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التاريخ: 2019/5/13

السادة هيئة الأوراق المالية المحترمين
السادة مركز ايداع الأوراق المالية المحترمين
السادة بورصة عمان المحترمين

الموضوع: البيانات المالية للثلاثة أشهر
المنتهية في 2019 /3/31
باللغة الإنجليزية

تحية طيبة وبعد ،

نرفق لكم طياً بيانات شركة لافارج الإسمنت الأردنية المالية الموحدة والمراجعة للثلاثة أشهر
المنتهية في 2019/03/31 . باللغة الانجليزية .

واقبلوا الاحترام ،،،

شركة مصانع الإسمنت الأردنية م.ع.م
لافارج الإسمنت



بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٤ أبريل ٢٠١٩
الرقم المتسلسل: ٢٩٠٧
رقم الملف: ٣١٠٤٩
الجهة المختصة: المدير العام

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2019
TOGETHER WITH THE REVIEW REPORT

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
MARCH 31, 2019

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Review Report

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AM/ 007693

**To the Chairman and Members of the Board of Directors
Jordan Cement Factories Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Cement Factories Company (a Public Shareholding Limited Company) as of March 31, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard No. (34) Related to interim financial reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As disclosed in note (18), to the accompanying condensed consolidated interim financial statements the Group has incurred a loss of around JD 7.8 million for the three months period ended March 31, 2019. Moreover, the accumulated losses reached JD 70 million as of that date which exceeds 75% of the Company's paid-up capital to reach 116% and its current liabilities exceeds its current assets by JD 41.6 million. We were unable to obtain sufficient appropriate evidence to conclude on the appropriateness of going concern assumption used to prepare the condensed consolidated interim financial information. As a result of this, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the applicability of the going concern basis. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets. No adjustments have been made in the accompanying condensed consolidated interim financial statements of the Company in respect of these matters.

Qualified Conclusion

Based on our review except for the matter described in the Basis of Qualified Conclusion section above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Emphasis of a matter

We draw attention to note (19) of the condensed consolidated interim financial statements, which states that the corresponding figures included in the statement of changes in shareholders' equity has been restated to comply with a new International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

Other Matters

1. The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in Arabic language to which reference should be made.
2. The Company's fiscal year ends on December 31, of each year however; the accompanying condensed consolidated interim financial statements have been prepared for the management and Jordan Securities Commission purpose only.

Amman – The Hashemite Kingdom of Jordan
April 30, 2019

Deloitte & Touche (M.E.)
ديلويت و توش (م.ع.) – Jordan
010103

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN - JORDAN)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2019 (Reviewed not Audited)	December 31, 2018
ASSETS	Note	JD	JD
<u>Current Assets</u>			
Cash at banks	4	564,510	991,826
Accounts receivable and checks under collection		22,744,523	22,320,510
Inventory and spare parts		32,556,253	34,741,615
Assets held for sale	5	10,769,754	-
Right of use assets – current	2/b	1,924,840	-
Other current assets		3,921,739	4,432,929
Total Current Assets		72,481,619	62,486,880
<u>Non-current Assets</u>			
Property and equipment - Net	6	61,841,280	73,053,455
Financial assets at fair value through comprehensive income		167,203	171,949
Goodwill		2,495,945	2,495,945
Employees' housing and car loans		1,475,617	1,628,767
Deferred tax assets		17,353,102	17,353,102
Right of use assets – non current	2/b	2,435,961	-
Total Non-Current Assets		85,769,108	94,703,218
TOTAL ASSETS		158,250,727	157,190,098
<u>LIABILITIES AND OWNERS' EQUITY</u>			
<u>Current Liabilities</u>			
Due to banks	8	34,175,930	33,187,743
Loan from a related party	9	3,500,000	-
Short-term accounts payable		48,874,423	47,331,006
Other credit balances		20,513,690	21,061,735
Long-term loans maturing within one year	10	5,138,673	8,193,723
Current part of the lease obligations	2/b	1,451,626	-
Income tax provision	7/a	400,129	670,847
Total Current Liabilities		114,054,471	110,445,054
<u>Non-current Liabilities</u>			
Obligations for employees' post-retirement health insurance benefits		28,895,325	28,335,000
Long-term loans	10	17,500,000	15,750,000
Non-current part of the lease obligations	2/b	2,925,067	-
Total Non-current Liabilities		49,320,392	44,085,000
Total Liabilities		163,374,863	154,530,054
<u>Owners' Equity</u>			
Paid-up capital	11	60,444,460	60,444,460
Treasury stock	11	(323)	(323)
Statutory reserve	11	-	-
Fair value reserve		(70,357)	(65,611)
Accumulated (losses)	18	(62,231,177)	(62,231,177)
(Loss) for the period		(7,617,399)	-
(Deficit) in Shareholders' Equity		(9,474,796)	(1,852,651)
Non-controlling interest		4,350,660	4,512,695
(Deficit) in / Net Owners' Equity		(5,124,136)	2,660,044
NET TOTAL LIABILITIES AND (DEFICIT) IN NET OWNERS' EQUITY		158,250,727	157,190,098

Chief Executive Officer

Chief Financial Officer

The accompanying notes from (1) to (20) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2019	2018
		JD	JD
Sales		13,383,604	17,830,250
Cost of sales		(15,571,261)	(24,040,394)
Gross (loss)		(2,187,657)	(6,210,144)
Selling and marketing expenses		(459,719)	(502,218)
Administrative expenses		(1,703,918)	(2,365,727)
Operating (Loss)		(4,351,294)	(9,078,089)
Interest income		8,979	16,498
Provision for rehabilitation of quarries and environment protection		(7,602)	(8,400)
Interest on the obligation of health insurance after retirement		(322,745)	(318,500)
Provision for employees' vacations		(92,287)	(161,014)
Financing costs		(1,419,399)	(944,323)
Lawsuits expenses		(1,660,000)	(2,532,126)
Interest lease obligations		(78,850)	-
Gain (losses) Foreign currency revaluation		102,192	(262,566)
Gain on sale of property and equipment - net	6	23,666	29,059
Other income		17,906	19,023
(Loss) for the Period before Income Tax		(7,779,434)	(13,240,438)
Income tax expense	7/b	-	(133,049)
(Loss) for the Period		(7,779,434)	(13,373,487)
<u>Attributable to:</u>			
Company shareholders		(7,617,399)	(13,545,110)
Non-controlling interest		(162,035)	171,623
		(7,779,434)	(13,373,487)
		JD / FILS	JD / FILS
Shareholders' Basic and Diluted (Loss) per Share for the Period	17	(0/126)	(0/224)

The accompanying notes from (1) to (20) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended March 31,	
	2019	2018
	JD	JD
(Loss) for the period	(7,779,434)	(13,373,487)
<u>Add:</u> Other Comprehensive Income items		
<u>Add:</u> Other comprehensive income items that will not be reclassified to the income statement in subsequent periods:		
Net (loss) from financial assets at fair value through other comprehensive income	<u>(4,746)</u>	<u>(4,746)</u>
Total comprehensive income items that will not be reclassified in subsequent periods to the statement of income after tax	<u>(7,784,180)</u>	<u>(13,378,233)</u>
Total Comprehensive (Loss) Period Attributable to:		
The Company's shareholders	(7,622,145)	(13,549,856)
Non-controllers' interest	<u>(162,035)</u>	<u>171,623</u>
	<u>(7,784,180)</u>	<u>(13,378,233)</u>

The accompanying notes from (1) to (20) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(REVIEWED NOT AUDITED)

AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

Description	Note	Authorized Paid up Capital JD	Treasury Stock JD	Statutory Reserve JD	Voluntary Reserve JD	Fair value Reserve JD	Accumulated (Losses) JD	(Loss) for the Period JD	Total Shareholders' Equity JD	Non- Controlling Interest JD	Total Owners' Equity JD
For the Three-Month Period Ended March 31, 2019											
Balance as of January 1, 2018		60,444,460	(323)	-	-	(65,611)	(62,231,177)	-	(1,852,651)	4,512,695	2,660,044
Total Comprehensive (Loss) for the Period		-	-	-	-	(4,746)	-	(7,617,399)	(7,622,145)	(162,035)	(7,784,180)
Balance as of March 31, 2019		60,444,460	(323)	-	-	(70,357)	(62,231,177)	(7,617,399)	(9,474,796)	4,350,660	(5,124,136)
For the Three-Month Period Ended March 31, 2018											
Balance as of January 1, 2018		60,444,460	(323)	27,000,000	-	(60,865)	(49,773,188)	-	37,610,084	6,303,108	43,913,192
Impact of applying IFRS (9) "adjusted"	19	-	-	-	-	-	(1,619,143)	-	(1,619,143)	(1,555,648)	(3,174,791)
Adjusted Balance		60,444,460	(323)	27,000,000	-	(60,865)	(51,392,331)	-	35,990,941	4,747,460	40,738,401
Total Comprehensive (Loss) for the period		-	-	-	-	(4,746)	-	(13,545,110)	(13,549,856)	171,623	(13,378,233)
Accumulated losses write off through voluntary reserve		-	-	(27,000,000)	-	-	27,000,000	-	-	-	-
Balance as of March 31, 2018 "Adjusted"		60,444,460	(323)	-	-	(65,611)	(24,392,331)	(13,545,110)	22,441,085	4,919,083	27,360,168

The accompanying notes from (1) to (20) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2019 JD	2018 JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) for the period before income tax		(7,779,434)	(13,240,438)
Adjustments for:			
Depreciation		1,337,851	1,448,301
(Gain) on sale of property and equipment	6	(23,666)	(29,059)
Provision for inventory and slow moving spare parts		24,150	-
Provision for health insurance after retirement		560,325	579,565
Provision for litigations		1,660,000	2,532,126
Interest (income)		(8,979)	(16,498)
Financing costs		1,498,249	944,323
Cash Flows (used in) Operating Activities Before Changes in Working Capital		(2,731,504)	(7,781,680)
Decrease in accounts receivable, other current assets and housing and car loans		240,314	973,128
Decrease in inventory and spare parts		1,657,817	3,313,512
Decrease in restricted bank balances		-	1,651,131
Increase (decrease) in trade payables and other current liabilities		1,054,526	(1,803,905)
Net Cash Flows from (used in) Operating Activities Before Income and Provisions paid		221,153	(3,647,814)
Postretirement health insurance benefits paid		-	(1,841)
Provision for litigations paid		(1,660,000)	(2,532,126)
Other provisions paid		(43,249)	-
Income tax paid	7	(270,718)	(216,988)
Net Cash Flows (used in) Operating Activities		(1,752,814)	(6,398,769)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property and equipment		(368,369)	(198,343)
Interest received		8,979	16,498
Net Cash Flows (used in) from Investing Activities		(359,390)	(181,845)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		988,187	4,858,290
(Paid in) long and short term loans		(1,305,050)	(750,000)
Increase in long and short terms loans		3,500,000	10,000,000
Interest paid		(1,498,249)	(944,323)
Net Cash Flows from Financing Activities		1,684,888	13,163,967
Net (Decrease) Increase in Cash at Banks		(427,316)	6,583,353
Cash at Banks – beginning of the year		991,826	14,944,836
Cash at Banks – End of the Period	4	564,510	21,528,189
Non Cash Process:			
Reclassifying from property and equipment to assets held for sale	5	10,266,359	-
Reclassifying from inventory to assets held for sale	5	503,395	-

The accompanying notes from (1) to (20) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

1. General

- a. Jordan Cement Factories Company (subsequently herein referred to as "the Company") was established in 1951 as a Jordanian public shareholding limited Company and was registered at the Ministry of Industry and Trade under Number (25) on June 10, 1964. The Company's authorized and issued capital was increased gradually to become JD 60,444,460 represented by 60,444,460 shares at a par value of one Jordanian Dinar per share. The Company's permanent address is Al-Fuhais, Shaker Circle, P.O. Box 930019, Amman – The Hashemite Kingdom of Jordan.

The Company's main objectives are the production, manufacturing, and the trading of the cement inside the Hashemite Kingdom of Jordan and outside it, either directly or through intermediaries with conditions and methods that the Company sees fit.

- b. The Company is 50.275% owned by Lafarge – France (Parent Company).
- c. The Company's Board of Directors approved the condensed consolidated interim financial statements on April 30, 2019.

2. Significant Accounting Policies

a. Basis of preparation of the Condensed Consolidated Interim Financial Statements

The accompanying condensed consolidated interim financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standard (IAS) 34 relating to Interim Financial Reporting.

The condensed consolidated interim financial statements are stated in Jordanian Dinar, which represents the functional currency for the Company and its subsidiaries.

The consolidated condensed interim financial statements are prepared on the historical cost basis except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial statements date.

The condensed consolidated interim financial statements do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2018. Moreover, the results of operations for the three-month period ended March 31, 2019 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2019 and the appropriation of profit for the period as of March 31, 2019 is not made, which is performed at the end of the fiscal year.

The consolidated financial statements include the financial statements of the Company and its subsidiaries under its control. Moreover, control is achieved when the Company has authority over the investee, it is exposed to variable returns or holds rights for its participation in the investee company, and it is able to exercise its authority over the investee company. In addition, the transactions, balances, income and expenses between the Company and its subsidiaries are eliminated.

The subsidiaries' results of operations are consolidated in the consolidated statement of income from the date of their acquisition, which is the date on which effective control over the subsidiary takes place. The results of disposal of the subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Company loses control over the subsidiaries.

Control is achieved when the Company:

- Has the ability to control the investee;
- Is exposed to variable returns or has the right to variable returns resulting from its association with the investee; and
- Has the ability to use its power to influence the investee's returns.

The Company reassess whether it controls the investee companies, while the facts and circumstances indicate that there are changes to one or more control check points referred to above.

If its voting rights become less than those of the majority in any of the investee companies, the Company shall have control power when voting rights suffice to grant it the ability to direct the activities of the related subsidiary unilaterally. The Company takes into consideration all the facts and circumstances in assessing whether the Company has voting rights in the investee that enable it to exercise control or not. Among these facts and circumstances:

- The size of the Company's holding of voting rights relative to the size and distribution of other voting rights;
- Potential voting rights held by the Company and any other voting rights or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Company loses control over any of its subsidiaries, the Company:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes any surplus or deficit in the statement of income; and
- Reclassifies the Company's equity previously recognized in the consolidated statement of comprehensive income to the consolidated income statement or retained earnings as appropriate.

The subsidiaries' financial statements are prepared for the same reporting year using the same accounting policies as those of the parent company. If the subsidiaries adopt accounting policies that differ from those of the parent company, the necessary adjustments are made to the financial statements of the subsidiaries to confirm with the accounting policies of the parent company.

The non-controlling interests represents the portion not owned by the Company relating to ownership of the subsidiaries.

- The Company has as of March 31, 2019 the following subsidiaries in direct or indirect way:

Company's Name	Paid up Capital JD	Percentage Ownership	Principal Activity	Place of Work
Arabian Concrete Supply Company *	1,900,000	51%	Manufacturing	Amman
Al-Fuheis Green Heights Company Real Estate Development **	15,000	100%	Real Estate Investments	Amman

- * Arabian Concrete Supply Company (subsidiary company) incorporated the Arabian Specialized Transportation Company on March 10, 2011, which is owned by the Arabian Concrete Supply Company and they both conduct their operations in Jordan.
- ** The Cement Factories Company established Al-Fuheis Al Khadra Real Estate Development Company on 30 July 2018 with an authorized capital of JD 30,000 and paid JD 15,000 as of December 31, 2018. The Company has not conducted any operational activity to date.

The subsidiary Company's balances and transactions as of March 31, 2019 was as follows:

	Assets JD	Liabilities JD	Revenue JD	Expenses JD
Arab Company for Concrete Equipment after the unification of Arab Specialized Transport Company	32,386,852	22,362,104	13,383,604	1,487,089
Al - Fuheis Al - Khadraa Real Estate Development Company	15,000	-	-	-

- The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of the new and revised standards which are applied on or after the 1st of January of 2019 as follow:

a. Amendments with no material effect on the condensed consolidated interim financial statements of the company:

Annual improvements to IFRSs issued between 2015 and 2017

Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

IFRIC (23) Uncertainty on the Treatment of Income Tax

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS 9 Financial Instruments.

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures".

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "*Financial Instruments*" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS 19 Employee Benefits.

These amendments relate to adjustments to plans, reductions, or settlements.

b. Amendments that has impact on the condensed consolidated interim financial statements of the Company

Effect of Application of IFRS (16) "Leases"

The Company has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases", IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "Operational leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has opted for the modified retrospective application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The right of use assets have been measured in an amount equal to the lease obligations, and adjusted by any pre-paid or lease payment that is recognized in the financial position list as of December 31, 2018. No adjustments to the retained earnings, as at January 1st, 2019, were produced under this method. There were no low leases that required an adjustment to the right of use assets at the date of the initial application.

The recognized right of use of leased properties are as at March 31, 2019 and January 1, 2019.

The movement on the right of use assets during the period is as follows:

	Right of use Assets	Total
	JD	JD
Balance as Janruery 1 st , 2019	4,842,011	4,842,011
Interest during the period	-	78,850
Paid during the period	-	(544,168)
Amortization for the period	(481,210)	-
Balance as of March 31, 2019	4,360,801	4,376,693

The Company's leasing activities and its accounting treatment mechanism:

The Company rents real estates for use in its activities and usually leases for fixed periods ranging from one to thirty years, some of which may include extension options and the lease terms are negotiated on an individual basis and contain a set of different terms and conditions, not including contracts Leases do not contain any obligations and may not be used as collateral for the purposes of borrowing.

Up to the end of the financial year 2018, real estate leases were classified as either an operating lease or a financial lease, and the amounts paid for operating lease contracts are credited to the income statement according to the straight-line method during the lease period.

Starting from the first of January 2019, leases were recognized as assets for use and related obligations on the date when the asset is ready for use by the company, the value of each rental payment is distributed between the leasing obligations and the financing costs, and the financing costs are credited to the income statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period and the right of use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including built-in fixed payments) minus rental incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Rental payments are deducted using the implied lease interest rate or the tenant's additional borrowing price, if they are not available, which is the rate at which the lessee must pay to borrow the funds needed to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS (17) and IFRIC (4) Determining whether an Arrangement contains a Lease.

3. Significant accounting Estimates and key sources of uncertainty estimates

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve, and in a specific way, it requires the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018 except for the following:

Extension and termination options of lease contracts

Extension and termination options are included in a number of leases. These terms are used to increase the operational flexibility in terms of contract management, most of the retained extension and termination options are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed when there is an important event or a significant change in the circumstances that has an effect on this assessment, and in which it is within the control of the lessee.

Discounting of lease payments

Lease payments are discounted using the bank's additional borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the additional borrowing rate on the starting date of the lease contract.

4. Cash at Banks

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Cash at banks	564,510	991,826
	<u>564,510</u>	<u>991,826</u>

5. Assets Held for Sale

During the first quarter of the year 2019, the Group has reclassified property and equipment related to the production line No. (2) of fuhais plant, together with its related spare parts in accordance with the memorandum of understanding with the buyer to assets held for sale. Assets held for sale are classified at the net book value or fair value, whichever is lower. Moreover, management believe that they will not record any losses as result of this transactions.

6. Property and Equipment

During the three-month period ended March 31, 2019, the Company acquired properties and equipment in an amount of JD 149,238 and disposed of properties and equipment in an amount of JD 74,316 which resulted in a net profit of JD 23,666 for the period ended March 31, 2019 (JD 225,959 for the period ended March 31, 2018).

7. Income Tax

a. Income tax provision:

The movement on the income tax provision is as follows:

	For the Three- Month Period Ended March 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance at the beginning of the period/year	670,847	858,689
Income tax for the period/year	-	702,947
Income tax paid during the period/year	(270,718)	(890,789)
Balance at the End of the Period/Year	<u>400,129</u>	<u>670,847</u>

b. Income tax expense:

The income tax expense shown in the condensed consolidated interim income statement is represented follows:

	For the Three-Month Period Ended March 31,	
	2019	2018
	JD	JD
Income tax expense during the period	-	133,049
	<u>-</u>	<u>133,049</u>

A final tax settlement has been reached with the Income and Sales Tax Department up to the year 2016. Income tax returns have been filled for the year 2017. However, the Income and Sales Tax Department did not audit this return and no final settlement has been reached yet.

A tax settlement has been reached with the income and sales tax department up to the year 2016 for the subsidiaries (Arab Concrete Ready Mix and Arabian Specialized Transport Company), also income tax returns have been filled for the year 2017. However, the income and sales tax department did not audit these returns and no final settlement has been reached yet.

The income tax provision was recorded for the subsidiaries and in the management's opinion, the recorded income tax provision is sufficient to meet any tax commitments as of March 31, 2019.

8. Due To Banks

This item represents credit facilities utilized as of March 31, 2019. The Group has credit facilities from the Housing Bank for Trade and Finance with a ceiling of JD 9.5 million, the Arab Bank with a ceiling of JD 8 million, Societe General Bank with a ceiling of 6 million dinars, the Jordanian Kuwaiti Bank with a ceiling of JD 2 million, the Arab Banking Corporation with a ceiling of JD 6 million. Audi Bank with a ceiling of JD one million, Jordan Bank with a ceiling JD 3 million against discounted checks for some customers and annual interest rates ranging from 7% to 9%. The above facilities are guaranteed by the Company.

9. Loan from related party

Jordan Cement Factories Company signed a loan agreement with Lafarge France (S.A.S) (Parent Company) on February 11, 2019 at an amount of JD 9,500,000 without interest, the agreement stipulates that all amounts owed by the Company must be paid in full on August 12, 2019.

10. Loans

This item consists of the following:

	March 31, 2019		December 31, 2018	
	Short Term	Long Term	Short term	Long term
	JD	JD	JD	JD
Arab Bank *	2,500,000	15,000,000	5,000,000	12,500,000
The Housing Bank for Trade and Finance **	1,500,000	1,500,000	1,500,000	2,250,000
Societe Generale Bank – Jordan ***	1,000,000	1,000,000	1,500,000	1,000,000
Al-Etihad Bank ****	138,673	-	193,723	-
	<u>5,138,673</u>	<u>17,500,000</u>	<u>8,193,723</u>	<u>15,750,000</u>

* On October 3, 2017, Jordan Cement Factories signed a loan agreement with Arab Bank for JD 20 million at an interest rate of 7.5% payable on 8 equal semi-annual installments of JD 2,500,000. The first installment is due on October 2, 2018 and is due the last of which is on April 2, 2022.

** On August 8, 2016, the Jordanian Cement Factories signed a loan agreement with the Housing Bank for Trade and Finance at the amount of JD 6 million at an interest rate of 7.25%, payable on 8 equal semi-annual installments of JD 750 thousand. The first installment is due on July 1, 2017, January 2021.

*** On June 13, 2016, Jordan Cement Factories signed a loan agreement with Societe Generale Bank Jordan for JD 4 million at an interest rate of 9% payable on 8 equal semi-annual installments of JD 500 thousand. The first installment is due on June 30, 2017 and the latter of which December 30, 2020.

**** The Jordanian Cement Factories Company signed a loan agreement with Al Etihad Bank on June 28, 2018 at an amount of JD 325,322 at an interest rate of 8.75% payable on 18 equal monthly installments of JD 18,350. The first installment is due on June 30, 2018; the latter is due on November 30, 2019.

The movement on the loans are as follows:

	Beginning Balance of the period	Payments	Ending Balance of the period
	JD	JD	JD
Arab Bank	17,500,000	-	17,500,000
The Housing Bank for Trade and Finance	3,750,000	(750,000)	3,000,000
Societe Generale Bank - Jordan	2,500,000	(500,000)	2,500,000
Al-Etihad Bank	193,723	(55,050)	138,673
	<u>23,943,723</u>	<u>(1,305,050)</u>	<u>22,638,673</u>

- The loans mentioned above are guaranteed by the Company through signing on the agreements.

11. Owners' Equity

This item consists of the following:

- Paid up capital
The authorized and paid up capital of the Company is JD 60,444,460 as of March 31, 2019 and December 31, 2018 divided into 60,444,460 shares at JD one par value per share.
- Treasury stocks
This amount represents the value of the stocks that are owned by the Arabian Concrete Supply Company (Subsidiary Company) in the capital of Jordan Cement Factories Company in the amount of JD 323. These stocks were purchased on 2012. During the year 2016 part of these shares were sold.
- Statutory reserve
The amounts accumulated in this account were transferred from the annual net income before tax at 10% rate for previous years according to the Jordan Company's law. This reserve cannot be distributed to shareholders. The Board of Director's approval and recommendation was granted on January 29, 2018 to write off part of the accumulated losses amount of JD 27 million through the use of the Company's statutory reserve. The Company's General Assembly approved the decision in their extraordinary meeting held on June 30, 2018 and accordingly the Company wrote off part of the accumulated losses using the full amount of the statutory reserve of JD 27 Million to reach zero balance as of March 31, 2019.

12. Segmental Classification

This item consists of the following:

	Cement JD	Concrete JD	Total JD
For the Three-Month Period Ended March 31, 2019			
Revenue:			
Sales	4,415,378	8,968,226	13,383,604
Operational Results:			
Operational (loss)	(4,248,983)	(102,311)	(4,351,294)
(Loss) before income tax	(7,448,750)	(330,684)	(7,779,434)
Income tax expense	-	-	-
(Loss) for the Period	<u>(7,448,750)</u>	<u>(330,684)</u>	<u>(7,779,434)</u>
Other Segmental Information:			
Capital expenses	19,638	129,599	149,237
Depreciation	1,242,813	95,038	1,337,851
For the Three-Month Period Ended March 31, 2018			
Revenue:			
Sales	7,151,273	10,678,977	17,830,250
Operational Results:			
Operational (loss) profit	(9,667,116)	589,027	(9,078,089)
(Loss) profit before income tax	(13,723,739)	483,301	(13,240,438)
Income tax expense	-	(133,049)	(133,049)
(Loss)/Profit for the Period	<u>(13,723,739)</u>	<u>350,252</u>	<u>(13,373,487)</u>
Other Segmental Information:			
Capital expenses	202,972	22,987	225,959
Depreciation	1,335,150	113,151	1,448,301
March 31, 2019	Cement	Concrete	Total
Assets and Liabilities:			
Segment assets	125,863,875	32,368,852	158,250,727
Segment liabilities	141,012,462	22,362,401	163,374,863
December 31, 2018			
Assets and Liabilities:			
Segment assets	154,863,263	2,326,835	157,190,098
Segment liabilities	153,131,181	1,398,873	154,530,054

13. Commitments and Contingent Liabilities

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Letters of guarantee	4,978,051	5,192,636
Bills of collection	742,708	920,189

- The future contractual commitments were as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Purchase of property and equipment	273,426	341,783
Purchase of raw materials	11,283,300	5,218,000
Other purchases	14,840,000	14,840,000
Operating lease contracts	4,360,801	6,688,210

14. Lawsuits

- a. There are lawsuits held against the Company and its subsidiaries at an amount of JD 34,173,215 represented in legal lawsuits relating to the Company's operations, and in the opinion of the Company's management and its legal counsel, the lawsuits provision booked at an amount of JD 10,296,000 is sufficient to meet any commitments related to the lawsuits and claims.
- b. There is a lawsuit between Jordan Cement Factory and Energy and Minerals Regulatory Authority, that is being held in the court regarding clay mining fees at Al-Fujaij Al Rashadieh area amounting to JD 2.3 million. In the opinion of the Company and its legal advisors, the Company's position involves the decision of the Amman Court of First Instance, to dismiss the claim submitted by the Company and through its former agent. On January 30, 2019 the Company has appealed the decision and the case is currently pending in Amman Court of Appeal. It is important to mention that is difficult to determine the outcome of this lawsuit and there is no need to book a provision at this stage, and the situation will be reassessed in the coming months.

15. Related Parties Balances and Transactions

- a. The related party transactions during the period were as follows:

Condensed consolidated interim statement of financial position items:

	Related Parties		Total	
	Sister Companies	Parent Company	2019	2018
	JD	JD	JD	JD
Accounts receivable	214,750	-	214,750	173,839
Accounts payable *	8,124,562	9,243,792	17,368,354	19,880,354
Lafarge France **	-	3,500,000	3,500,000	-

Condensed consolidated interim statement of income items:

	For the Three-Month Period Ended March 31,	
	2019	2018
	JD	JD
Expenses	411,228	435,188

* The receivables and payables mentioned above do not bear any interest and have no defined repayment schedule.

** The loan mentioned above does not bear any interest.

- b. The salaries, bonuses and other benefits of the executive management amounted to JD 318,354 for the three-month period ended March 31, 2019 (JD 309,153 for the three-month period ended March 31, 2018).

16. Liquidity Risks

Liquidity risks, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its obligations.

The Company suffers from a deficit in its working capital as of March 31, 2019 and as of December 31, 2018 as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Current assets	72,481,619	62,486,880
<u>Less: Current liabilities</u>	<u>(114,054,471)</u>	<u>(110,445,054)</u>
(Deficit) in Working Capital	<u>(41,572,852)</u>	<u>(47,958,174)</u>

The Company manages liquidity risk continuously through managing its cash flows and through the financing from banks, noting that an amount of JD 20.8 Million of the current liabilities is due to related parties as at March 31, 2019 (JD 19,8 Million as of December 31, 2018). Management plan is illustrated in Note (18) below.

17. Loss per Share for the Period

(Loss) per share is calculated by dividing the net loss for the period over the weighted average common stock and it is calculated as follows:

	For the Three-Month Period Ended March 31,	
	2019	2018
	JD	JD
(Loss) for the period attributable to the company's shareholders	(7,617,399)	(13,545,110)
	Share	Share
Weighted average common Shares	60,444,460	60,444,460
	JD / Share	JD / Share
(Loss) per share (Basic and Diluted)	<u>(0/126)</u>	<u>(0/224)</u>

18. The Company's Future Plan

The Group has incurred a loss of around JD 7,8 million for the period ended March 31, 2019, thus, the losses of the Group exceed 75% of its capital to reach 116%, also it has accumulated losses of around JD 70 million and its current liabilities exceed its current assets by around JD 41,6 million for the period ended March 31, 2019. Finally, article (266) of the companies law as amended by law No. (40) for the year 2002 states that "should the company's losses exceed 75% of its capital, the company shall be liquidate unless the General Assembly decides in it's extraordinary meeting to increase the company's capital to deal with the losses or redeem the losses in accordance with the international accounting and auditing standards, provided that the total remaining losses do not exceed half of the company's capital in both cases.

The Company's future plan to address its financial position is as follows:

1. Continue efforts to sell the land and assets of factory Fuheis and follow up to obtain approvals for reorganization.
2. Opening new markets for exporting cement, which guarantees a higher utilization of the production lines and a higher profitability.
3. Reducing variable and fixed production costs through streamlining expenditures and through following up on the execution of the solar energy electrical production plant project in Al Rashadiyah prior to yearend, in addition to increasing the use of alternative energy sources.
4. Following up on the labor cost case and obtaining the appropriate approvals.
5. Following up on the environmental lawsuits to receive a positive decision from the Cassation court in light of the discontinuance of the plant and time obsolescence.
6. Continuity of selling the unutilized assets including land, real-estate and property and equipment in all sites.
7. At a meeting held on 24 July 2018, the Board of Directors approved the following plans:
 - To obtain medium term loans from banks for JD 40 million and / or to obtain medium term loans from the Company's main shareholders who own more than 5% of the Company's shares. These loans are subject to the local market price.
8. Preparing a study of the "Company's capital structure" to guarantee for continuity of the Company, so that the availability of liquidity is one of the Company's top priorities. This study includes the various option related to capital restructuring to obtain the approval of the Board of Directors of the Company in preparation for submission to the General Assembly for approval.
9. Study the re-evaluation of the land and quarries as of March 31, 2019 including obtaining special approvals for this matter from the relevant authorities.

19. Comparative Figures

During the period ended March 31, 2019, the Company has restated the Comparative figure related to the three month period ended March 31, 2018 to comply with the requirements of IAS (8). The impact of this adjustments on the statement of changes in owners' equity for the three months ended March 31, 2018 was resulted due to the errors related to the calculation and first implementation of expected credit losses to determine the value of expected credit loss provision on various account receivables and financial assets that are subject to IFRS (9) and the treatment of deferred tax assets related to it.

The restatement impact is illustrated in the table below:

	Before Restatement JD	Adjustments Effect JD	Restated Balance JD
<u>shareholder's Equity</u>			
Accumulated (losses)	(22,836,683)	(1,555,648)	(24,392,331)
Non-Controlling interest	6,538,226	(1,619,143)	4,919,083

20. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are presented at fair value at the end of each financial period. The following table provides information about the methods used to determine the fair value of the financial assets and financial liabilities (Valuation Methods and Inputs Used):

Financial Assets / Liabilities	Fair Value		Fair Value Level	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Significant Intangible Inputs and Fair Value
	March 31, 2019	December 31, 2018				
	JD	JD				
Financial assets at fair value through comprehensive income:						
Shares with available market prices	167,203	171,949	First Level	Listed prices in financial markets	N/A	N/A
Total Financial Assets at Fair Value	167,203	171,949				

There are no transfers between the first and second level during the period ended March 31, 2019 and for the year ended December 31, 2018.