113	1,828,109	187,627	84,447	2,080,171	2,978,972	128,466,380

Depreciation expense included in the consolidated income statement was as follows:

	2013	2012
	JD	JD
Cost of sales	10,135,246	10,809,935
Selling and marketing expenses	99,054	138,249
Administrative expenses	455,820	412,678
	10,690,120	11,360,862

Property, plant and equipment include fully depreciated assets of JD 212,739,323 as at December 31, 2013 (2012: JD 190,251,383).

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2013	2012
	JD	JD
Quoted Investment-		
Al Janoub Filters Manufacturing Company	3,482	3,066
Mining Investment Company	74,358	54,582
Unquoted Investment-		
Jordanian Investment and South Development Company	114,297	114,297
Chemical and Mining Industries Company	35,000	35,000
Rashadiya Employees' Association	500	500
	227,637	207,445

(6) INVESTMENT IN AN ASSOCIATE

Investment in an associate and the related ownership percentage is as follows:

	Country of incorporation	Ownership	Balance 2013	Balance 2012
			JD	JD
Jordan Specialized Transport and Mining Company "Stramco LTD" (a limited liability company)	Jordan	49%	270,562	321,859

Movement in the investment in an associate is as follows:

	2013	2012
	JD	JD
At 1 January	321,859	357,810
Share of loss for the year	(51,297)	(35,951)
At 31 December	270,562	321,859

5

The following table illustrates summarized financial information of the Group's investment in the Associate Company (Stramco LTD.):

	2013	2012
	JD	JD
Current assets	1,038,187	764,355
Non current assets	1,162,582	1,048,377
Current liabilities	(638,655)	(145,930)
Non current liabilities	(1,009,946)	(1,009,946)
Net equity	552,168	656,856
Ownership percentage	49%	49%
Balance as of December 31	270,562	321,859

	2013	2012
	JD	JD
Revenues	2,000,509	2,746,696
Operating expenses	(2,019,102)	(2,718,185)
General and administrative expenses	(86,095)	(87,757)
Other expenses	-	(14,123)
Loss for the year	(104,688)	(73,369)
Share of loss for the year	(51,297)	(35,951)

(7) EMPLOYEES' HOUSING AND CAR LOANS

HOUSING LOANS

The Company granted its classified employees, who have been in service with the Company for not less than 5 years, interest-free housing loans at a maximum amount of JD 22,000 per employee. The loans are repayable in monthly installments, deducted from the employees' monthly salaries over a period not to exceed 15 years. These loans are guaranteed by a mortgage over the real estate.

CAR LOANS

The Company granted its classified employees interest-free car loans ranging from a minimum amount of JD 10,000 to JD 35,000 depending on the employee's grade. The loans are repayable in monthly installments, deducted from the employees' monthly salaries over a period not to exceed 8 years. These loans are guaranteed by a mortgage over the financed car.

Housing and car loans are initially recorded at fair value which is calculated by discounting the monthly installments to their present value using an interest rate of 8.5% and 6.5%, respectively, which approximates the interest rate for similar commercial loans, and subsequently measured at amortized cost using the effective interest rate method.

(8) INVENTORY AND SPARE PARTS

	2013	2013
	JD	JD
Spare parts	18,741,259	20,041,087
Finished goods	3,280,807	3,546,348
Work in process	6,756,997	5,122,370
Raw materials	5,233,597	5,335,337
Fuel	1,612,588	2,751,982
	35,625,248	36,797,124
Provision for slow moving inventories	(7,175,136)	(7,361,598)
	28,450,112	29,435,526

The carrying amount of slow moving spare parts amounted to JD 7,175,136 as at 31 December 2013 (2012: JD 7,361,598). The movements on provision for slow moving inventories were as follows:

	2013	2012
	JD	JD
At 1 January	7,361,598	9,025,102
Provision provided during the year	150,000	499,992
Written off during the year	(336,462)	(2,163,496)
At 31 December	7,175,136	7,361,598

The cost of inventory recognized as an expense during the year was JD 41,221,533 (2012: JD 53,127,907).

(9) ACCOUNTS RECEIVABLE

	2013	2012
	JD	JD
Local sales receivables	14,276,068	13,421,265
Foreign sales receivables	1,922,104	1,920,688
Due from related parties (note 28)	800,271	803,265
Others	-	60,166
	16,998,443	16,205,384
Allowance for doubtful accounts	(4,235,573)	(4,109,667)
	12,762,870	12,095,717

As at 31 December 2013, trade receivables at nominal value of JD 4,235,573 (2012: JD 4,109,667) were impaired and fully provided for. The movements on allowance for doubtful accounts were as follows:

	2013	2012
	JD	JD
At 1 January	4,109,667	3,983,942
Provided during the year	153,000	137,000
Amounts written off	(27,094)	(11,275)
At 31 December	4,235,573	4,109,667

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	30 – 60 days	61 – 90 days	>91 days
	JD	JD	JD	JD	JD
2013	12,762,870	4,833,198	2,224,029	1,237,051	4,468,592
2012	12,095,717	6,326,867	1,737,465	1,356,234	2,675,151

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

(10) OTHER CURRENT ASSETS

	2013	2012
	JD	JD
Contractors' receivables and advances	1,301,298	174,939
Prepaid expenses	1,211,608	1,708,750
Refundable deposits	61,287	66,053
Checks under collection	4,831,883	4,341,042
Other	242,316	242,062
	7,648,392	6,532,846

(11) CASH ON HAND AND AT BANKS

	2013	2012
	JD	JD
Cash on hand and at banks	3,561,363	5,928,742
Less: bank overdraft	(17,622,010)	(20,271,407)
	(14,060,647)	(14,342,665)

Cash at banks includes current and deposit accounts bearing an average interest rate ranging between 3% to 4% (2012: 3.5% to 4%). Short-term deposits maturity period between one day and one month, depending on the immediate cash requirements of the Group.

(12) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Paid in capital
The Group's authorized, subscribed and issued capital comprise of 60,444,460 shares at par value of JD 1 per share.

Statutory reserve
As required by the Jordanian Companies Law, 10% of the profit before tax is to be transferred to statutory reserve. This reserve is not available for distribution to the shareholders. Moreover, transfers cannot be stopped before the statutory reserve reaches 25% of the Company's authorized capital. However, based on the approval of the General Assembly, transfers can be continued until the statutory reserve reaches the authorized capital.

Voluntary reserve
The amount accumulated in this reserve represents the transfers from profit before tax at maximum of 20%. This reserve is available for distribution to the shareholders.

(13) TREASURY STOCKS

This item represents the value of the stocks acquired by Arabian Concrete Supply Company (subsidiary) in the capital of Jordan Cement Factories which cost JD 4,461 and was purchased in the year 2012.

(14) ACCOUNTS PAYABLE

	31 December 2013		31 December 2012	
	Short term accounts payable	Long term accounts payable	Short term accounts payable	Long term accounts payable
	JD	JD	JD	JD
Trade payables	26,603,244	773,711	17,055,495	-
Accrued payables	8,787,001	-	8,924,140	-
Due to related parties (note 28)	7,299,826	-	3,226,772	-
	42,690,071	773,711	29,206,407	-

(15) OTHER CURRENT LIABILITIES

	2013	2012
	JD	JD
Unpaid dividends	6,055,126	6,293,736
Sales tax payable	634,895	526,401
Provision for lawsuits against the Group (note 27)*	2,079,107	2,080,574
Housing fund and health insurance deposits	299,071	433,873
Rehabilitation of quarries and environment protection**	977,237	894,014
Provision for other commitments	234,899	155,467
Provision for staff unity fund and end of service indemnity	25,044	22,073
Employees' vacation accrual	628,598	627,506
Accrued expenses	1,357,723	1,032,483
Others	1,227,836	1,056,029
	13,519,536	13,122,156

* Movements on the provision for lawsuits against the Group were as follows:

	2013	2012
	JD	JD
At 1 January	2,080,574	2,108,273
Provided during the year	2,097,414	2,950,939
Amounts paid during the year	(2,098,881)	(2,978,638)
At 31 December	2,079,107	2,080,574

** Provision is made for the rehabilitation of quarries, based on future estimated expenditures discounted using a discount rate of 5.7%.

Movements on the provision for rehabilitation of quarries and environment protection were as follows:

	2013	2012
	JD	JD
At 1 January	894,014	831,986
Provided during the year	96,984	161,004
Amounts paid during the year	(13,761)	(98,976)
At 31 December	977,237	894,014

(16) BANK OVERDRAFTS

This item represents credit facilities at 31 December 2013. The Group has obtained in the year 2013 credit facilities from the Arab Bank with a ceiling of JD 8,000,000, from Housing Bank for Trade and Finance with a ceiling of JD 4,000,000, from ABC Bank with a ceiling of JD 2,500,000, from Jordan Kuwaiti Bank with a ceiling of JD 3,000,000, and from Union Bank with a ceiling of JD 5,000,000 with an annual interest rates ranges between 8.25% to 9%.

(17) TERM LOANS

	31 December 2013		31 December 2012	
	Short term payables	Long term payable	Short term payables	Long term payable
	JD	JD	JD	JD
Audi Bank loan*	-	-	662,000	-
Arab Bank loan**	3,040,000	760,000	-	-
Jordan Kuwaiti Bank first loan***	1,000,000	1,000,000	-	-
Jordan Kuwaiti Bank second loan****	1,000,000	1,000,000	-	-
	5,040,000	2,760,000	662,000	-

***Audi Bank Loan**

On 3 July 2008, the Group's subsidiary (Arabian Concrete Supply Company) signed a loan agreement with Audi Bank for an amount of JD 3,000,000 in order to finance purchasing of machinery and equipment. The loan bears interest at the Central Bank of Jordan six month CDs rate plus 1.5% and is repayable in nine equal semi annual installments, the first of which was due on 1 July 2009. The last installment was paid on 1 July 2013.

**** Arab Bank loan**

On 1 July 2013, the Company signed a loan agreement with Arab Bank for an amount of JD 5,000,000. The loan bears an interest rate of 8.25% and is repayable in five equal quarterly installments, the first of which will due on 31 March 2014. The loan balance as of 31 December 2013 was JD 3,800,000.

***** Jordan Kuwaiti Bank first loan**

On 9 July 2013, the Company signed a loan agreement with Jordan Kuwaiti Bank for an amount of JD 2,000,000. The loan bears an interest rate of 9.5% and is repayable in two equal yearly installments, the first of which will due on 30 June 2014.

Jordan Kuwaiti Bank Second loan

On 11 July 2013, the Company signed a loan agreement with Jordan Kuwaiti Bank for an amount of JD 2,000,000. The loan bears an interest rate of 9.5% and is repayable in two equal yearly installments, the first of which will due on 30 November 2014.

The amounts of annual principal maturities of loans are as follows:

Year	December 31
	JD
2014	5,040,000
2015	2,760,000
	7,800,000

(18) OBLIGATION FOR EMPLOYEES' POST RETIREMENT HEALTH INSURANCE BENEFITS

The Group operates a defined post retirement health benefit plan for qualifying employees and their families who meet certain conditions. Under the plan, employees are entitled to retirement benefits on attainment of a retirement age of 50 years for females and 60 years for males. No other post retirement benefits are provided to these employees.

Retirees (until their deaths) and their families (until the death of the spouse and until the maximum age of coverage for the children) pay a contribution of:

2.5% of social security salary for retiree with a minimum of JD 6 per month.
20% of the families medical cost with a maximum of JD 200 per medical case

The following table summarizes the components of the employees' post retirement health insurance net expense (benefits) recognized in the consolidated income statement:

	2013	2012
	JD	JD
Current service cost	76,000	70,000
Interest cost	1,267,000	1,265,000
Additional obligation relating to employees' termination plan	-	2,780,000
Amortization of prior service cost	-	(29,000)
	1,343,000	4,086,000

Changes in the present value of the obligation for employees post retirement health insurance benefits were as follows:

	2013	2012
	JD	JD
At 1 January	17,698,000	16,117,000
Expense during the year	1,343,000	4,086,000
Actuarial loss(gain)	2,472,000	(768,000)
Amounts paid during the year	(1,740,029)	(1,737,000)
At 31 December	19,772,971	17,698,000

5

The principal assumptions used in determining post retirement health insurance provision for the Company's plan are shown below:

	2013	2012
Discount Rate	7.128%	7.72%
Long term medical cost inflation rate	3.50%	3.50%
Expected rate of salaries increase	6%	6%
Reevaluation of pension rate	2%	2%
Mortality / Disability age	for female 88-90 for male 60-64	for female 88-90 for male 60-64
Turnover rates	1% a year up to 50 years old	1% a year up to 50 years old
Retirement age	for male 60 for female 50	for male 60 for female 50
Maximum age of coverage for children	for female 27 for male 23	for female 27 for male 23
Annual premium – cement employees	JD 381	JD 410
Annual premium – retired employees	JD 328	JD 292
Contribution and co-payments for family's member	JD 48	JD 48
Social security salary	JD 6,354	JD 6,354

The following table demonstrates the sensitivity of the present value of the obligation for employees' post retirement health insurance benefits and the current service cost and interest cost on obligation to reasonably possible changes in medical cost.

	Increase /decrease in medical costs	Effect on the present value of the obligation	Effect on current service cost and interest cost on the obligation
2013		JD	JD
	+1%	2,528,000	176,000
	-1%	(2,103,000)	(147,000)
2012			
	+1%	2,161,000	141,000
	-1%	(1,805,000)	(170,000)

The following table demonstrates the sensitivity of the present value of the obligation for employees' post retirement health insurance benefits to reasonably possible changes in the discount rate.

Increase /decrease in discount rate	Effect on present value of the obligation	
	2013	2012
	JD	JD
+0.5%	(865,000)	(734,000)
-0.5%	952,000	807,000

The cumulative amount of actuarial losses is JD 4,558,000 as at 31 December 2013 (2012: JD 2,086,000).

(19) PROVISION FOR EMPLOYEES' TERMINATION BENEFITS

The movements on the provision for employees termination benefits were as follows:

	2013	2012
	JD	JD
At 1 January	261,187	16,907,081
Additions during the year	-	953,000
Reversal of provision for Employees' termination benefit	-	(2,780,000)
Transferred from the provision for social projects grants	5,610	-
Amounts paid during the year	(266,797)	(14,818,894)
At 31 December	-	261,187

(20) PROVISION FOR SOCIAL PROJECTS GRANTS

During 2007, the Company's management set up a provision for social projects grants. The purpose of this provision is to pay a maximum of JD 10,000 for each employee who become redundant before the end of 2011 and has met all special terms and conditions of the program.

The movements on the provision for social projects grants were as follows:

	2013	2012
	JD	JD
At 1 January	58,045	1,195,295
Reversal of provision for social projects grants	-	(900,000)
Transferred to the provision for employees' termination benefits	(5,610)	-
Amounts paid during the year	(20,565)	(237,250)
At 31 December	31,870	58,045

(21) INCOME TAX

A) Income tax payable
The movements on the provision for income tax were as follows:

	2013	2012
	JD	JD
At 1 January	813,445	850,241
Current year income tax expense	604,510	580,151
Income tax paid	(583,432)	(616,947)
At 31 December	834,523	813,445

The income tax presented in the consolidated income statement represents the following:

	2013	2012
	JD	JD
Current year income tax		
Current year income tax expense	604,510	580,151
Deferred income tax		
Deferred income tax assets additions	(1,925,462)	(3,279,804)
	(1,320,952)	(2,699,653)

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

	2013	2012
	JD	JD
Accounting loss	(27,546,616)	(22,390,263)
Non taxable revenues	(128,758)	(210,951)
Non-deductible expenses	615,175	413,459
Taxable loss	(27,060,199)	(22,187,755)
Relates to		
Total loss excluding Aqaba – Holding Company	(30,027,886)	(24,289,746)
Taxable income excluding Aqaba- subsidiary	4,308,500	4,107,842
Taxable loss for Aqaba– Holding Company	(1,367,213)	(2,106,906)
Taxable income for Aqaba – Subsidiary	26,400	101,055
Statutory income tax rate excluding Aqaba	14%	14%
Statutory income tax rate – Aqaba	5%	5%
Current year income tax expense	604,510	580,151
Deferred income tax	(1,925,462)	(3,279,804)
Income tax benefits	(1,320,952)	(2,699,653)
	-	-

Income tax provision for the years 2013 and 2012 was calculated in accordance with the Income Tax Law No. (28) of 2009. The Company reached a final settlement with the Income Tax Department up to the year 2011.

The subsidiary (Arabian Concrete Supply Company) reached a final settlement with the Income Tax Department up to the year 2011.

The income tax department did not reviewed the accounting records for the subsidiary (Arabia Specialized Transportation Company) for the period since inception and up to 31 December 2013.

B) Deferred income tax
Deferred tax assets at 31 December relate to the following:

	Consolidated statement of financial position		Consolidated Income statement	
	2013	2012	2013	2012
	JD	JD	JD	JD
Provision for lawsuits against the Group	280,000	280,000	-	-
Allowance for doubtful accounts	303,683	307,017	(3,334)	-
Provision for rehabilitation of quarries and environment protection	130,390	125,162	5,228	8,684
Employees' vacation accrual	96,840	77,955	18,885	(18,948)
Employees termination benefits	-	36,566	(36,566)	(2,330,425)
Other Provisions	2,430	2,798	(368)	231
Deferred income tax on accumulated losses	8,176,400	6,234,783	1,941,617	5,620,262
Total	8,989,743	7,064,281	1,925,462	3,279,804

(22) SELLING AND MARKETING EXPENSES

	2013	2012
	JD	JD
Salaries and wages	652,494	615,368
Contribution to social security	61,988	51,367
Freight charges	606,938	623,965
Depreciation	99,054	138,249
Others	327,375	434,402
	1,747,849	1,863,351

(23) ADMINISTRATIVE EXPENSES

	2013	2012
	JD	JD
Salaries, wages and other benefits	3,473,161	3,629,387
Contribution to social security	274,963	283,793
Contribution to employees' provident fund	184,520	184,143
Contribution to staff unity fund	20,822	23,270
Legal and consulting fees	313,720	439,598
Franchise fees - Lafarge (shareholder)	1,493,407	1,873,334
Travel and transportation	56,840	66,964
Depreciation	455,820	412,678
Advertisements and exhibitions	18,364	40,776
Post and telephone	98,037	96,873
Subscriptions, stationary and printings	85,707	109,884
Fuel	37,029	65,037
Donations	138,945	1,024,720
Rent expenses	624,113	943,186
Training expense	8,335	8,743
Maintenance expense	149,961	179,809
Computer expenses	207,141	277,124
Entertainment	29,552	55,021
Others	798,898	746,734
	8,469,335	10,461,074

(24) EARNINGS PER SHARE

	2013	2012
	JD	JD
Loss for the year attributed to equity holders of the parent (JD)	(27,603,390)	(21,109,508)
Weighted average number of shares (share)	60,444,460	60,444,460
Basic and diluted earnings per share, from the loss for the year attributable to equity holders of the parent (JD)	(0.457)	(0.349)

(25) SEGMENT INFORMATION

The segment performance is measured, for management purposes, through the geographical information showing later in this note disclosure, and through the following business segments:

- Cement business
- Ready mix (concrete) business

Segment performance is evaluated based on operating profit or loss for the year as shown below:

Business Information

Revenue, profit, assets and liabilities by business segment are as follows:

For the year ended 31 December 2013-

	Cement Business	Ready mix (concrete) Business	Total
	JD	JD	JD
Revenues -			
Sales	52,585,811	38,903,345	91,489,156
Results -			
(Loss) profit before tax	(30,962,812)	3,416,196	(27,546,616)
Income tax benefits (expense)	1,925,462	(604,510)	1,320,952
(Loss) profit for the year	(29,037,350)	2,811,686	(26,225,664)
Other segment information -			
Capital expenditures	283,545	829,021	1,112,566
Depreciation	9,356,591	1,333,529	10,690,120

For the year ended 31 December 2012-

	Cement Business	Ready mix (concrete) Business	Total
	JD	JD	JD
Revenues -			
Sales	67,992,888	38,707,985	106,700,873
Results -			
(Loss) profit before tax	(25,866,125)	3,475,862	(22,390,263)
Income tax benefits (expense)	3,279,804	(580,151)	2,699,653
(Loss) profit for the year	(22,586,321)	2,895,711	(19,690,610)
Other segment information -			
Capital expenditures	931,746	790,221	1,721,967
Depreciation	9,886,383	1,474,479	11,360,862

	Cement Business	Ready mix (concrete) Business	Total
	JD	JD	JD
As at 31 December 2013			
Assets and Liabilities -			
Segment assets	161,022,399	26,618,130	187,640,529
Investment in an associate	270,562	-	270,562
Segment liabilities	96,097,330	6,947,362	103,044,692
As at 31 December 2012			
Assets and Liabilities -			
Segment assets	168,668,306	29,503,053	198,171,359
Investment in an associate	321,859	-	321,859
Segment liabilities	75,290,140	6,802,507	82,092,647

Geographical Information

Revenue, profit, assets and liabilities by geographical segment are as follows:

	Jordan Excluding Aqaba	Aqaba	Eritrea & Sudan stations	Total
For the year ended 31 December 2013-	JD	JD	JD	JD
Revenues -				
Sales	87,999,200	3,489,956	-	91,489,156
Results -				
Loss before tax	(26,163,042)	(1,354,457)	(29,117)	(27,546,616)
Income tax benefit	1,271,418	49,534	-	1,320,952
Loss for the year	(24,891,624)	(1,304,923)	(29,117)	(26,225,664)
Other segment information -				
Capital expenditures	1,112,566	-	-	1,112,566
Depreciation	10,606,401	54,602	29,117	10,690,120

	Jordan Excluding Aqaba	Aqaba	Eritrea & Sudan stations	Total
For the year ended 31 December 2012-	JD	JD	JD	JD
Revenues -				
Sales	101,225,620	5,475,253	-	106,700,873
Results -				
Loss before tax	(20,227,029)	(2,112,050)	(51,184)	(22,390,263)
Income tax benefit	2,599,452	100,201		2,699,653
Loss for the year	(17,627,577)	(2,011,849)	(51,184)	(19,690,610)
Other segment information -				
Capital expenditures	1,721,967	-	-	1,721,967
Depreciation	11,205,057	104,621	51,184	11,360,862

	Jordan Excluding Aqaba	Aqaba	Eritrea & Sudan stations	Total
	JD	JD	JD	JD
As at 31 December 2013				
Assets and Liabilities -				
Segment assets	186,640,144	1,000,213	172	187,640,529
Investment in an associate	270,562	-	-	270,562
Segment liabilities	102,443,351	601,341	-	103,044,692
As at 31 December 2012				
Assets and Liabilities -				
Segment assets	196,685,375	1,456,695	29,289	198,171,359
Investment in an associate	321,859	-	-	321,859
Segment liabilities	81,287,477	805,170	-	82,092,647

The following table presents the Group's sales distributed by geographical area:

	2013	2012
	JD	JD
Jordan	90,157,771	104,377,913
Middle East	1,331,385	2,322,960
	91,489,156	106,700,873

(26) SALARIES AND EMPLOYEES BENEFITS

	2013	2012
	JD	JD
Salaries, wages and other employee benefits	14,740,533	14,686,967
Social security	1,366,466	1,365,987
Contribution to employees' provident fund	747,337	769,568
Employees' post retirement health insurance expense	1,343,000	1,306,000
Employees' termination benefits	-	53,000
Meals	13,805	65,073
Employees' health Insurance	264,245	578,068
Employees' families health Insurance	737,371	503,341
Employees' life insurance	22,612	26,240
Scholarship	87,200	74,000
Others	675,371	648,719
	19,997,940	20,076,963

(27) COMMITMENTS AND CONTINGENCIES

Bank guarantees and letters of credit:

	2013	2012
	JD	JD
Letters of credit	1,244,947	112,040
Letters of guarantee	6,177,972	5,235,537
Bills of collection	285,838	957,905

Legal claims

The Group is defendant in a number of lawsuits representing legal actions and claims related to its ordinary course of business in a total amount of JD 4,067,290 (2012: JD 3,468,671). The management and their legal advisor believe that the provision recorded of JD 2,079,107 as of 31 December 2013 (2012: JD 2,080,574) is sufficient to meet the obligation that may arise from the lawsuits.

Contractual commitments

	2013	2012
	JD	JD
Purchase of property, plant and equipment	647,997	300,000
Purchase of raw materials	7,233,700	7,283,600
Other purchases	14,840,000	14,840,000

Operating lease commitments – Group as lessee

Future minimum lease payments under the operating leases are detailed as follows:

Year	December 31
	JD
2014	3,157,283
2015	2,868,316
2016	2,548,156
2017	2,142,162
2018 and after	9,398,491

(28) RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by the Group's management.

The following table provides the total amount of transactions, which have been entered into with related parties and outstanding balances for the relevant year:

	Related party			Total	
	Lafarge (shareholder)	Associated company	Sister companies	2013	2012
	JD	JD	JD	JD	JD
Consolidated statement of financial position items:					
Accounts receivable	767,751	-	32,520	800,271	803,265
Accounts payable	4,366,393	1,439,169	1,494,264	7,299,826	3,226,772
Consolidated income statement items:					
Expenses	2,256,582	3,177,404	3,442,614	8,876,600	5,271,130

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

	2013	2012
	JD	JD
Salaries, wages, and bonus	1,347,459	1,473,589

(29) CORE SUBSIDIARIES PARTIALLY OWNED BY THE GROUP

The following represents financial information for the subsidiary in which the non-controlling interests is significant:

			Ownership	
Company name	Country of origin	Operating activites	2013	2012
Arabian Concrete Supply Company	Jordan	Producing and trading in ready mix cement	49%	49%

The following represent summarized financial information for the subsidiary. Information was prepared before eliminating transactions with related parties.

Significant accumulated non-controlling interests	2013	2012
	JD	JD
Arabian Concrete Supply Company	7,958,547	9,437,521

Significant profits attributable to non-controlling interest	2013	2012
	JD	JD
Arabian Concrete Supply Company	1,377,726	1,418,898

A – Summarized statement of financial position:

	2013	2012
	Arabian Concrete Supply Company	
	JD	JD
Current assets	16,493,063	19,796,828
Non current assets	10,129,532	10,633,986
Current abilities	(10,380,662)	(11,170,567)
Total equity	16,241,933	19,260,247
Non-Controlling interests share from equity	7,958,547	9,437,521

B – Summarized statement of profit and loss:

	2013	2012
	Arabian Concrete Supply Company	
	JD	JD
Sales	38,903,345	38,707,985
Cost of profit	(33,638,244)	(33,558,684)
Gross profit	5,265,101	5,149,301
Selling and marketing expenses	(229,609)	(248,004)
Administrative expenses	(1,566,598)	(1,469,430)
Operating profit	3,468,894	3,431,867
Gain on disposal of property, plant and equipment	-	39,480
Interest income	-	79,298
Finance costs	(74,006)	(74,322)
Other income (expenses)	21,308	(461)
Profit before tax for the year	3,416,196	3,475,862
Income tax	(604,510)	(580,151)
Profit for the year	2,811,686	2,895,711
Other comprehensive income items	-	-
Total profit and other comprehensive income	2,811,686	2,895,711
Non-controlling interests share of other comprehensive income	1,377,726	1,418,898

C – Summarized statement of cash flows:

	2013	2012
	Arabian Concrete Supply Company	
	JD	JD
Cash flows		
Operating activities	2,879,806	4,877,022
Investing activities	(824,473)	(222,195)
Finance activities	(6,570,623)	(2,657,336)
Net (decrease) increase in cash and cash equivalents	(4,515,290)	1,997,491

(30) RISK MANAGEMENT

Interest Rate Risk -

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits, bank overdrafts, and term loans.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, 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 Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

	Increase /decrease in basis points	Effect on (loss) profit
		JD
2013		
JD	+75	(190,665)
JD	-75	190,665
2012		
JD	+75	(157,000)
JD	-75	157,000

Equity price risk

The Group's listed equity securities amounted to JD 77,840 as of 31 December 2013 (2012: JD 57,648). A decrease or increase on the Amman exchange market index would not have a material impact on the profit or equity of the Group.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, and other financial instruments.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to cement business customers (local and foreign) by setting credit limits for majority of customers and monitoring outstanding receivables, and with respect to ready mix (concrete) business customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group sells its products to a large number of cement and ready mix (concrete) customers. Largest customer accounts for 18% of outstanding accounts receivable as at 31 December 2013 (2012:10%).

Liquidity Risk

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates. The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates.

The table below summarises the maturities of the Group's undiscounted financial liabilities based on contractual payment dates and current market interest rates.

Year ended 31 December 2013	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Term loans	775,200	4,508,267	3,201,600	8,485,067
Due to banks	11,554,922	6,314,916	-	17,869,838
Accounts payable	30,309,950	12,380,121	869,942	43,560,013
Other current liabilities	363,389	134,404	6,055,126	6,552,919
Total	43,003,461	23,337,708	10,126,668	76,467,837

Year ended 31 December 2012	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Term loans	334,000	339,480	-	673,480
Due to banks	12,733,655	7,934,700	-	20,668,355
Accounts payable	23,808,579	5,397,828	-	29,206,407
Other current liabilities	123,250	369,750	6,293,736	6,786,736
Total	36,999,484	14,041,758	6,293,736	57,334,978

Foreign Currency Risk

The Group's transactions in U.S. Dollar do not give rise to foreign currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each one JD).

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets, liabilities and forward exchange contracts. The analysis calculates the effect of a reasonably possible movement of the JD currency rate against the Euro, occurring evenly throughout the year with all other variables held constant, on the consolidated income statement.

	Increase/ decrease in foreign currency rate to the JD	Effect on (loss) profit
	%	JD
2013		
Euro	+10	3,846
Euro	-10	(3,846)
2012		
Euro	+10	5,655
Euro	-10	(5,655)

(31) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012. Capital comprises paid in capital, treasury stocks, reserves and (accumulated losses) retained earnings, and is measured at JD 76,917,775 as at 31 December 2013 (2012: JD 106,993,165).

(32) FAIR VALUES

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade and other receivables, financial assets at fair value through other comprehensive income, employees' housing and car loans, and some other current assets. Financial liabilities consist of bank overdrafts, trade payables, term loans, obligation under finance leases and some other current liabilities.

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

(33) STANDARDS ISSUED BUT NOT YET 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.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company's, since none of the entities in the Company's would qualify to be an investment entity under IFRS 10.

(34) COMPARATIVE FIGURES

Some of 2012 balances were reclassified to correspond with those of 2013 presentation. The reclassification has no effect on the profit for the year and equity.