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الرقم : 2018/RMCCS/250
التاريخ : 2018/03/25 م

السادة / هيئة الأوراق المالية المحترمين
عمان - الأردن

تحية واحتراماً وبعد،،

أرفق بطيه ميزانية الشركة السنوية باللغة الانجليزية عن الفترة المنتهية بتاريخ 2017/12/31
مدققة حسب الأصول من شركة طلال أبو غزالة وشركاه.

وتفضلوا بقبول فائق الاحترام والتقدير

يحيى
بنا

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 الدائرة الادارية / الدوائري
٢٠١٨ ٢٨
الرقم المتسلسل ٢٠١٨
الجهة المختصة ٢٠١٨

**Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Consolidated Financial Statement
and Independent Auditor's Report
for the year ended December 31, 2017**

Ready Mix Concrete and Construction Supplies
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 (Public Shareholding Company), which comprise the statement of financial position as at December 31, 2017, 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, 2017, 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 10,732,801 as of December 31, 2017 and the company's management estimated the provision for an amount of JD 1,704,051.

Scope of audit

Audit procedures included verified the control procedures used by management on the collection process of receivables, 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:

- 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 25, 2018

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of financial position as at December 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	15,364,465	14,918,594
Investments in associates	4	15,034,776	15,632,814
Investment in financial asset at fair value through other comprehensive income	5	6,836,789	6,866,789
Investment in financial asset at fair value through profit or loss	6	41,691	44,753
Investment property	7	4,422,018	4,445,269
Checks under collection and on hand		-	165,499
Total Non-current Assets		<u>41,699,739</u>	<u>42,073,718</u>
Current Assets			
Inventory	8	1,278,287	1,055,763
Due from related parties	9	592,066	1,018,488
Accounts receivable and other debit balances	10	518,083	533,957
Trade receivables	11	9,028,750	8,009,326
Checks under collection and on hand - current portion		10,681,658	8,024,218
Checks on hand - related parties	9	1,425,637	497,837
Current accounts at banks		186,374	558,015
Total Current Assets		<u>23,710,855</u>	<u>19,697,604</u>
TOTAL ASSETS		<u><u>65,410,594</u></u>	<u><u>61,771,322</u></u>

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of financial position as at December 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
EQUITY AND LIABILITIES			
Equity			
Capital		25,000,000	25,000,000
Issuance premium		1,600,000	1,600,000
Statutory reserve		2,912,980	2,671,135
Voluntary reserve		2,680,693	2,438,848
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(224,155)	(200,623)
Retained earnings	12	3,766,791	4,385,700
Total Equity		<u>35,736,309</u>	<u>35,895,060</u>
Liabilities			
Non Current Liabilities			
Deferred checks		-	39,504
Current Liabilities			
Due to related parties	9	2,115,878	2,418,703
Other credit balances	13	2,105,070	1,645,038
Notes payable	14	-	1,404,105
Deferred checks - current portion		649,001	1,477,844
Deferred checks - related parties	9	12,994,743	11,226,701
Trade payables	15	4,067,193	2,283,113
Banks overdraft	16	7,742,400	5,381,254
Total Current Liabilities		<u>29,674,285</u>	<u>25,836,758</u>
Total Liabilities		<u>29,674,285</u>	<u>25,876,262</u>
TOTAL EQUITY AND LIABILITIES		<u><u>65,410,594</u></u>	<u><u>61,771,322</u></u>

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of comprehensive income for the year ended December 31, 2017

	Notes	2017	2016
		JD	JD
Net sales	9	44,117,707	42,308,399
Cost of sales	17	<u>(37,956,148)</u>	<u>(35,024,278)</u>
Gross profit		6,161,559	7,284,121
Other revenues, net	18	61,192	407,815
Share of profit of associates		22,434	149,134
Revaluation of investment in associate	25	197,207	-
Administrative expenses	19	(3,069,240)	(2,671,324)
Finance cost		<u>(701,830)</u>	<u>(533,053)</u>
Profit before tax		2,671,322	4,636,693
Income tax expense		(276,512)	(433,003)
Income tax paid on prior years		<u>(29)</u>	<u>(125)</u>
Profit		<u>2,394,781</u>	<u>4,203,565</u>
Other comprehensive income			
Change in fair value of investment in financial asset through other comprehensive income - associates		<u>(23,532)</u>	<u>(149,155)</u>
Total comprehensive income		<u>2,371,249</u>	<u>4,054,410</u>
Weighted average number of shares		<u>25,000,000</u>	<u>25,000,000</u>
Earnings per share	20	<u>JD 0/09</u>	<u>JD 0/168</u>

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of changes in equity for the year ended December 31, 2017

	Authorized and paid - in capital	Additional paid in capital	Statutory reserve	Voluntary reserve	Change in fair value of investments in financial assets at fair value through other comprehensive income - associates	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
Balance as at January 1, 2016	25,000,000	1,600,000	2,228,093	2,003,338	(51,468)	3,090,687	33,870,650
Distributed dividends	-	-	-	-	-	(2,000,000)	(2,000,000)
Comprehensive income	-	-	-	-	(149,155)	4,203,565	4,054,410
Change in fair value of investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	(30,000)	(30,000)
Reserves	-	-	443,042	435,510	-	(878,552)	-
Balance as at December 31, 2016	25,000,000	1,600,000	2,671,135	2,438,848	(200,623)	4,385,700	35,895,060
Distributed dividends	-	-	-	-	-	(2,500,000)	(2,500,000)
Comprehensive income	-	-	-	-	(23,532)	2,394,781	2,371,249
Impairment of investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	(30,000)	(30,000)
Reserves	-	-	241,845	241,845	-	(483,690)	-
Balance as at December 31, 2017	25,000,000	1,600,000	2,912,980	2,680,693	(224,155)	3,766,791	35,736,309

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2017

	2017	2016
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,671,322	4,636,693
Adjustments for :		
Depreciation	1,568,894	1,384,252
Loss (gains) on sale of property, plant and equipment	42,241	(169,683)
Impairment of property, plant and equipment	169,806	-
Share of profit of associates	(22,434)	(149,134)
Change in fair value of investment in financial asset at fair value through profit or loss	4,414	12,114
Investment property depreciation	52,724	50,002
Slow moving inventory	-	60,000
Doubtful debts	579,923	405,550
Bad debt and write-offs during the year	(16,819)	(111,646)
Legal cases	60,000	60,000
Change in operating assets and liabilities:		
Inventory	(222,524)	239,867
Due from related parties	426,422	(255,288)
Accounts receivable and other debit balances	15,874	254,067
Trade receivables	(1,582,528)	(2,019,207)
Checks under collection and on hand	(2,491,941)	(2,313,123)
Checks on hand - related parties	(927,800)	(497,837)
Due to related parties	(302,825)	1,902,196
Other credit balances	816,553	132,453
Deferred checks - current paotion	(868,347)	(2,673,695)
Deferred checks - related parties	1,768,042	3,706,079
Trade payables	1,784,080	(146,642)
	3,525,077	4,507,018
Income tax paid	(693,062)	(344,161)
Net cash from operating activities	2,832,015	4,162,857
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,328,843)	(1,940,188)
Proceeds from sale of property, plant and equipment	102,031	291,299
Investments in associates	596,940	(283,667)
Investment in financial asset at fair value through profit or loss	(1,352)	(50,867)
Purchase of investment property	(29,473)	(12,724)
Net cash from investing activities	(1,660,697)	(1,996,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans	-	(413,087)
Notes payable	(1,404,105)	619,810
Banks overdraft	2,361,146	(4,780)
Distributed dividends	(2,500,000)	(2,000,000)
Net cash from financing activities	(1,542,959)	(1,798,057)
Net change in cash and cash equivilents	(371,641)	368,653
Cash and cash equivalents - beginning of year	558,015	189,362
Cash and cash equivalents - end of year	186,374	558,015
Information about non cash transactions		
Transfer from payments on purchase of property, plant and equipment to receivables	-	150,000

Ready Mix Concrete and Construction Supplies
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Notes to the financial statement

1. General information

- Legal status and activity for parent company and subsidiaries as follows:

Company name	Legal status	Registration date at the Ministry of Industry and Trade	Rigester	Main activities
Ready Mix Concrete and Construction Supplies Company	Public shareholding company	February 4, 1995	272	Construct, establish, own and manage production plants and trading with all kind of concrete, kerbstone, bricks and hourdi block metal forming and to do all other acts relating thereto inside and outside the kingdom.
Amman for Construction Equipment Supply Company	Limited liability company	February 26, 2008	15843	Supply and sale of construction equipment and their spare parts
Concrete Technology Company	Limited liability company	July 26, 2004	9053	Manufacturing construction materials
Arabic Chinese Company for Leasehold and Sale of Equipment	Limited liability company	September 3, 2006	12836	Sale and leasehold all heavy equipment and their spare parts
United Ready Mix Concrete Company	Private liability company	December 18, 2006	252	Manufacturing ready mix concrete

- The company consists of the following branches and factories: Amman - Zarqa - Aqaba - Ramtha - Sahab - Dead Sea - Qustal - Shafa Badran - Karak - Eshidiya - potash - Durra - Alhusan - Mafrag.
- The company granted according to Development and Special Zone Law the following tax rates:

Aqaba branch(Aqaba Special Economic Zone)	%5
Dead Sea(Development zone)	%5
Maan (Development zone)	%5

- The financial statement have been approved by board of direction on January 25, 2018 and it require approval of the General Assembly.

2. Financial statements preparation framework Significant accounting policies

Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

Functional and presentation currency

The financial statements have been presented in the Jordanian dinar (JD) which is the functional currency of the entity.

– **Using of estimates**

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for doubtful and bad debts, inventory obsolescence, useful lives of depreciable assets, provisions, any legal cases against the entity

– **Basis of consolidation**

- The financial statement for parent company consists the financial statement of (Ready Mix Concrete & Construction supplies) and its subsidiary:

Company name	Percentage of ownership
	%
Amman for Construction Equipment Supply Company	100
Concrete Technology Company	100
Arabic Chinese Company for Leasehold and Sale of Equipment	100
United Ready Mix Concrete Company	100

- Control is presumed to exist when the investor 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, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- Intergroup balances, transactions, income and expenses among the group (the parent and the subsidiaries company) shall be eliminated in full.

– **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liabilities or equity instrument of another entity.

– **Property and equipment**

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.

- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Buildings and construction	2
Vehicles and pumps	10
Devices, equipment, generators and water tanks and wells	10
Machines and equipment	10-5
Decoration and fixtures	10-15
Bulldozers and forklifts	10
Furniture and office equipment	10-20
Software and computers	10-25

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
 - The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
 - On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.
- **Investment property**
- Investment property is property (land or building- or part of a building- or both):
 - Held by the entity to earn rentals,
 - For capital appreciation, or both, rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
 - Investment property is measured initially at its cost, including transaction costs.
 - After initial recognition, investment property is carried, in the statement of financial position, at its cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
 - Deprecation charge for each period is recognized as expense. Deprecation is calculated on straight line basis, which reflects the pattern in which the building future economic benefits are expected to be consumed over their estimated useful life for 25 -50 years.
 - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
 - The carrying values of investments property are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
 - On the subsequent derecognition (sale or retirement) of the investment property, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

– **Financial assets**

- A financial asset is any asset that is:
 - (a) Cash;
 - (b) An equity instrument of another entity;
 - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
 - (d) A contract that will or may be settled in the entity's own equity instruments.
- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.
- All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
 - (a) The entity's business model for managing the financial assets, and
 - (b) The contractual cash flow characteristics of the financial assets.
- A financial asset is measured at amortized cost if both of the following conditions are met:
 - (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income

– **Cash and cash equivalents**

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes value.

– **Trade receivables**

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at claims amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

– **Investments in associates**

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee are other comprehensive income. The investor's share of those changes is recognized in other comprehensive income of the investor.

– **Impairment of financial assets**

- Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each period.
- For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Impairment loss is recognized in the losses.

– **Financial liabilities**

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

– **Trade payables and accruals**

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

– **Related parties**

- Transactions with related parties represent transfer of resources, services, or obligations between related parties.
- Terms and conditions relating to related party transactions are approved by management.

– **Inventory**

- Inventories are measured at the lower of cost and net realizable value.
- Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Inventory cost is determined using the weighted average method.
- Net realizable value is the estimated sale/usage price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale/usage.

– **Impairment of assets**

- At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- An impairment loss is recognized immediately as loss.

- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- Statutory reserve

Public Shareholding Company - parent company

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.

Limited Liability Company - subsidiary company

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.

- Voluntary reserve

This reserve is determined in accordance with the Jordanian Companies Law by allocating not more than 20% annually of the profit to this reserve.

- Provisions

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.

- Revenue recognition

- Revenue is measured at the fair value of the consideration received or receivable
- Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

- Rendering of services

- Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date.
- The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:
 - The amount of revenue can be measured reliably.
 - It is probable that the economic benefits will flow to the entity.
 - The stage of completion at the statement of financial position date can be measured reliably.
 - The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.
- When the above criteria are not met, revenue arising from the rendering of services is recognized only to the extent of the expenses recognized are recoverable.

- **Dividend and interest revenue**

- Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.

- **Borrowing costs**

- Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing costs are expensed in the period in which they are incurred.

- **Income tax**

Income tax is calculated in accordance with laws and regulations applicable in Jordan

Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year

- **Foreign currencies**

- In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

- **Contingent liabilities**

- Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
- Contingent liabilities are not recognized in the financial statements.

3. Property, plant and equipment

	Equipment, tools																					
	Lands (*)		Buildings and construction		Vehicles and pumps		generators and water tanks and wells		Machines and equipment		Duration and leases improvements		Bulldozers and forklifts		Furniture and office equipment		Software and computers		Projects under construction		Total	
2017	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost																						
Balance- beginning of year	5,115,435		1,968,863	18,315,504		1,867,739		150,069		98,170		1,350,094		251,092		372,244		-			29,689,410	
Additions	195,439		229,680	304,944		59,754		31,080		10,124		8,945		22,203		3,306		504,143			1,379,618	
Disposals	-		-	(480,320)		(40,397)		-		-		-		-		(570)		-			(541,487)	
Transfer from United ready mix concrete company - subsidiary	-		181,541	3,681,475		208,567		-		-		145,238		9,948		5,563		-			4,222,332	
Balance - end of year	5,311,074		2,390,084	21,821,603		2,075,463		181,149		108,294		1,704,277		283,243		380,543		504,143			34,759,873	
Accumulated depreciation																						
Balance - beginning of year	-		515,940	11,615,437		1,199,839		83,656		66,213		848,691		165,063		286,007		-			14,570,816	
Depreciation (*)	-		61,453	1,200,484		144,754		13,077		3,294		101,560		24,775		19,549		-			1,568,894	
Disposals	-		-	(352,333)		(44,360)		-		-		-		-		(522)		-			(397,215)	
Impairment	-		9,533	146,235		6,322		-		-		6,223		1,213		270		-			169,806	
Transfer from United ready mix concrete company - subsidiary	-		181,540	2,865,866		127,060		-		-		100,066		4,351		4,224		-			3,283,107	
Balance - end of year	-		758,456	15,475,689		1,433,615		96,713		69,507		1,056,530		195,350		305,528		-			19,395,408	
Net	5,311,074		1,631,628	6,345,914		641,848		84,436		38,787		647,727		87,893		71,015		504,143			15,364,465	

	Equipment/tools																		
	Lands (*)	Buildings and construction	Vehicles and pumps	generators and water tanks and wells	Machines and equipment	Donation and leaves improvements	Bulldozers and forklifts	Furniture and office equipment	Software and computers	Projects under construction	Total								
2016	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD								
Cost																			
Balance- beginning of year	5,115,635	1,992,213	17,219,014	1,852,317	151,711	98,041	1,640,979	247,783	366,389	-	28,684,372								
Additions	-	11,450	1,599,636	16,333	3,027	129	300,000	3,398	5,995	-	1,940,188								
Disposals	-	(35,800)	(503,256)	(951)	(3,669)	-	(390,885)	(287)	(340)	-	(953,150)								
Balance- end of year	5,115,635	1,968,863	18,315,904	1,867,739	151,069	98,170	1,550,094	251,892	372,244	-	29,689,410								
Accumulated depreciation																			
Balance- beginning of year	-	463,857	11,008,116	1,069,150	72,728	63,721	1,116,146	143,063	263,312	-	14,200,098								
Depreciation (*)	-	51,659	1,057,662	131,410	13,002	2,452	84,304	22,194	22,779	-	1,384,252								
Disposals	-	(8,386)	(451,341)	(721)	(2,084)	-	(351,759)	(199)	(34)	-	(813,534)								
Balance- end of year	-	505,930	11,615,437	1,199,839	83,636	66,213	848,691	165,063	286,007	-	14,770,816								
Net	5,115,635	1,462,933	6,700,467	667,900	66,433	31,957	701,403	86,029	86,237	-	14,918,594								

(*) Within the Lands item above a land for value of JD 218,633 with the right of disposition is prohibited 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:

	2017	2016
	JD	JD
Manufacturing expenses	1,540,086	1,358,531
Administrative expenses	28,808	25,721
Total	1,568,894	1,384,252

4. Investments in associates

Company name	Country of foundation	Legal entity	count of shares	Percentage of ownership	2017	2016
					JD	JD
Masafat for specialized transport Co.	Jordan	P.S.C	7,020,233	40.94%	8,314,974	8,275,645
Assas for Concrete Products Co.	Jordan	P.S.C	3,887,962	39.70%	3,187,718	3,434,944
Alquds Ready Mix Concrete Company	Jordan	P.S.C	3,882,628	34.90%	2,997,390	2,996,507
International Brokerage & Financial Markets Co. (*)	Jordan	P.S.C	2,083,264	11.91%	214,693	365,304
United Ready Mix Concrete Co.	Jordan	P.S.C	380,000	47.50%	-	195,545
International Cards Company (*)	Jordan	P.S.C	248,554	2.71%	320,001	348,683
Jersalem Crushers and quarrying LLC	Jordan	LLC	15,000	50.00%	-	16,186
Total					15,034,776	15,632,814

(*) Share of result of associates was valued based on interim reviewed financial statements issued on September 30, 2017 for the lack of obtaining audited financial statements for the year ended December 31, 2017 as of the date of our report.

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

	2017	2016
	JD	JD
Balance - beginning of year	15,632,814	15,349,168
Net sale and purchase during the year	(189,840)	397,208
Cash dividends	(407,100)	(113,541)
Share of result of associates	22,434	149,134
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates	(23,532)	(149,155)
Balance - end of year	15,034,776	15,632,814

(***)The following are summary of information about associate companies:

Company name	Price of share as December 31, 2017	Total assets	Total liabilities	Revenue	Profit (loss)
	JD	JD	JD	JD	JD
Masafat for Specialized Transport	/47	34,647,256	12,624,042	21,485,353	876,548
Assas for Concrete Products	/24	16,087,010	6,803,039	8,795,945	(596,753)
Alquds Ready Mix Concrete Company	/47	11,704,092	3,796,334	6,661,590	319,151
International Brokerage & Financial Markets Co (*)	/13	17,746,796	8,764,787	256,808	(317,327)
International Cards Company	/19	29,791,538	13,377,612	507,401	(77,934)
Jerusalem Crushers and Quarrying L.L.C	Unlisted	614,885	619,523	520,444	(43,781)

(****) within the investment there are 45,000 share in associates for market value of JD 11,750 as of December 31,2017 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

	2017	2016
	JD	JD
Balance - beginning of year	6,866,789	6,896,789
Impairment	(30,000)	(30,000)
Balance - end of year	6,836,789	6,866,789

(*) 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 Shareholding Company.

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

	2017	2016
	JD	JD
Balance - beginning of year	44,753	6,000
Net sale and purchase during the year	1,352	50,867
Change in fair value	(4,414)	(12,114)
Balance - end of year	41,691	44,753

7. Investment property

	Qustel Lands	Sahab land	Residential villas	Apartments (*)	Show rooms	Building	Total
2017	JD	JD	JD	JD	JD	JD	
Cost							
Balance - beginning of year	2,201,640	161,537	564,156	440,725	693,528	467,029	4,528,615
Additions	7,171	-	-	22,302	-	-	29,473
Balance - end of year	2,208,811	161,537	564,156	463,027	693,528	467,029	4,558,088
Accumulated depreciation							
Balance - beginning of year	-	-	22,566	9,688	27,741	23,351	83,346
Depreciation	-	-	11,283	8,889	13,871	18,681	52,724
Balance - end of year	-	-	33,849	18,577	41,612	42,032	135,070
Net	2,208,811	161,537	530,307	444,450	651,916	424,997	4,422,018
2016							
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

(*) Within the above item an apartment with JD 252,001 not registered in name of company.

(**) Investment property was evaluated by an independent evaluators for an amount of JD 8,430,280 during year 2017.

8. Inventory

	2017	2016
	JD	JD
Spare part and materials warehouses	725,000	691,400
Raw material	675,281	420,400
Letters of credit and goods in transit	18,901	79,703
Finish goods - subsidiary	4,907	10,062
Deduct: Slow moving inventory provision (*)	(145,802)	(145,802)
Total	1,278,287	1,055,763

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:

	2017	2016
	JD	JD
Jerusalem Crushers and Quarrying L.L.C .	162,881	209,969
International Brokerage & Financial Markets Co .	161,197	299,664
Al-Quds Ready Mix Supplies	155,720	-
Jordan Co. for Crushers and Supply of Construction Machinery and Equipment	29,500	-
Assas for Concrete Products .	29,360	356,434
International Cards Company.	21,174	66,075
Masafat for Car Leasing .	19,134	6,446
Advanced Education Company .	13,100	11,422
United Ready Mix Concrete Co .	-	68,478
Total	592,066	1,018,488

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

	2017	2016
	JD	JD
Qatrana Cement Company .	1,953,146	1,366,128
Masafat for Specialized Transport .	162,732	990,584
Al Quds for Ready Mix Concrete Co.	-	61,991
Total	2,115,878	2,418,703

(****) Deferred checks -due from related parties following

	2017	2016
	JD	JD
Qatrana Cement Company .	12,750,399	10,451,853
Al Quds for Ready Mix concrete Co.	130,000	694,275
Masafat for Specialized Transport .	101,000	40,573
Jordan Co. for Crushers and Supply of Construction Machinery and Equipment	9,971	-
Assas for Concrete Products .	3,373	-
Crushers and quarrying Jerusalem L.L.C .	-	40000
Total	12,994,743	11,226,701

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

	2017	2016
	JD	JD
Assas for Concrete Products	924,043	392,837
Masafat for Specialized Transport .	308,964	-
International Brokerage & Financial Markets Co .	127,630	-
International Cards Company.	50,000	-
Al-Quds Ready Mix Supplies	15,000	-
United Ready Mix Concrete Co	-	105,000
Total	1,425,637	497,837

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

	2017	2016
	JD	JD
Purchases	20,691,271	13,855,732
Sale of ready mix concrete	186,812	478,268
Real estate rental	59,283	59,283
Manufacturing expenses	14,515	10,669

10. Accounts receivable and other debit balances

	2017	2016
	JD	JD
Refundable deposits	142,021	166,924
Prepaid expenses	114,884	96,929
Letter of credit and guarantees deposit	88,226	52,615
Social security work injury claims and others	69,635	127,117
Employee receivables	60,153	57,872
Petty cash and others	27,544	20,150
Income tax deposit - licenses and imports	15,620	12,350
Total	518,083	533,957

11. Trade receivable

	2017	2016
	JD	JD
Trade receivables (*)	10,732,801	9,120,273
less: allowance for foubtful receivables (**)	(1,704,051)	(1,110,947)
Net	9,028,750	8,009,326

(*) Receivables aging details are as following:

	2017	2016
	JD	JD
From 1 to 60 days	3,778,017	4,458,800
From 61 to 120 days	1,384,647	829,536
From 121 to 180 days	1,415,950	538,814
More than 181 days	4,154,187	3,293,123
Total	10,732,801	9,120,273

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

	2017	2016
	JD	JD
Balance - beginning of year	1,110,947	817,043
Provided during the year	579,923	405,550
Transfer from United Ready Mix Concrete Company-subsiary	30,000	-
Bad debts	(16,819)	(111,646)
Balance - end of year	1,704,051	1,110,947

12. Retained earnings

The proposed percentage of profit distribution to the shareholders for this year is (8%) equivalent to (JD 2,000,000) and it is subject to the general assembly approval.

13. Other credit balances

	2017	2016
	JD	JD
Shareholders deposits	909,950	294,718
Reward provision (**)	352,404	330,000
End of service provision (****)	220,996	173,676
Income tax provision(*)	207,615	347,624
Employee vacation provision (*****)	134,184	183,897
Accrued expenses	115,032	121,419
Unearned rent	66,949	57,174
Legal cases provision (***)	47,525	60,786
Sales tax deposit	42,199	72,777
Others	8,216	2,967
Total	2,105,070	1,645,038

(*) Income tax provision

	2017	2016
	JD	JD
Balance - beginning of year	347,624	258,657
Provided during the year	276,512	433,003
Prepaid payment for income tax	(17,454)	(6,778)
Paid during the year	(413,513)	(337,258)
Transfer from United ready mix concrete company- subsidiary	14,446	-
Balance - end of year	207,615	347,624

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 2016 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 2016 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.

United ready mix concrete company

- The company income and sales tax status was settled till year 2015, also tax returns was submitted for year 2016 within the legal period and still pending with the Tax Department.
- As stated in the lawyer letter there is a legal case raised by the company against the Tax Department to prevent a claim of JD 72,109 that was imposed on the company in year 2009, the case still with the court of appeal, the First instance court issued a decision rescind the objection committee decision and returning the file to the Tax Department with its obligation to pay the attorney's fees.

(**) Reward provision

	2017	2016
	JD	JD
Balance - beginning of year	330,000	211,202
Provided during the year	480,000	530,000
Paid during the year	(457,596)	(411,202)
Balance - end of year	352,404	330,000

() Legal cases provision**

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance - beginning of year	60,786	90,052
Provided during the year	60,000	60,000
Paid during the year	<u>(73,261)</u>	<u>(89,266)</u>
Balance - end of year	<u>47,525</u>	<u>60,786</u>

(*) End of service provision**

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance - beginning of year	173,676	125,737
Provided during the year	<u>47,320</u>	<u>47,939</u>
Balance - end of year	<u>220,996</u>	<u>173,676</u>

(**) Employee vacation provision**

	<u>2017</u>	<u>2016</u>
	JD	JD
Balance - beginning of year	183,897	124,145
Provided during the year	6,090	60,452
Paid during the year	<u>(55,803)</u>	<u>(700)</u>
Balance - end of year	<u>134,184</u>	<u>183,897</u>

14. Notes payable

	<u>2017</u>	<u>2016</u>
	JD	JD
Arab bank	-	1,043,567
Cairo Amman Bank	<u>-</u>	<u>360,538</u>
Balance - end of year	<u>-</u>	<u>1,404,105</u>

- The item represent of liability amount to finance a letter of credit to purchase pumps.

15. Trade payables

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

16. Banks overdraft

Bank	Interest rate	2017	2016
	%	JD	JD
Arab bank	8.25	2,611,960	1,926,943
Cairo Amman Bank	8	3,082,087	3,103,920
Bank of Jordan	9.25	929,172	44,424
Arab Banking Corporation	7.25	1,119,181	305,967
Total		7,742,400	5,381,254

17. Cost of sale

	2017	2016
	JD	JD
Raw material used in production	29,364,419	27,448,762
Manufacturing cost (*)	8,596,636	7,585,578
Less: finished goods end of year - subsidiary	(4,907)	(10,062)
Balance	37,956,148	35,024,278

(*) Manufacturing cost consist of the following:

	2017	2016
	JD	JD
Salaries, wages and related benefits	1,968,201	1,735,058
Deprecation	1,540,086	1,358,531
Oils, fuel, water and electricity	1,420,359	1,163,713
Maintenance and vehicle expenses	1,096,843	1,098,258
Overtime and vacation	802,170	789,290
Rental pumps	506,457	285,921
Rewards	328,507	300,418
Social security	241,906	206,467
Insurances	194,603	198,220
Staff savings fund	71,424	60,618
Transportation expenses	60,564	796
Rents	64,664	60,817
Miscellaneous	63,181	37,113
Non - refundable cement tax	59,599	23,867
Subscriptions, fees and stamps	54,778	70,678
Travel and transportation	36,359	54,759
Laboratory tests	26,880	21,374
Hospitality	18,285	13,311
Public safety	16,282	22,692
Information technology	15,436	-
Phone and mail	10,052	24,035
Slow moving inventory	-	59,642
Total	8,596,636	7,585,578

18. Other revenues, net

	2017	2016
	JD	JD
Rents	219,730	209,124
Others	57,923	41,122
Change in fair value of financial assets at fair value through profit or loss	(4,414)	(12,114)
(Loss)Gain from sale of property and equipment	(42,241)	169,683
Impairment of property, plant and equipment -subsidiary	(169,806)	-
Net	61,192	407,815

19. Administrative expenses

	2017	2016
	JD	JD
Salaries and wages and related benefits (*)	1,041,638	927,994
Doubtful expenses	579,923	405,550
Rewards	352,713	280,764
Non-deductible tax	97,324	204,270
Electricity , water and fuel	97,206	58,224
Travel and transportation	95,934	65,678
Social security	84,808	71,172
Insurance	80,024	79,801
Transportation of board of directors	65,720	57,000
Legal cases	60,000	60,000
Depreciation of investment property	52,724	50,002
Rents	46,583	23,151
Professional fees	43,640	28,396
Communication	43,465	17,899
Overtime	40,570	40,402
Subscriptions ,fees and stamps	37,223	20,920
Staff saving fund	32,871	30,596
Information technology	29,554	11,275
Depreciation	28,808	25,721
End of service reward	25,561	14,748
Hospitality	22,727	32,201
Miscellaneous	22,365	64,397
Donations	20,368	8,900
Advertising	19,429	5,641
Cleaning and mantinance	12,048	26,259
Training	11,356	5,690
Bank fees and guarantee	8,848	36,075
Stationery and printing	8,319	10,389
Vehicles	7,135	7,757
Allwance for employee vacation	356	452
Total	3,069,240	2,671,324

(*) Included in the salaries and wages an amount of JD 511,800 which represent salaries of higher management of the company.

	2017	2016
	JD	JD
Profit of the year	2,394,781	4,203,565
Weighted average of shares	25,000,000	25,000,000
Earnings per share	JD 0/09	JD 0/168

21. Contingent liabilities

	Values	Insurance	Net
	JD	JD	JD
Incoming bills and letter of credit	1,470,943	159,533	1,311,410
Acceptable withdrawals and guarantees	215,703	17,943	197,760
Insurance checks	2,000	-	2,000

22. Legal cases

According to the lawyer latter there are legal cases raised from others against the accompany amounting to 94,806, and there are legal cases raised by the company against others amounting to JD 2,174,033.

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 December 31, 2017	Change in interest	The effect on profit (loss) owner equity
	%	JD
Bank overdraft	0.5	± 38,712

d) Other price 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.

As at December 31, 2017	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	2,084	2,084

e) Credit 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	
	2017	2016	2017	2016
	JD	JD	JD	JD
Financial assets:				
Investments in associates	-	-	15,034,776	15,632,814
Investment in financial assets at fair value through other comprehensive income	-	-	6,836,789	6,866,789
Investment in financial assets at fair value through profit or loss	-	-	41,691	44,753
Checks under collection and on hand	10,681,658	8,024,218	-	165,499
Checks on hand - related parties	1,425,637	497,837	-	-
Due from related parties	592,066	1,018,488	-	-
Other debit receivables	376,062	367,033	-	-
Trade receivables	9,028,750	8,009,326	-	-
Current accounts at bank	186,374	558,015	-	-
Total	22,290,547	18,474,917	21,913,256	22,709,855
Financial liabilities:				
Due to related parties	2,115,878	2,418,703	-	-
Other credit balances	686,043	776,677	-	-
Deferred checks - current portion	649,001	1,477,844	-	-
Deferred checks - related parties	12,994,743	11,226,701	-	-
Trade payables	4,067,193	2,283,113	-	-
Bank overdraft	7,742,400	5,381,254	-	-
Total	28,255,258	23,564,292	-	-

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	41,691	-	41,691
Investment in financial assets at fair value through other comprehensive income	-	6,836,789	6,836,789
	41,691	6,836,789	6,878,480

25. Financial statement for the subsidiary

On January 31, 2017, the Company acquired 52.5% of the capital of United Ready Mix Concrete Company. The fair value of the Company's assets and liabilities at the date of acquisition and the carrying value before acquisition was as follows:

	Book value	Fair value
	JD	JD
Current accounts at banks	24,012	24,012
Trade receivables	119,027	119,027
Other debit balances	132,422	132,422
Due from related party	12,956	12,956
Property, plant and equipment	933,404	933,404
	<u>1,221,821</u>	<u>1,221,821</u>
Other credit balances	(181,091)	(181,091)
Due to related parties	(643,030)	(643,030)
NET ASSETS	<u>397,700</u>	<u>397,700</u>
Non-controlling interest		447,667
Cash paid for the acquisition of the company		<u>(4,950)</u>
NET		442,717
Net assets acquired		(49,967)
Investment balance before acquisition		<u>(195,543)</u>
Revaluation of investment in associate		<u>197,207</u>

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2017 as follows:

Company name	Legal entity	Paid in capital	Total assets	Total liabilities	Retained earnings (accumulated loss)
		JD	JD	JD	JD
Anman for Construction Equipment Supply Company	LLC	30,000	183,024	145,273	(3,710)
Concrete Technology Company	LLC	80,000	1,319,715	782,578	377,137
Arabic Chinese Company for Leasehold and Sale of Equipment	LLC	100,000	176,272	30,472	34,564
United Ready Mix Concrete Co.	LLC	800,000	987,443	692,969	(505,526)

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
IFRS (17) - New	Insurance contracts	Jan 1, 2021 or after
IFRIC No. (22)	Foreign currency transactions	Jan 1, 2018 or after
IFRIC No. (23)	Uncertainty over income tax treatments	Jan 1, 2019 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

2016 balances have been reclassified to conform to the adopted classification in 2017.