باطون المملكة

الرقم : 2019/RMCCS/214
التاريخ : 2019/03/20

السادة/ بورصة عمان المحترمين
عمان - الأردن

تحية واحتراماً وبعد،،

أرفق بطيه ميزانية الشركة السنوية عن السنة المنتهية بتاريخ 2018/12/31 باللغة العربية والإنجليزية بالإضافة إلى CD على هيئة PDF مدققة حسب الأصول من شركة طلال أبو غزالة وشركاه.

وتفضلوا بقبول فائق الاحترام والتقدير

المهندس مكرم العلمي
رئيس مجلس الادارة
شركة الباطون الجاهز والتوريدات الإنشائية م.ع.م

بورصة عمان
الدائـرة الإدارية والمالية
الديوان
٢٠ آذار ٢٠١٩
الرقم المتسلسل: 1327
رقم الملف: 41065
الجهة المختصة:

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, 2018

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 consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, 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.

Expected credit losses	Scope of audit
The company has applied IFRS (9) expected credit losses requirements as of January 1, 2018 which resulted in a change in the calculation of impairment from the incurred loss modal to the expected credit loss model. The adjustment associated with this change was recognized as part of the opening balance of retained earnings as of January 1, 2018 amounting to JD 1,000,000.	We conducted comprehensive assessment to identify the key controls used to determine expected credit losses, data collection and completeness, and related estimates and assumptions used by management, and we have tested key control systems on the modeling process.

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 audited financial statements contained in the board of director report, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International

طلال أبوغزاله وشركاه الدولية
Talal Abu-Ghazaleh & Co. Intl.

Aziz Abdelkader
(License # 867)

Amman – February 3, 2019

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

Consolidated Statement of financial position as at December 31, 2018

	Notes	2018	2017
ASSETS		JD	JD
Non-current Assets			
Property, plant and equipment	3	15,747,816	15,364,465
Investments in associates	4	14,413,753	15,034,776
Investment in financial asset at fair value through other comprehensive income	5	6,836,589	6,836,789
Investment property	7	4,833,922	4,422,018
Checks under collection and on hand - non-current	8	770,342	-
Total Non-current Assets		42,602,422	41,658,048
Current Assets			
Inventory	9	1,234,131	1,278,287
Investment in financial asset at fair value through profit or loss	6	32,044	41,691
Due from related parties	10	1,021,805	592,066
Accounts receivable and other debit balances	11	630,988	518,083
Trade receivables	12	9,071,657	9,028,750
Checks under collection and on hand - current portion	8	10,533,852	10,681,658
Checks on hand - related parties	10	1,360,341	1,425,637
Current accounts at banks		58,897	186,374
Total Current Assets		23,943,715	23,752,546
TOTAL ASSETS		66,546,137	65,410,594

The attached notes form part of these financial statements

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

Consolidated Statement of financial position as at December 31, 2018

	Notes	2018	2017
		JD	JD
EQUITY AND LIABILITIES			
Equity			
Paid in capital		25,000,000	25,000,000
Issuance premium		1,600,000	1,600,000
Statutory reserve	13	2,958,425	2,912,980
Voluntary reserve	14	2,705,172	2,680,693
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(357,783)	(224,155)
Retained earnings		710,949	3,766,791
Total Equity		32,616,763	35,736,309
Liabilities			
Non Current Liabilities			
Loans - non current portion	18	600,000	-
Current Liabilities			
Due to related parties	10	4,959,892	2,115,878
Other credit balances	15	2,003,764	2,105,070
Deferred checks - current portion	8	893,372	649,001
Deferred checks - related parties	10	7,585,023	12,994,743
Trade payables	16	3,320,092	4,067,193
Obligation against finance leases	17	2,566,521	-
Loans - current portion	18	2,274,996	-
Banks overdraft	19	9,725,714	7,742,400
Total Current Liabilities		33,329,374	29,674,285
Total Liabilities		33,929,374	29,674,285
TOTAL EQUITY AND LIABILITIES		66,546,137	65,410,594

The attached notes form part of these financial statements

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, 2018

	Notes	2018	2017
		JD	JD
Net sales	10	33,774,087	44,117,707
Cost of sales	20	(30,045,067)	(37,956,148)
Gross profit		3,729,020	6,161,559
Other revenues, net	21	344,159	61,192
Share of profit of associates		43,059	22,434
Revaluation of investment in associate		-	197,207
Administrative expenses	22	(2,615,932)	(3,069,240)
Finance cost		(1,137,848)	(701,830)
Profit before tax		362,458	2,671,322
Income tax provision		(172,992)	(276,512)
Income tax paid on prior years		(46,911)	(29)
Profit		142,555	2,394,781
Other comprehensive income			
Change in fair value of investment in financial asset through other comprehensive income - associates		(133,628)	(23,532)
Total comprehensive income		8,927	2,371,249
Weighted average number of shares		25,000,000	25,000,000
Earnings per share	23	JD 0/006	JD 0/09

The attached notes form part of these financial statements

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, 2018

	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, 2017	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
Change in fair value 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
Effect of applying of IFRS (9) as of January 1, 2018 - (adjusted)	-	-	-	-	-	(1,000,000)	(1,000,000)
Effect of applying of IFRS (9) as of January 1, 2018 - associates	-	-	-	-	-	(128,273)	(128,273)
Balance as at January 1, 2018	25,000,000	1,600,000	2,912,980	2,680,693	(224,155)	2,638,518	34,608,036
Distributed dividends	-	-	-	-	-	(2,000,000)	(2,000,000)
Comprehensive income	-	-	-	-	(133,628)	142,555	8,927
Changes in fair value of investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	(200)	(200)
Reserves	-	-	45,445	24,479	-	(69,924)	-
Balance as at December 31, 2018	25,000,000	1,600,000	2,958,425	2,705,172	(357,783)	710,949	32,616,763

The attached notes form part of these financial statements

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, 2018

	2018	2017
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	362,458	2,671,322
Adjustments for :		
Depreciation	1,695,884	1,568,894
(Gains) loss on sale of property, plant and equipment	(97,791)	42,241
Impairment of property, plant and equipment	-	169,806
Share of profit of associates	(43,059)	(22,434)
Change in fair value of investment in financial asset at fair value through profit or loss	5,760	4,414
Investment property depreciation	53,096	52,724
Slow moving inventory	25,313	-
Expected credit losses	360,280	579,923
Bad debt and write-offs during the year	-	(16,819)
Legal cases	60,000	60,000
Change in operating assets and liabilities:		
Investment in financial asset at fair value through profit or loss	3,887	(1,352)
Inventory	18,843	(222,524)
Due from related parties	(429,739)	426,422
Accounts receivable and other debit balances	(112,905)	15,874
Trade receivables	(1,403,187)	(1,582,528)
Checks under collection and on hand	(622,536)	(2,491,941)
Checks on hand - related parties	65,296	(927,800)
Due to related parties	2,844,014	(302,825)
Other credit balances	16,671	816,553
Deferred checks - current paotion	244,371	(868,347)
Deferred checks - related parties	(5,409,720)	1,768,042
Trade payables	(747,101)	1784080
	(3,110,165)	3,525,077
Income tax paid	(397,880)	(693,062)
Net cash from operating activities	(3,508,045)	2,832,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,094,270)	(2,328,843)
Proceeds from sale of property, plant and equipment	112,826	102,031
Investments in associates	402,181	596,940
Purchase of investment property	(465,000)	(29,473)
Net cash from investing activities	(2,044,263)	(1,660,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans	2,874,996	-
Payable note	-	(1,404,105)
Banks overdraft	1,983,314	2,361,146
Distributed dividends	(2,000,000)	(2,500,000)
Obligation against finance leases	2,566,521	-
Net cash from financing activities	5,424,831	(1,542,959)
Net change in cash and cash equvilents	(127,477)	(371,641)
Cash and cash equivalents - beginning of year	186,374	558,015
Cash and cash equivalents - end of year	58,897	186,374
Information about non cash transactions		
Transfer from projects under construction to investment property	477,389	-

The attached notes form part of these financial statements

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

Notes to the financial statement for the year ended December 31, 2018

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 -Mafraq.
- 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 the board of directors on January 31, 2019 and it require approval of the General Assembly.

2. **Basis for preparation of financial statements and significant accountant policies**

2-1 Basis for financial statement preparation

- **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 Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and 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, and biological assets and any legal cases against the entity.

2-3 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

- International Financial Reporting standers no. (9).

IFRS (9) replaced "incurred losses" model under IAS (39) with "Expected credit losses" impairment model.

The new impairment model require the entity to calculate the expected credit losses and the changes in expected credit losses at each reporting date, in other words, its no longer require a credit event to have occurred before credit losses are recognized.

IFES (9) require the entity to recognize expected credit losses on debts instruments measured at mortised cost or at fair value through other comprehensive income, but not for other debts instruments and equity investments which are subsequently measured at fair value through profit or loss.

- International Financial Reporting standards no. (15) "Revenues from contracts with customers"

International Financial Reporting Standard no. (15) Issued on May 2014, which establishes a comprehensive model for the use of accounting for revenues from customers, IFRS (15) replaces the guidance of current revenue recognition including IAS (18) "revenues" and IAS (11) "construction contracts" and the related interpretations as of January 1, 2018.

The core principle of IFRS (15) is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard present a five-step model to recognize revenue:

Step 1: Identify the contract (s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

According to IFRS (15) the entity recognizes revenues when (or as) it satisfies a performance obligation by transferring "control" of the promised goods or services based on the specific performance obligation to the customer. More mandatory requirements have been added to the standard to deal with different cases, and also the standard requires comprehensive disclosures.

Standards and Interpretations issued but not yet effective

Standard or Interpretation No.	Description	Effective date
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. (23)	Uncertainty over income tax treatments.	Jan 1, 2019 or after

2-4 Summary of significant accounting policies

- **Basis of consolidation**

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

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 parent is exposed, or has rights, to variable returns from its involvement through its power over the investee, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- Intergroup balances, transactions, income and expenses shall be eliminated in full.
- Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.
- If a parent loses a control of a subsidiary, the parent derecognize the assets and liabilities of the subsidiary and non-controlling interests and other equities, recognize any profit or loss resulted from loss of control in the statement of comprehensive income, recognize any investment retained after loss of control at its fair value.

- **Financial instruments**

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

- **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, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.

- Financial assets are classified to three categories as follows:
  - Amortized cost.
  - Fair value through other comprehensive income.
  - Fair value through profit or loss.

- 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.

- Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
  - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
  - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interests on that principal amount outstanding.

- All other financial assets (excluding financial assets at amortized cost or at fair value though other comprehensive income) are subsequently measured at fair value in profit or losses.

- On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investments fair value in other comprehensive income.

Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

Financial assets	Subsequent measurement
Financial assets at fair value through profit or loss	Are subsequently measured at fair value net gains or losses, including interests revenues or dividends, are recognized in profit or loss
Financial asserts at amortized cost	Are subsequently measured at amortized cost using effective interests method. – Amortized cost is reduced by impairment losses. – Interests income, gain and loss of foreign exchange and impairment loss are recognized in profit or loss. – Gain and loss from disposal are recognized in profit or loss.
Debts instruments at their value through other comprehensive income	Are subsequently measured at fair value – Interests income is calculated using effective interests method, gains and losses from foreign exchange, impairment losses are recognized in profit or loss. – Other net gains or losses are recognized in other comprehensive income. – On derecognition accumulated gains and losses in other comprehensive income are reclassified into profit or loss.
Equity instruments at fair value through other comprehensive income	Are subsequently measured at fair value with recognition the valuation differences through other comprehensive income (OCI). – Dividends are recognized as income in profit or loss, unless the dividends clearly represent a recovery of part of investment cost. – Other net gains and losses are recognized in other comprehensive income (OCI) and are never reclassified from equity to profit or loss.

Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

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 less 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.

Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in 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 invoices amount net of allowance for expected credit losses 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, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has signified influence.
- 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' 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.
- The investor's share of other comprehensive income of the investor changes is recognized in other comprehensive income of the entity.
- Any excess of the cost of acquisition over the investor's share of the net fair value of the identifiable assets and liabilities is recognized as goodwill. The goodwill is included in the carrying amount of the investment and is not assessed, annually, for impairment separately.
- Any excess of the investor's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized as income.
- Financial statement of the associate are prepare for the same date as the financial statements of the entity. And when necessary the accounting policies of the associate are amended to comply with the accounting policies of the entity.
- After applying the equity method, the entity determine, if necessary, to recognize impairment losses on its investments in associates, and determine at the date of the financial statement that the investment in associate is impaired, and if so, the entity calculate the impairment amount as the difference between the recoverable amount and the carrying amount which is recognized as a loss in the income statement.

- When significant influence loss of the associate occur, the entity shall measure the retained interest at fair value, and recognize the difference between the carrying amount of the investment and the fair value of any retained interest and any proceeds from disposing in the statement of income.
- When no consolidation is prepared, investment in an associate is accounted for at cost or equity method or IFRS (9).
- Intra-entity profit and loss transactions are eliminated to the extent of the investor's interest in the relevant associate.

Investment in subsidiaries

- A subsidiary is an entity that is controlled by another entity. Control is presumed to exist when the entity is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- When no consolidation is prepared, investment in a subsidiary is accounted for at cost or equity method or IFRS (9).

Impairment of financial assets

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit – impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizers loss allowance for expected credit loss (ECL) on:
  - Financial assets measured at amortized cost.
  - Debt investments measured at FVOCI.
  - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entitys historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 365 days past due.

- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial assets is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

Inventories

- 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.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- The cost of inventory is assigned by using the weighted-average cost formula.

- **Property and equipment**

  - Property, plant 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, plant and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.
  - 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, plant 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, plant 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.
  - Amount paid to build up property and equipment are initially carried to projects under construction account. When the project becomes ready for use, it will be transferred to property and equipment caption.

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.
- Buildings depreciation charge for each period is recognized in the statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the buildings' future economic benefits are expected to be consumed by the entity over their estimated useful life of 25 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.

Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) 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.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- 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.

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.
- If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
- In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
- Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.

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.

End of service indemnity

End of service indemnity is provided for in accordance with Jordanian Labor Laws and Regulations.

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.

Revenue recognition

- The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
- Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
- Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

Sale of ready mix concrete

The company sells ready mix concrete to customers through its own sales outlets.

Dividend and interest revenue

- Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer, substantially, all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Classification is made at the inception of the lease.

Assets held under finance leases are initially recognized as assets and liabilities of the entity at the lower of the fair value of the assets and the present value of the minimum lease payments discounted at the entity's incremental rate. Any initial direct costs of the lessee are added to the amount recognized as an asset. The corresponding liability to the lessor is included in the entity's statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to produce a constant rate of interest on the remaining balance of the liability. Lease finance charges are recognized as expenses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Initial direct costs incurred in connection with leasing activities by the entity are added to the amount of recognized assets.

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 Jordanian laws and regulations.

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

2018	Lands (*)	Buildings and construction	Vehicles and pumps (*)	Equipment, tools, generators and water tanks and wells	Machines and equipment	Decoration and lease improvements	Bulldozers and forklifts	Furniture and office equipment	Software and computers	Payments on purchase of property and equipment	Projects under construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost												
Balance - beginning 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
Additions	-	308,441	1,870,377	57,593	12,057	11,168	101,940	1,510	8,573	-	-	2,571,639
Disposals	-	-	(442,721)	-	(13,825)	-	-	-	-	-	-	(456,546)
Transfer	-	-	-	-	-	-	-	-	-	15,133	(492,522)	(477,389)
Balance - end of year	5,311,074	2,698,525	23,249,259	2,133,056	179,381	119,462	1,806,217	284,753	389,116	15,133	11,621	36,397,597
Accumulated depreciation												
Balance - beginning of year	-	738,456	15,475,689	1,433,615	96,713	69,507	1,056,550	195,350	309,528	-	-	19,395,408
Depreciation (***)	-	75,336	1,318,177	130,882	14,906	4,619	112,601	20,839	18,524	-	-	1,695,884
Disposals	-	-	(430,869)	-	(10,642)	-	-	-	-	-	-	(441,511)
Balance - end of year	-	833,792	16,362,997	1,564,497	100,977	74,126	1,169,151	216,189	328,052	-	-	20,649,781
Net	5,311,074	2,064,733	6,886,262	568,559	78,404	45,336	637,066	68,564	61,064	15,133	11,621	15,747,816

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

Notes to the financial statement for the year ended December 31, 2018

2017	Lands (*)	Buildings and construction	Vehicles and pumps (**)	Equipment, tools, generators and water tanks and wells	Machines and equipment	Decoration and lease improvements	Bulldozers and forklifts	Furniture and office equipment	Software and computers		Projects under construction	Total
	JD	JD	JD		JD	JD	JD	JD	JD		JD	JD
Cost												
Balance - beginning of year	5,115,635	1,968,863	18,315,504	1,867,739	150,069	98,170	1,550,094	251,092	372,244	-	-	29,689,410
Additions	195,439	239,680	304,944	59,754	31,080	10,124	8,945	22,203	3,306	-	504,143	1,379,618
Disposals	-	-	(480,320)	(60,597)	-	-	-	-	(570)	-	-	(541,487)
Transfer	-	181,541	3,681,475	208,367	-	-	145,238	9,948	5,563	-	-	4,232,332
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	-	505,930	11,615,437	1,199,839	83,636	66,213	848,691	165,063	286,007	-	-	14,770,816
Depreciation (**)	-	61,453	1,200,484	144,754	13,077	3,294	101,560	24,723	19,549	-	-	1,568,894
Disposals	-	-	(352,333)	(44,360)	-	-	-	-	(522)	-	-	(397,215)
Impairment	-	9,533	146,235	6,322	-	-	6,233	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	1,056,550	195,350	309,528	-	-	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

(*) 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.

(**) Within the above item, pumps amounting to JD 145,209 are pledged in favor of the suppliers, and Forklift amounting to JD 2,374,691 pledged against finance leases as stated in note (17).

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

	2018	2017
	JD	JD
Manufacturing expenses	1,647,316	1,540,086
Administrative expenses	48,568	28,808
Total	1,695,884	1,568,894

4. Investments in associates

Company name	Country og foundation	Legal entity	count of shares	Percentage of ownership	2018	2017
					JD	JD
Masafat for specialized transport Co.	Jordan	P.S.C	7,574,106	40.94%	8,189,870	8,314,974
Assas for Concrete Products Co.	Jordan	P.S.C	4,788,513	39.90%	2,856,469	3,187,718
Alquds Ready Mix Concrete Company	Jordan	P.S.C	2,634,858	35.32%	2,923,258	2,997,390
International Brokerage & Financial Markets Co. (*)	Jordan	P.S.C	955,579	11.91%	162,622	214,693
International Cards Company (*)	Jordan	P.S.C	435,524	2.71%	281,534	320,001
Jerusalem Crushers and quarrying LLC	Jordan	P.S.C	15,000	50%	-	-
Total					14,413,753	15,034,776

(*) Share of result of associates was valued based on interim reviewed financial statements issued on September 30, 2018 for the lack of obtaining audited financial statements for the year ended December 31, 2018 as of the date of our report.

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

	2018	2017
	JD	JD
Balance - beginning of year	15,034,776	15,632,814
Net sale and purchase during the year	15,732	(195,545)
Cash dividends	(453,643)	(407,100)
Share of resualt of associates	43,059	22,434
Change in fair value of investments in financial assets at fair value through other comprehensive income -associates	(133,628)	(23,532)
Closing the amount of the increase of the investment valuation in the company receivable for Jerusalem Crushers and Quarrying	35,730	5,705
Effect of applying of IFRS (9) as of January 1, 2018 - associates	(128,273)	-
Balance - end of year	**14,413,753**	**15,034,776**

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

Company name	Price of share as December 31, 2018	Total assets	Total liabilities	Revenue	Profit (loss)
	JD	JD	JD	JD	JD
Masafat for Specialized Transport	/32	35,377,952	13,730,040	21,967,951	668,672
Assas for Concrete Products	/16	15,061,104	6,621,072	7,247,925	(610,916)
Alquds Ready Mix Concrete Company	/39	10,641,784	2,982,007	5,455,230	343,638
International Brokerage & Financial Markets Co (*)	/16	13,057,421	4,529,376	813,149	328,394
International Cards Company	/14	29,231,994	14,310,399	22,737	(758,140)
Jerusalem Crushers and Quarrying L.L.C	Unlisted	583,666	658,470	249,265	(70,182)

(****) Within the investment there are 60,000 share in associates for market value of JD 14,900 as of December 31,2018 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

	2018	2017
	JD	JD
Balance - beginning of year	6,836,789	6,866,789
Impairment	(200)	(30,000)
Balance - end of year	**6,836,589**	**6,836,789**

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

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

	2018	2017
	JD	JD
Balance - beginning of year	41,691	44,753
Net sale and purchase during the year	(3,887)	1,352
Change in fair value	(5,760)	(4,414)
Balance - end of year	**32,044**	**41,691**

7. Investment property

	Qastel Lands	Sahab land	Residential villas	Apartments (*)	Show rooms	Building	Payments on purchase of property and equipment (**)	Total
2018	JD	JD	JD	JD	JD	JD	JD	
Cost								
Balance - beginning of year	2,208,811	161,537	564,156	463,027	693,523	467,029	-	4,558,088
Additions	-	-	-	-	-	-	465,000	465,000
Balance - end of year	2,208,811	161,537	564,156	463,027	693,523	467,029	465,000	5,023,088
Accumulated depreciation								
Balance - beginning of year	-	-	33,849	18,577	41,612	42,032	-	136,070
Depreciation	-	-	11,283	9,260	13,871	18,682	-	53,096
Balance - end of year	-	-	45,132	27,837	55,483	60,714	-	189,166
Net	2,208,811	161,537	519,024	435,190	638,045	406,315	465,000	4,833,922
2017								
Cost								
Balance - beginning of year	2,201,640	161,537	564,156	440,725	693,523	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	693,523	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	-	136,070
Net	2,208,811	161,537	530,307	444,450	651,916	424,997	-	4,422,018

(*) Within the above item an apartment not registered in name of company since 2015 amounting JD 252,001.

(**) Within the above item payments on the purchase of a villa not registered in the name of company amounting JD 465,000.

(***) Investment property was evaluated by an independent evaluators for an amount of JD 8,832,800 during year 2017.

8. Checks under collection and on hand

Checks under collection were shown net of deferred checks in an amount of JD 3,731,286 represent deferred checks drawn from the company's account with the Arab Bank to guarantee the loans and bank facilities granted to the company as stated in note no. (18).

9. Inventory

	2018	2017
	JD	JD
Spare part and materials warehouses	758,093	725,000
Raw material	620,114	675,281
Letters of credit and goods in transit	6,776	18,901
Finish goods - subsidiary	-	4,907
Deduct: slow moving inventory provision (*)	(150,852)	(145,802)
Total	1,234,131	1,278,287

(*) The movement of provision during the year is as follows:

	2018	2017
	JD	JD
Balance - beginning of year	145,802	145,802
Provided during the year	25,313	-
Disposal during the year	(20,263)	-
Balance - end of year	**150,852**	**145,802**

10. 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:

	2018	2017
	JD	JD
Assas for Concrete Products .	712,621	29,360
Jerusalem Crushers and Quarrying L.L.C .	140,328	162,881
International Brokerage & Financial Markets Co .	94,793	161,197
Jordan Co. for Crushers and Supply of Construction Machinery and Equipment	29,500	29,500
International Cards Company.	26,612	21,174
Advanced Education Company .	12,444	13,100
Masafat for Car Leasing .	5,385	19,134
Asas Modern Transportation Company	122	-
Al-Quds Ready Mix Supplies	-	155,720
Total	1,021,805	592,066

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

	2018	2017
	JD	JD
Masafat for Specialized Transport .	2,285,165	162,732
Qatrana Cement Company .	1,538,218	1,953,146
The Fund Company for Housing	990,944	-
Al Quds for Ready Mix Concrete Co.	144,605	-
Jordananian Company for Tracking Vehicles	960	-
Total	**4,959,892**	**2,115,878**

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

	2018	2017
	JD	JD
Qatrana Cement Company .	5,061,686	12,750,399
Masafat for Specialized Transport .	1,573,000	101,000
Al Quds for Ready Mix concrete Co.	875,000	130,000
Assas for Concrete Products	56,071	3,373
Jordan Co. for Crushers and Supply of Construction	19,266	9,971
Total	**7,585,023**	**12,994,743**

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

	2018	2017
	JD	JD
Assas for Concrete Products	952,975	924,043
Masafat for Specialized Transport .	183,469	308,964
International Brokerage & Financial Markets Co .	158,897	127,630
International Cards Company.	50,000	50,000
The Fund Company for Housing	15,000	-
Al-Quds Ready Mix Supplies	-	15,000
Total	**1,360,341**	**1,425,637**

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

	2018	2017
	JD	JD
Purchases	16,667,665	20,691,271
Sale of ready mix concrete	376,007	186,812
Real estate rental	46,920	59,283
Manufacturing expenses	26,900	14,515

11. Accounts receivable and other debit balances

	2018	2017
	JD	JD
Prepaid expenses	200,640	114,884
Social security work injury claims and others	159,320	69,635
Employee receivables	77,966	60,153
Letter of credit and guarantees deposit	57,816	88,226
Refundable deposits	54,891	142,021
Prepayments on income and sales tax	37,661	-
Petty cash and others	30,004	27,544
Income tax deposit - licenses and imports	12,690	15,620
Total	630,988	518,083

12. Trade receivable

	2018	2017
	JD	JD
Trade receivables (*)	12,135,988	10,732,801
Less: expected credit losses provision (**)	(3,064,331)	(1,704,051)
Net	9,071,657	9,028,750

(*) Receivables aging details are as following:

	2018	2017
	JD	JD
From 1 to 60 days	4,727,109	3,778,017
From 61 to 120 days	2,102,335	1,384,647
From 121 to 180 days	564,959	1,415,950
More than 181 days	4,741,585	4,154,187
Total	12,135,988	10,732,801

(**) Allowance for expected credit losses movement during the year:

	2018	2017
	JD	JD
Balance - beginning of year	1,704,051	1,110,947
Provided during the year	360,280	579,923
Effect of applying of IFRS (9)	1,000,000	-
Transfer from United Ready Mix Concrete Company-subsidiary	-	30,000
Bad debts	-	(16,819)
Balance - end of year	3,064,331	1,704,051

13. Statutory reserve

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.

For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

14. 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.

15. Other credit balances

	2018	2017
	JD	JD
Shareholders deposits	784,694	909,950
Reward provision (**)	281,318	352,404
End of service remuneration provision (****)	241,099	220,996
Income tax provision(*)	29,638	207,615
Employee vacation provision (*****)	127,655	134,184
Accrued expenses	145,466	115,032
Unearned rent	73,559	66,949
Legal cases provision (***)	82,079	47,525
Sales tax deposit	208,730	42,199
Others	29,526	8,216
Total	2,003,764	2,105,070

(*) Income tax provision

	2018	2017
	JD	JD
Balance - beginning of year	207,615	347,624
Provided during the year	172,992	276,512
Prepaid payment for income tax	(5,436)	(17,454)
Paid during the yaer	(345,533)	(413,513)
Transfer from United ready mix concrete company-subsidiary	-	14,446
Balance - end of year	29,638	207,615

Ready Mix Concrete & Construction Supplies Co

- Self-assessment return for year 2014 was accepted without modification according to sampling system, and the self-assessment for 2015, 2016 and 2017 was submitted within the legal period, and in opinion of the tax consultant the provision is sufficient.
- The tax status for years 2014 to 2017 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 2015 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 2015 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

	2018	2017
	JD	JD
Balance - beginning of year	352,404	330,000
Provided during the year	400,000	480,000
Paid during the year	(471,086)	(457,596)
Balance - end of year	281,318	352,404

(***) Legal cases provision

	2018	2017
	JD	JD
Balance - beginning of year	47,525	60,786
Provided during the year	60,000	60,000
Paid during the year	(25,446)	(73,261)
Balance - end of year	82,079	47,525

(****) End of service remuneration provision

	2018	2017
	JD	JD
Balance - beginning of year	220,996	173,676
Provided during the year	35,000	47,320
Paid during the year	(14,897)	-
Balance - end of year	241,099	220,996

(*****) Employee vacation provision

	2018	2017
	JD	JD
Balance - beginning of year	134,184	183,897
Provided during the year	-	6,090
Paid during the year	(6,529)	(55,803)
Balance - end of year	127,655	134,184

16. Trade payables

Trade payables concentrate in four receivables comprising 21% of total payables.

17. Commitment against finance leases

			2018		
Bank	Amount of funding	The purpose of the commitment	Current portion	Non-current portion	Total
	JD		JD	JD	JD
Safwa Islamic Bank	1,091,818	To purchase (4) concrete pumps to be paid on 12 monthly installments amounting to 97,808 JD, the first installment is due on December 8, 2018 and the final installment is due on November 8, 2019.	1,075,892	-	1,075,892
Safwa Islamic Bank	977,517	To purchase (3) concrete pump to be paid on 12 monthly installments amounting to 86,965 JD, the first installment is due on November 24, 2018 and the final installment is due on September 24, 2019.	670,742	-	670,742
Safwa Islamic Bank	688,693	To purchase (5) concrete pump to be paid on 12 monthly installments amounting to 61,261 JD, the first installment is due on November 3, 2018 and the final installment is due on October 3, 2019.	577,915	-	577,915
Safwa Islamic Bank	241,972	To purchase (3) concrete pump to be paid on 12 monthly installments amounting to 21,673 JD, the first installment is due on January 4, 2018 and the final installment is due on December 8, 2019.	241,972	-	241,972
Total			2,566,521	-	2,566,521

18. Loans

	2018		
	Current portion	Non-current portion	Total
	JD	JD	JD
Arab Bank Loan (*)	1,200,000	600,000	1,800,000
Cairo Amman Bank- parent (**)	999,996	-	999,996
Cairo Amman Bank- subsidiary (***)	75,000	-	75,000
Total	2,274,996	600,000	2,874,996

(*) The above loan is granted by the Arab Bank to the Parent Company in the amount of JD 2,000,000 at an interest rate of 8.875% and is repayable under 20 equal monthly installments, each installment of JD 100,000 and the first installment was due on November 1, 2018.

(**) The above loan is granted by the Cairo Amman Bank to the Parent Company for amount of JD 1,500,000 at an interest rate of 9.75%. It is repayable under 18 equal installments the value of each installment is JD 83,333 and the first installment was due on July 30, 2018, guaranteed by providing the Bank with checks under collection equal to the value of the monthly installments drawn on the company's account with the Arab Bank, where the balance of deferred checks drawn on the Arab Bank amounting to JD 1,000,000 as of December 31, 2018.

(***) The above loan is granted by the Cairo Amman Bank to the Concrete Technology Company (a subsidiary) for amounting of JD 275,000 at an interest rate of 9.75%. It is repayable 11 equal installments. each installment is JD 25,000 and the first installment is due on July 30, 2018. With the guarantee of providing the bank with checks under collection equal to the amount of the monthly installment drawn on the account of Ready Mix Concrete Company – The owner.

19. Banks overdraft

Bank	Interest rate	2018	2017
	%	JD	JD
Arab bank	9.25	2,878,575	2,611,960
Cairo Amman Bank	8	2,821,654	3,082,087
Bank of Jordan	9.38	1,577,504	929,172
Arab Banking Corporation	8.00	2,447,981	1,119,181
Total		9,725,714	7,742,400

20. Cost of sale

	2018	2017
	JD	JD
Raw material used in production	21,143,267	29,364,419
Manufacturing cost (*)	8,901,800	8,596,636
Less: finished goods end of year - subsidiary	-	(4,907)
Balance	30,045,067	37,956,148

(*) Manufacturing cost consist of the following:

	2018	2017
	JD	JD
Salaries, wages and related benefits	2,067,903	1,968,201
Oils, fuel, water and electricity	1,714,107	1,420,359
Deprecation	1,647,316	1,540,086
Maintenance and vehicle expenses	1,004,540	1,096,843
Overtime and vacation	783,883	802,170
Rental pumps	417,451	506,457
Rewards	299,647	328,507
Social security	261,682	241,906
Insurances	199,900	194,603
Transportation expenses	79,991	60,564
Staff savings fund	75,073	71,424
Rents	64,087	64,664
Subscriptions, fees and stamps	62,656	54,778
Non - refundable cement purchase tax	61,856	59,599
Miscellaneous	52,266	63,181
Laboratory tests	23,724	26,880
Travel and transportation	22,601	36,359
Hospitality	22,301	18,285
Phone and postal	14,983	10,052
Public safety	14,524	16,282
Information technology	11,309	15,436
Total	8,901,800	8,596,636

21. Other revenues, net

	2018	2017
	JD	JD
Rents	215,999	219,730
Others	40,016	57,923
Gain(loss) from sale of property, plant and equipment	97,791	(42,241)
Impairment of property,plant and equipment -subsidiary	-	(169,806)
Loss on sale of investments in financial assets at fair value through profit or loss	(3,887)	-
Change in fair value of financial assets at fair value through profit or loss	(5,760)	(4,414)
Net	344,159	61,192

22. Administrative expenses

	2018	2017
	JD	JD
Salaries and wages and related benefits (*)	991,433	1,041,638
Expected credit losses	360,280	579,923
Rewards	140,808	352,713
Insurance	98,384	80,024
Social security	94,993	84,808
Travel and transportation	87,801	95,934
Non-deductible tax	84,885	97,324
Transportation of board of directors	79,500	65,720
Electricity , water and fuel	78,832	97,206
Professional fees	75,925	43,640
Legal cases	60,000	60,000
Depreciation of investment property	53,096	52,724
Depreciation	48,568	28,808
Communication	46,304	43,465
Staff saving fund	35,818	32,871
Overtime	35,253	40,570
Subscriptions ,fees and stamps	31,438	37,223
Slow moving inventory	25,313	-
End of service reward	22,674	25,561
Cleaning and mantinance	21,216	12,048
Bank fees and guarantee	20,945	8,848
Miscellaneous	18,983	22,365
Hospitality	18,556	22,727
Advertising	16,528	19,429
Donations	16,486	20,368
Information technology	12,404	29,554
Rents	11,473	46,583
Stationery and printing	10,643	8,319
Vehicles	10,261	7,135
Training	7,132	11,356
Annual vacation	-	356
Total	2,615,932	3,069,240

(*) Included in the salaries and wages an amount of JD 573,434 which represent salaries of higher management of the company.

23. Earnings per share

	2018	2017
	JD	JD
Profit of the year	142,555	2,394,781
Weighted average number of shares	25,000,000	25,000,000
Earnings per share	JD 0/006	JD 0/09

24. Contingent liabilities

	Values	Insurance	Net
	JD	JD	JD
Incoming bills and letter of credit	298,160	(29,904)	268,256
Guarantees	209,483	(17,943)	191,540

25. Legal cases

According to the lawyer latter there are legal cases raised from others against the accompany amounting to JD 156,281, and there are legal cases raised by the company against others amounting to JD 2,189,070.

26. Risk management

a) <u>Capital risk:</u>

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) <u>Currency risk:</u>

- 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) <u>Interest rate risk:</u>

- 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, 2018	Change in interest		The effect on profit (loss)
	%		JD
Bank facilities and loans	0,5	±	75.836

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 Decamber 31, 2018	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	1,602	1,602

As at Decamber 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	
	2018	2017	2018	2017
Financial assets:	JD	JD	JD	JD
Investments in associates	-	-	14,413,753	15,034,776
Investment in financial assets at fair value through other comprehensive income	-	-	6,836,589	6,836,789
Investment in financial assets at fair value through profit or loss	-	-	32,044	41,691
Checks under collection and on hand	10,533,852	10,681,658	770,342	-
Checks on hand - related parties	1,360,341	1,425,637	-	-
Due form related parties	1,021,805	592,066	-	-
Other debit receivables	441,664	376,062	-	-
Trade receivables	9,071,657	9,028,750	-	-
Current accounts at bank	58,897	186,374	-	-
Total	22,488,216	22,290,547	22,052,728	21,913,256
Financial liabilities:				
Due to related parties	4,959,892	2,115,878	-	-
Other credit balances	1,161,731	686,043	-	-
Deferred checks - current portion	893,372	649,001	-	-
Deferred checks - related parties	7,585,023	12,994,743	-	-
Trade payables	3,320,092	4,067,193	-	-
Obligation against finance leases	2,566,521	-	-	-
Loans	2,274,996	-	600,000	
Banks overdraft	9,725,714	7,742,400	-	-
Total	32,487,341	28,255,258	600,000	-

27. 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	32,044	-	32,044
Investment in financial assets at fair value through other comprehensive income	-	6,836,589	6,836,589
Total	32,044	6,836,589	6,868,633

28. Financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2018 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	152,801	179,536	(68,196)
Concrete Technology Company	LLC	80,000	1,403,725	721,604	305,262
Arabic Chinese Company for Leasehold and Sale of Equipment	LLC	100,000	147,287	9,884	26,167
United Ready Mix Concrete Co.	PLC	800,000	912,381	113,770	(1,389)
Mafat Housing Company	LLC	30,000	210,397	178,517	1,881

29. Reclassification

2017 balances have been reclassified to conform to the adopted classification in 2018.