

للمراجع  
١- جوده  
٢- السيد عبد الله  
٣- السيد صوزن  
١٤/٩/٢٠١٧  
ص

الرقم : 2017/RMCCS/120م  
التاريخ : 2017/02/14م

السادة /هيئة الأوراق المالية المحترمين  
عمان - الأردن

تحية واحتراماً وبعد،،

أرفق بطيه ميزانية الشركة السنوية باللغة الانجليزية عن الفترة المنتهية بتاريخ 2016/12/31  
مدققة حسب الأصول من شركة طلال أبو غزالة و شركاه.

وتفضلوا بقبول فائق الاحترام والتقدير

مدير

المهندس / مكرم العلمي

رئيس مجلس الادارة

شركة الباطون الجاهز والتوريدات الإنشائية م.ع.م

باطون  
المملكة  
شركة الباطون الجاهز والتوريدات الإنشائية م.ع.م

هيئة الأوراق المالية  
الدولة الأردنية  
١٤ شباط ٢٠١٧  
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مضغ

**Ready Mix Concrete and Construction Supplies  
And it's Subsidiaries  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan**

**Consolidated Financial Statement  
and Independent Auditor's Report  
for the year ended December 31, 2016**

Ready Mix Concrete and Construction Supplies  
And It's Subsidiaries  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

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### Independent Auditors Report

To Messrs. Shareholders  
Ready Mix Concrete and Construction Supplies And it's Subsidiaries  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

#### Opinion

We have audited the consolidated financial statements of Ready Mix Concrete and Construction Supplies And it's Subsidiaries (Public Shareholding Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



#### Adequacy of provision doubtful trade receivables

The balance of trade receivables reached an amount of JD 9,111,183 as of December 31, 2016 and the company's management estimated the provision for an amount of JD 1,101,857.

#### Scope of audit

Audit procedures included verifying the control procedures used by management on the collection process of receivables, and also we reviewed aging of trade receivables in addition to subsequent collections, guaranteed obtained against the receivables, and examined the sufficiency of the provision provided for the receivables through evaluating management hypotheses.

We evaluated the adequacy of the company's disclosures about significant estimates made for providing the doubtful provision.

#### Other Information

Management is responsible for the other information. The other information comprises the *[information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.]*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Ready Mix Concrete and Construction Supplies  
And It's Subsidiaries  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of financial position as at December 31, 2016

	Notes	2016	2015
		JD	JD
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	3	14,918,594	14,484,274
Investments in associates	4	15,632,814	15,349,168
Investment in financial asset at fair value through other comprehensive income	5	6,866,789	6,896,789
Investment in financial asset at fair value through profit or loss	6	44,753	6,000
Investment property	7	4,445,269	4,482,547
Checks under collection and on hand - advances from customers		165,499	113,220
<b>Total Non-current Assets</b>		<b>42,073,718</b>	<b>41,331,998</b>
<b>Current Assets</b>			
Inventory	8	1,055,763	1,355,630
Due from related parties	9	1,018,488	763,200
Accounts receivable and other debit balances	10	533,957	788,024
Trade receivables	11	8,009,326	6,284,023
Checks and notes receivables under collection and on hand - current portion		8,024,218	5,763,374
Checks on hand - related parties	9	497,837	-
Current accounts at banks		558,015	189,362
<b>Total Current Assets</b>		<b>19,697,604</b>	<b>15,143,613</b>
<b>TOTAL ASSETS</b>		<b>61,771,322</b>	<b>56,475,611</b>



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

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

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

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

#### Report on Other Legal and Regulatory Requirements

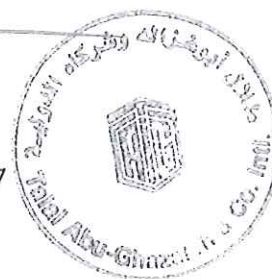
The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International

  
Aziz Abdelkader

(License # 867)

Amman - January 26, 2017



Ready Mix Concrete and Construction Supplies  
And It's Subsidiaries  
Public Shareholding Company  
Amman – The Hashemite Kingdom of Jordan

Consolidated Statement of comprehensive income for the year ended December 31, 2016

	Notes	2016	2015
		JD	JD
Net sales	9	42,308,399	41,145,026
Cost of sales	17	<u>(35,000,411)</u>	<u>(35,525,223)</u>
Gross profit		7,307,988	5,619,803
Other revenues, net	18	407,815	285,424
Share of profit of associates		149,134	210,007
Administrative expenses	19	(2,695,191)	(2,178,781)
Finance cost		<u>(533,053)</u>	<u>(546,543)</u>
Profit before tax		4,636,693	3,389,910
Income tax expense		(433,003)	(367,369)
Income tax paid on prior years		<u>(125)</u>	<u>(84,406)</u>
Profit		<u>4,203,565</u>	<u>2,938,135</u>
Other comprehensive income			
Change in fair value of investment in financial asset through other comprehensive income - associates		<u>(149,155)</u>	<u>(1,657)</u>
Total comprehensive income		<u>4,054,410</u>	<u>2,936,478</u>
Weighted average number of shares		<u>25,000,000</u>	<u>25,000,000</u>
Earnings per share	20	<u>JD 0/168</u>	<u>JD 0/117</u>



Ready Mix Concrete and Construction Supplies  
And It's Subsidiaries  
Public Shareholding Company  
Amman – The Hashemite Kingdom of Jordan

Consolidated Statement of financial position as at December 31, 2016

	Notes	2016	2015
		JD	JD
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital		25,000,000	25,000,000
Issuance premium		1,600,000	1,600,000
Statutory reserve		2,671,135	2,228,093
Voluntary reserve		2,438,848	2,003,338
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(200,623)	(51,468)
Retained earnings	12	4,385,700	3,090,687
<b>Total Equity</b>		<b>35,895,060</b>	<b>33,870,650</b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
Deferred checks		39,504	-
<b>Current Liabilities</b>			
Due to related parties	9	2,418,703	516,507
Other credit balances	13	1,645,038	1,363,618
Notes payable	14	1,404,105	784,295
Deferred checks - current portion		1,477,844	4,191,043
Deferred checks - related parties	9	11,226,701	7,520,622
Trade payables	15	2,283,113	2,429,755
Loans - current portion		-	413,087
Banks overdraft	16	5,381,254	5,386,034
<b>Total Current Liabilities</b>		<b>25,836,758</b>	<b>22,604,961</b>
<b>Total Liabilities</b>		<b>25,876,262</b>	<b>22,604,961</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>61,771,322</b>	<b>56,475,611</b>

2015	Equipment, tools, generators and water tanks and wells										Payment on advance to purchase property and equipment	
	Lands (*)	Buildings and construction	Vehicles and pumps	Machines and equipment	Donation and leases improvements	Bulldozers and forklifts	Furniture and office equipment	Software and computers		Total		
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Balance - beginning of year	4,840,383	1,968,928	15,903,378	138,312	89,893	130,843	232,093	349,950	150,000	26,717,113		
Additions	275,252	24,285	1,527,186	19,363	8,148	336,136	19,861	166,639	-	2,339,854		
Disposals	-	-	(211,460)	(6,964)	-	-	(4,171)	-	-	(222,595)		
Transfer	-	-	-	-	-	-	-	-	(150,000)	(150,000)		
Balance - end of year	5,115,635	1,993,213	17,219,104	150,711	98,041	1,640,979	247,783	366,589	-	28,684,372		
Accumulated depreciation												
Balance - beginning of year	-	414,628	9,991,559	63,798	27,446	103,677	124,490	207,421	-	12,811,473		
Depreciation (*)	-	49,729	1,140,452	13,978	36,275	62,469	21,823	55,891	-	1,521,113		
Disposals	-	-	(123,895)	(5,048)	-	-	(3,245)	-	-	(132,188)		
Transfers	-	-	-	-	-	-	-	-	-	-		
Balance - end of year	-	463,857	11,008,116	72,728	63,721	1,116,146	143,068	263,312	-	14,200,998		
Net	5,115,635	1,529,356	6,210,988	77,983	34,320	524,833	104,715	103,277	-	14,484,274		

(\*) Within the Lands item above a land for value of JD 218,633 it prevents the right of disposition, and a land for value of 262,833 is not registered in name of company but it is registered in the name of Aqaba Special Economic Zone Authority, it was purchased by deferred check, and it will be transfer to company when payment are paid full.

(\*\*) Depreciation expense was distributed as follows:

	2016	2015
	JD	JD
Manufacturing expenses	1,358,531	1,496,206
Administrative expenses	25,721	24,907
<b>Total</b>	<b>1,384,252</b>	<b>1,521,113</b>

#### 4. Investments in associates

Company name	Country of foundation	Legal entity	count of shares	Percentage of ownership	2016	2015
					JD	JD
Masafat for specialized transport Co.	Jordan	P.S.C	7,020,233	40.94%	8,275,645	7,814,976
Assas for Concrete Products Co.	Jordan	P.S.C	3,867,952	39.70%	3,434,944	3,228,655
Alquds Ready Mix Concrete Company	Jordan	P.S.C	3,862,628	34.90%	2,996,507	2,930,834
International Brokerage & Financial Markets Co. (*)	Jordan	P.S.C	2,083,264	11.91%	365,304	704,699
United Ready Mix Concrete Co.	Jordan	P.S.C	380,000	47.50%	195,545	292,061
International Cards Company (*)	Jordan	P.S.C	248,554	2.71%	348,683	353,541
Jerusalem Crushers and quarrying LLC	Jordan	LLC	15,000	50.00%	16,186	24,402
<b>Total</b>					<b>15,632,814</b>	<b>15,349,168</b>

(\*) Share of result of associates mentioned above was valued according to interim reviewed financial statement issued on September 30, 2016 for the lack of financial statement issued as of December 31, 2016 up to the date of our report.

(\*\*) Movement of investment through the year as the follows:

	2016	2015
	JD	JD
Balance - beginning of year	15,349,168	15,067,674
Net sale and buy during the year	397,208	358,013
Cash dividends	(113,541)	(284,869)
Share of result of associate	149,134	210,007
Change in fair value of investments in financial assets at fair value through other comprehensive income -associate	(149,155)	(1,657)
<b>Balance - end of year</b>	<b>15,632,814</b>	<b>15,349,168</b>

(\*\*\*) As the following summary of information about associate companies:

Company name	Price of share at 31 December 2016	Total assets	Total liabilities	Revenue	Profit (loss)
	JD	JD	JD	JD	JD
Masfat for Specialized Transport	/56	32,077,935	10,220,520	19,104,047	897,319
Assas for Concrete Products	/25	15,737,632	5,812,857	11,908,322	191,159
Alquds Ready Mix Concrete Company	/50	11,434,714	3,529,484	6,258,832	339,431
International Brokerage & Financial Markets Co(*)	/17	18,914,772	8,668,186	49,134	(2,786,495)
United Ready Mix Concrete Co(*)	/22	31,023,745	13,551,049	1,664,068	536,864
International Cards Company	Unlisted	1,232,658	271,735	1,611,889	(216,773)
Jerusalem Crushers and quarrying L.L.C	Unlisted	808,625	769,482	462,503	2,374

(\*\*\*\*) within the investment there are 60,000 share in associate for market value of JD 20,600 as of December 31,2016 reserved based on the instructions of the Securities Commission in exchange for membership in the board of directors of these companies.

**5. Investments in financial assets at fair value through other comprehensive income**

	2016	2015
	JD	JD
Balance - beginning of year	6,896,789	6,896,789
Impairment	(30,000)	-
Balance - end of year	6,866,789	6,896,789

(\*) Included in the above item an amount of JD 6,836,189 represent %6.89 from capital of Qutraneh Cement company pledge for Arab cement - Saudi public company.

**6. Investments in financial assets at fair value through profit or loss**

	2016	2015
	JD	JD
Balance - beginning of year	6,000	8,250
Net sale and buy during the year	50,867	-
Change in fair value	(12,114)	(2,250)
Balance - end of year	44,753	6,000



## 7. Investment property

2016	Qustel Lands	Sahab land	Residential villas	Apartments (*)	Show rooms	Bulding	Total
	JD	JD	JD	JD	JD	JD	
Cost							
Balance - beginning of year	2,201,640	161,537	564,156	428,001	693,528	467,029	4,515,891
Additions	-	-	-	12,724	-	-	12,724
Balance - end of year	2,201,640	161,537	564,156	440,725	693,528	467,029	4,528,615
Accumulated depreciation							
Balance - beginning of year	-	-	11,283	3,520	13,871	4,670	33,344
Depreciation	-	-	11,283	6,168	13,870	18,681	50,002
Balance - end of year	-	-	22,566	9,688	27,741	23,351	83,346
Net	2,201,640	161,537	541,590	431,037	665,787	443,678	4,445,269
2015							
Cost							
Balance - beginning of year	2,201,640	161,537	564,156	176,000	693,528	-	3,796,861
Additions	-	-	-	252,001	-	467,029	719,030
Balance - end of year	2,201,640	161,537	564,156	428,001	693,528	467,029	4,515,891
Accumulated depreciation							
Depreciation	-	-	11,283	3,520	13,871	4,670	33,344
Balance - end of year	-	-	11,283	3,520	13,871	4,670	33,344
Net	2,201,640	161,537	552,873	424,481	679,657	462,359	4,482,547

(\*) Within item above an amount of JD 252,001 not registered in name of company.

(\*\*) Investment property was evaluated by three independent evaluators for an amount of JD 5,616,000 during year 2014.

## 8. Inventory

	2016	2015
	JD	JD
Spare part and materials warehouses	545,598	969,736
Raw material	420,400	333,588
Letters of credit and goods in transit	79,703	52,306
Finish goods - subsidiary	10,062	-
Total	1,055,763	1,355,630

## 9. Related parties

(\*) Related parties transaction consist of transaction with major shareholders and companies which the shareholders have control over them. Transaction with related parties are trading in nature.

(\*\*) Due from related party items represent following:

	2016	2015
	JD	JD
Assas for Concrete Products .	356,434	410,389
International Brokerage & Financial Markets Co .	299,664	118,078
Crushers and quarrying Jerusalem L.L.C .	209,969	151,507
United Ready Mix Concrete Co .	68,478	-
International Cards Company.	66,075	10,975
Advanced Education Company .	11,422	9,537
Masafat for Car Leasing .	6,446	6,990
Masafat for Specialized Transport .	-	55,724
<b>Total</b>	<b>1,018,488</b>	<b>763,200</b>

(\*\*\*) Related parties payables items represent following:

	2016	2015
	JD	JD
United Ready Mix Concrete Co .	-	296,365
Al quds for Ready Mix concrete Co.	61,991	195,392
Qatrana Cement Company .	1,366,128	24,750
Masafat for Specialized Transport .	990,584	-
<b>Total</b>	<b>2,418,703</b>	<b>516,507</b>

(\*\*\*\*)Deferred checks –due from related parties following

	2016	2015
	JD	JD
Qatrana Cement Company .	10,451,853	6,509,596
Al quds for Ready Mix concrete Co.	694,275	373,136
Masafat for Specialized Transport .	40,573	381,000
Crushers and quarrying Jerusalem L.L.C .	40,000	-
United Ready Mix Concrete Co .	-	256,890
<b>Total</b>	<b>11,226,701</b>	<b>7,520,622</b>

(\*\*\*\*) Checks on hand – due from related parties represent following:

	2016	2015
	JD	JD
Assas for Concrete Products	392,837	-
United Ready Mix Concrete Co	105,000	-
<b>Total</b>	<b>497,837</b>	<b>-</b>

(\*\*\*\*\*) Major transaction with associates stated in the statement of comprehensive income were as follows:

	2016	2015
	JD	JD
Purchases	13,855,732	12,215,135
Sale of ready concrete	478,268	317,642
Real estate rental	59,283	59,283
Manufacturing expenses	10,669	9,427

#### 10. Accounts receivable and other debit balances

	2016	2015
	JD	JD
Refundable deposits	166,924	49,664
Social security work injury claims and others	127,117	1,189
Prepaid expenses	96,929	112,545
Employee receivables	57,872	23,087
Letter of credit and guarantees deposit	52,615	571,807
Petty cash and others	20,150	17,382
Income tax deposit - licenses and imports	12,350	12,350
<b>Total</b>	<b>533,957</b>	<b>788,024</b>

#### 11. Trade receivable

	2016	2015
	JD	JD
Trade receivables (*)	9,111,183	7,091,976
less: allowance for foubtful receivables (**)	(1,101,857)	(807,953)
<b>Net</b>	<b>8,009,326</b>	<b>6,284,023</b>

(\*) Receivables aging details are as following:

	2016	2015
	JD	JD
From 1 to 60 days	4,458,800	4,762,746
From 61 to 120 days	829,536	638,964
From 121 to 180 days	538,814	263,294
Moer than 181 days	3,284,033	1,426,972
Total	9,111,183	7,091,976

(\*\*) Allowance for doubtful receivables movement during the year:

	2016	2015
	JD	JD
Balance - beginning of year	807,953	686,590
Provided during the year	405,550	158,735
Disposals during the year	(111,646)	(37,372)
Balance - end of year	1,101,857	807,953

## 12. Retained earnings

The proposed percentage of profit distribution to the shareholders for this year is (10%) equivalent to (JD 2,500,000), and it is subject to the general assembly approval.

## 13. Other credit balances

	2016	2015
	JD	JD
Income tax provision(*)	347,624	258,657
Reward provision (**)	330,000	211,202
Shareholders deposits	294,718	207,255
Employee vacation provision (*****)	183,897	124,145
End of service provision (****)	173,676	125,737
Accrued expenses	121,419	123,560
Sales tax deposit	72,777	150,547
Legal cases provision (***)	60,786	90,052
Unearned rent	57,174	71,018
Others	2,967	1,445
Total	1,645,038	1,363,618



(\*) Income tax provision

	2016	2015
	JD	JD
Balance - beginning of year	258,657	294,367
Provided during the year	433,003	367,369
Prepaid payment for income tax	(6,778)	-
Paid during the year	(337,258)	(403,079)
Balance - end of year	347,624	258,657

Ready Mix Concrete & Construction Supplies Co

- Self-assessment return for year 2015 was accepted without modification according to sampling system, and in opinion of the tax consultant the provision is sufficient.
- The tax status for years 2012 to 2015 were not settled for Aqaba branch which may result of future tax liabilities.

Arabic Chinese Company for Leasehold and Sale of Equipment

- Self-assessment return for year 2014 was accepted without modification based on sampling system, but settlement with Income and Sales Tax Department was not reached till date.

Amman for Construction Equipment Supply Company

- Self-assessment return for year 2014 was accepted without modification according to sampling system, but settlement with Income and Sales Tax Department was not reached till date.

Concrete Technology Company

- Final settlement for year 2015 was not reached, and in the tax consulting opinion the provision is sufficient.

(\*\*) Reward provision

	2016	2015
	JD	JD
Balance - beginning of year	211,202	277,699
Provided during the year	530,000	360,000
Paid during the year	(411,202)	(426,497)
Balance - end of year	330,000	211,202

(\*\*\*) Legal cases provision

	2016	2015
	JD	JD
Balance - beginning of year	90,052	-
Provided during the year	60,000	90,052
Paid during the year	(89,266)	-
Balance - end of year	60,786	90,052

(\*\*\*\*) End of service provision

	2016	2015
	JD	JD
Balance - beginning of year	125,737	98,104
Provided during the year	47,939	30,000
Paid during the year	-	(2,367)
Balance - end of year	<u>173,676</u>	<u>125,737</u>

(\*\*\*\*\*) Employee vacation provision

	2016	2015
	JD	JD
Balance - beginning of year	124,145	70,874
Provided during the year	60,452	59,991
Paid during the year	(700)	(6,720)
Balance - end of year	<u>183,897</u>	<u>124,145</u>

14. Notes payable

	2016	2015
	JD	JD
Arab bank	1,043,567	784,295
Cairo Amman Bank	360,538	-
Balance - end of year	<u>1,404,105</u>	<u>784,295</u>

– The item represent of liability amount related to finance a letter of credit for purchase of pumps.

15. Trade payables

Trade payables concentrate in four receivables represent 30% of total payables.

16. Banks overdraft

Bank	Interest rate	2016	2015
	%	JD	JD
Arab bank	8.25	1,926,943	2,168,830
Cairo Amman Bank	7.25	3,103,920	1,943,014
Bank of Jordan	9.35	44,424	1,274,190
Arab Banking Corporation	7.00	305,967	-
Total		<u>5,381,254</u>	<u>5,386,034</u>

## 17. Cost of sale

	2016	2015
	JD	JD
Raw material used in production	27,448,762	28,216,541
Manufacturing cost (*)	7,561,711	7,308,682
Less: finished goods end of year - subsidiary	(10,062)	-
Balance	35,000,411	35,525,223

(\*) Manufacturing cost are as following:

	2016	2015
	JD	JD
Salaries, wages and related benefits	2,302,561	2,098,276
Deprecation	1,358,531	1,496,206
Oils, fuel, water and electricity	1,163,713	1,025,746
Maintenance and vehicle expenses	1,098,258	1,316,782
Overtime and vacation	789,290	696,789
Rental pumps	285,921	188,161
Insurances	198,220	182,351
Miscellaneous	107,791	102,373
Rents	60,817	74,450
Slow moving inventory	59,642	30,000
Travel and transportation	54,759	7,467
Phone and mail	24,035	28,189
public safety	22,692	11,798
Laboratory tests	21,374	26,424
Hospitality	13,311	20,003
Transportation expenses	796	3,667
Total	7,561,711	7,308,682

## 18. Other revenues, net

	2016	2015
	JD	JD
Rents	209,124	176,280
Gain from sale of property and equipment	169,683	102,039
Others	41,122	9,355
Change in fair value of in financial assets at fair value through profit or loss	(12,114)	(2,250)
Net	407,815	285,424

## 19. Administrative expenses

	2016	2015
	JD	JD
Salaries and wages and related benefits (*)	1,110,777	1,019,936
Doubtful expenses	405,550	158,735
Rewards	280,764	133,232
Non-deductible tax	228,137	182,600
Insurance	79,801	59,074
Travel and transportation	65,678	40,877
Miscellaneous	64,397	17,785
Legal cases	60,000	90,052
Electricity , water, fuel	58,224	60,985
Transportation of board of directors	57,000	55,500
Depreciation of investment property	50,002	33,344
Bank fees and guarantee	36,075	16,646
Hospitality	32,201	25,808
Professional fees	28,396	33,873
Cleaning and mantinance	26,259	24,546
Depreciation	25,721	24,907
Rents	23,151	27,089
Subscriptions fees and, stamps	20,920	19,961
Communication	17,899	24,089
Stationery and printing	10,389	17,728
Vehicles	7,757	9,017
Advertising	5,641	8,374
Allwance for employee vacation	452	59,991
Impairment of inventory losses	-	34,632
<b>Total</b>	<b>2,695,191</b>	<b>2,178,781</b>

(\*) Included in the salaries and wages an amount of JD 499,800 which represent salaries of higher management of the company.

## 20. Earnings per share

	2016	2015
	JD	JD
Net profit of the year	4,203,565	3,938,135
Weighted average of shares	25,000,000	25,000,000
<b>Earnings per share</b>	<b>JD 0/168</b>	<b>JD 0/117</b>



## 21. Contingent liabilities

	Values	Insurance	Net
	JD	JD	JD
Acceptable withdrawals and guarantees	264,993	(17,943)	247,050
Incoming bills	153,144	(30,672)	122,472
Insurance checks	1,000,000	-	1,000,000

## 22. Legal cases

According to the lawyer latter there are legal cases raised from others against the accompany amounting to 250,049, and there are legal cases raised by the company against others amounting to JD 1,142,873.

## 23. Risk management

### a) Capital risk:

- Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

### b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Most of foreign currency transactions are in USD, and JD exchange rate is fixed against USD.

### c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The following table shows the sensitivity of profit or loss and equity to changes in interest rates paid by the entity on borrowing from the banks:

At Decamber 31, 2016	Change in interest	The effect on profit (loss) owner equity
	%	JD
Bank overdraft	0.5	26,906

d) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.

The carrying amount of financial assets recorded in the financial statements represents the - maximum exposure to credit risk without taking into account the value of any collateral obtained.

At December 31, 2016	Change in price	The effect on profit (loss)	The effect on owner equity
	%	JD	JD
Investment in financial assets at fair value through profit or loss	±5	2,237	2,237

e) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. Investment impairment loss was calculated which its market value have declined
- The following table shows the sensitivity to profit or loss and equity to the changes in the listed prices of investments in equity instruments, assuming no changes to the rest of other variables:

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than 1 year		More than 1 year	
	2016	2015	2016	2015
	JD	JD	JD	JD
<b>Financial assets:</b>				
Investments in associates	-	-	15,632,814	15,349,168
Investment in financial assets at fair value through other comprehensive income	-	-	6,866,789	6,896,789
Investment in financial assets at fair value through profit or loss	-	-	44,753	6,000
Checks under collection and on hand	8,024,218	5,763,374	165,499	113,220
Checks on hand - related parties	497,837	-	-	-
Due from related parties	1,018,488	763,200	-	-
Other debit receivables	367,033	216,217	-	-
Trade receivables	8,009,326	6,193,971	-	-
Current accounts at bank	558,015	189,362	-	-
<b>Total</b>	<b>18,474,917</b>	<b>13,126,124</b>	<b>22,709,855</b>	<b>22,365,177</b>
<b>Financial liabilities:</b>				
Due to related parties	2,418,703	516,507	-	-
Other credit balances	776,677	582,142	-	-
Deferred checks - current portion	1,477,844	4,191,043	-	-
Deferred checks - related parties	11,226,701	7,520,622	-	-
Trade payables	2,283,113	2,429,755	-	-
Loans	-	413,087	-	-
Bank overdraft	5,381,254	5,386,034	-	-
<b>Total</b>	<b>23,564,292</b>	<b>21,039,190</b>	<b>-</b>	<b>-</b>

#### 24. Fair value of financial instruments

- The table below represents the fair value of the financial instruments using valuation method. there are different levels as follows:
- Level 1: listed prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs rather than prices listed in level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability is not based on comparable market data that can be observed (non-observable inputs).

	1	2	Total
	JD	JD	JD
Investment in financial assets at fair value through profit or loss	44,753	-	44,753
Investment in financial assets at fair value through other comprehensive income	-	6,866,789	6,866,789
	<b>44,753</b>	<b>6,866,789</b>	<b>6,911,542</b>

## 25. financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2016 as follows:

Company name	Legal entity	Paid in capital	Total assets	Total liabilities	Retained earnings (accumulated loss)
		JD	JD	JD	JD
Amman for Construction Equipment Supply Company	LLC	30,000	224,394	240,842	(57,909)
Concrete Technology Company	LLC	80,000	938,304	627,564	150,740
Arabic Chinese Company for Leasehold and Sale of Equipment	LLC	100,000	167,319	22,512	73,299

## 26. Standards and Interpretations issued but not yet effective

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

Standard or Interpretation No.	Description	Effective date
IFRS (9) - New	Financial Instruments	Jan 1, 2018 or after
IFRS (15) - New	Revenue from contracts with customers	Jan. 1, 2018 or after
IFRS (16) - New	Leases - all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases	Jan 1, 2019 or after
IAS (7) - Amendments	Additional disclosures enables users of financial statement to assess the required changes arising from financial operation	Jan 1, 2017 or after
IAS (12) - Amendments	Recognition to deferred tax assets for unrealized losses	Jan 1, 2017 or after

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.

## 27. Reclassification

2015 balances have been reclassified to conform to the adopted classification in 2016.