LAFARGE
لافارج

الرقم : 85/9/6
التاريخ : 2019/04/25

السادة بورصة عمان المحترمين

الموضوع : التقرير السنوي

تحية وبعد ،
لاحقا لكتابنا رقم 1/4/ م ع /32 بتاريخ 2019/04/04.
ارفق طيا نسختين من التقرير السنوي.

واقبلوا الأحترام ،،،

لافارج الاسمنت الاردنية

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٨ نيسان ٢٠١٩
الرقم المتسلسل: 2397
رقم الملف: 4/0/42
الجهة المختصة: [illegible]

لافارج الإسمنت الأردنية
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Content

2018 Company Brief

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

The company has two plants, one in Fuhais and one in Rashadeya.
Production capacity is (4) million tons.

In 1998, Lafarge Group entered the Jordanian market by acquiring shares in Jordan Cement Factories Company. The Group currently owns 50.3%.

Vision

Construction industry leader and preferred solution provider in Jordan creating value for customers and stakeholders.

Mission

Preferred construction solution provider with customers' excellence, embedded health & safety culture, never losing sight of environmental sustainability, focusing on being an employer of choice and building a dynamic organization maximizing returns to all stakeholders.

Values

Customers

Customer centric
Easy to deal with
Keep promises
Provide solutions

Results

Timely Decision Making
Out of the Box Solutions
Optimization
Respecting Deadlines
Accuracy
Business Acumen

Integrity

Transparency
Confidentiality
Openness & Honesty
Fairness
Compliance
Diligence

Sustainability

Consistency
Creativity & Innovation
Preserve Environment for Future Generations

People

Health & Safety behavior
Engagement
Empowerment & Delegation
Lead by Example
Professionalism & Excellence
Uncompromising
Loyalty
Team Work
Trust
Considerate
Confidentiality
Ownership
Dedication
Proactive Communication
Courage
Constructive feedback
Diversity & Inclusion
People Development
Objectivity
Flexibility & Speed
Diligence
Performance Culture
Business Partnering
Openness &Transparency
Responsibility & Accountability
Care
Discipline & Commitment
Positive Attitude
Persistence & Perseverance

HIS MAJESTY KING ABDULLAH II BIN AL HUSSEIN

Letter From the Chairman

Dear Shareholders,

On behalf of myself and members of the Board of Directors, I would like to present to you Lafarge Cement Jordan's 67th annual report, which addresses the company's key results for 2018 and explains the main factors that has led to these results.

The Company has continued to encounter numerous challenges that have negatively impacted its results, most notably is the price fluctuation with a decreasing trend due to market surplus conditions compared to demand, in addition to excessive environmental legal compensation, the ongoing increase in fixed cost of current excess labour, and the growing finance cost due to company's high debt.

Moreover, the company is still operating below its production capacity as a result of stopping clinker production in Fuhais plant since 2013 and suspending grinding and packing activities since 2016, as well as the stoppage of one of two production lines in Rashadeya plant since mid of 2010.

As you know, the company was forced to call the mandatory reserves in mid of 2018 to reduce the losses of JD27 million of losses, however, the accumulated losses reached JD(62.2) million, which represents 103% of company's capital at the end of 2018 and this in itself is a major challenge facing the company.

Despite the exceptional circumstances the company is facing, it has remained committed to its values in health and safety, fulfilling the needs of its customers by providing high quality products, as well as improving the level of services provided to them, in addition to developing its human resources, supporting the local communities. All the above had a positive impact on the company's relationship with all its stakeholders and it is pursued by the company continuously.

In conclusion, on behalf of the Board of Directions and myself, allow me to express our full confidence that the company's management will be able to overcome the challenges facing the company at this critical stage by the implementation of various strategic plans and programs.

I would also like to express my appreciation and gratitude to our valuable shareholders, loyal customers, and our vigilant employees who were committed to exerting their best efforts for the company.

Chairman
Grant Earnshaw

Letter from the Chief Executive Officer

Dear Shareholders,

Lafarge Cement Jordan's annual results for 2018 reflect a net loss of JD34.6 million, compared to a net loss of JD33.3 in 2017, as a result to the following contributing factors:

1. Decrease of 13% in sales volume due to decline in market consumption given overall slow-down along with lower spending on Mega Infrastructure projects in Jordan.
2. Sharp decrease in cement sale prices in the first seven months of 2018 , which reached a value less than the production cost due to competitive pressure on prices.
3. Increase in environmental legal compensation by JD6.5 million compared to 2017.
4. Amortization of JD6 million as deferred tax due to new regulations of income tax.

The company is still facing numerous challenges, mainly due to increasing number of environmental legal cases in Jordanian courts, as well as incurred excess labor costs due to the stoppage of production since 2013 and suspending all grinding and packaging activities since 2016 in Fuhais plant, as well as the stoppage of one of two production lines Rashadey plant since the mid of 2010.

Despite these difficulties and accumulated losses, the company continued to implement strategic plans and programs during this year to reduce the negative impact of decreased demand in sales and fierce price competition. Nevertheless, the company has been still unable to completely overcome the impact of these challenges as shown in 2018 financial statements.

The programs and plans executed by the company can be summarized as follows:

1. Health and Safety

The company remains committed to implement its strategic improvement plans in health and safety as one of its key priorities. It has also executed numerous initiatives to reinforce the performance culture in all locations which has resulted in improved health and safety results.

2. Environment

The company remains complying with environmental standards as well as using alternative fuels at Rashadeya plant. To do this the company has cooperated with the private sector and various governmental institutions to help in providing safe disposal to certain materials by burning them in our kilns and under the supervision of specialized authorities. The company continued to enhance its environmental performance and focus on internal environmental controls and audits

3. Commercial Transformation

The company continued to execute initiatives and programs to reinforce the trust of our customers, which has contributed positively in mitigating the negative impact of decreased sales & fluctuation in prices on the company's results.

4. Human Resource Development

In 2018, the company has implemented different training programs in health and safety, leadership, supervision, compliance and controls and many others related to industrial performance to enhance the skills and capabilities of employees in order to improve the performance culture.

5. Cost Reduction

The company continued to reduce & control costs by reviewing various expenses for appropriate rationing, resuming all plans and programs that contribute to decreasing costs, mainly those related to production efficiency by using alternative fuels instead of heavy fuel oil. The company has also started the implementation of the solar power project with 15,9 MW next to Rashadeya plant.

6. Sustainable Development
Despite the challenges faced in 2018, the company managed to complete financing some projects that reflect its commitment to sustainable development in the local community around it's locations.

Ladies and gentlemen,
Despite the difficult circumstances the company is facing, we as management of the company will continue to exert out utmost efforts to overcome these challenges through the planning and implementation of required plans and strategies.

In conclusion, I would like to extend my appreciation and recognition to every contributor and supporter of the company, and to our shareholders for your continued trust and support in the company and its management in this critical phase.

Future Outlook

Dear Shareholders,
The company will remain committed to its different priorities with the aim to decrease accumulated losses and maintain its sustainability through the following:

1. Health and Safety:
We will continue to focus on number of objectives for 2019 which includes road safety, health, risk analysis, reinforcing leadership and reducing the risk from conveyer belts to ensure the safety of all employees, contractors, transporters and partners with no exception.

2. Environment:
The company will sustain efforts to protect the environment by reinforcing environmental self-supervision, improving working conditions, using alternative energy sources and start generating electricity by operating the solar plant using solar panels in Rashadeya Plant.

3.Commercial Transformation:
The company will continue it's commercial transformation journey by being customer centric. It will also include improving the quality of services and developing innovative products and solutions to meet the growing needs for its customers in order to maximize our revenues.

4. Cost Reduction:
The company will review all expenses and execute programs to optimize our fixed costs including those related to surplus employees, in addition to improving production efficiency and decreasing maintenance and energy costs through the alternative energy project, which is slated for the middle of 2019.

5. Human Resource Development:
The company will focus on reinforcing performance culture and building the supportive environment that will, in turn, contribute to achieving optimal results. We will also work towards restructuring operations to optimize the target organizational structure.

6. Liquidity:
The company's management will work on developing a plan for "Capital Restructuring" project which will include various options available to ensure its sustainability of the company as the availability of liquidity is one of our top priorities for the coming year. The study will include various options to ensure the approval of the Board of Directors in preparation for submission to the General Assembly for approval.

7. Sustainable Development:
The company will continue to support & improve its involvement in the local communities around its locations. I would like to thank you all for your trust in our ability to overcome all the challenges facing the company especially our shareholders for their support to sustain the company.

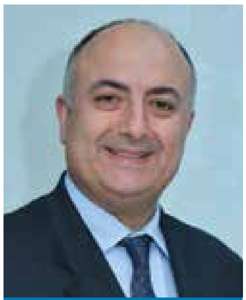
Chief Executive Officer
Samaan Kamel Samaan

Members of Board of Directors


Grant Earnshaw


Rachid Benyakhlef


Ahmad Heshmat

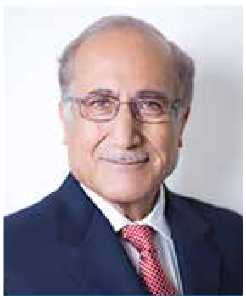

Amr Reda

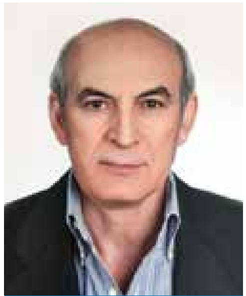

Samaan Samaan


Yaser Akroush


Fawzi Al-Hyasat


Omar Bdair


Jawad Anani


Saoud Nsairat

Grant Earnshow

- Chairman of the Board of Directors and LafargeHolcim representative as of 23/1/2017.
- Holder of Postgraduate Diploma in Business Administration and Building & Civil Engineering degree from UK.
- Appointed as Area Manager Middle East and North Africa in 2016.
- Appointed as Senior VP & Head of Integration for LafargeHolcim from 2014 until 2016.
- Chief Executive Officer - Lafarge Iraq from 2012 to 2014.
- Joined Lafarge Group in 1999 and held senior positions.

Rachid Benyakhlef

- Deputy Chairman of the Board and LafargeHolcim representative as of 25/7/2018
- Started his career in Morocco in 1983 in the mining field where he gradually got high managerial positions including president of several industrial companies within the largest industrial and financial group.
- Joined Lafarge in 2004 where he held number of positions including CEO of Jordan, CEO of Lafarge Ciments France and CEO of Iraq as well as some key functional positions.
- He is currently Head of Growth and Performance within (MEA) Middle East and Africa Region in LafargeHolcim.
- He holds a PHd in mining engineering and graduated in engineering from Polytechnique School in Paris and from Mining School of Paris.

Ahmad Heshmat

- Deputy Chairman of the Board and LafargeHolcim representative until 25/7/2018.
- Holder of BS in Architectural Engineering, Diploma in Financial Management –Egypt, and Certificate in Business Management-Switzerland
- Worked at leading International Companies in Egypt and Arab Gulf, joined Orascom in 1998 and held several positions.
- He joined Lafarge Group in 2008.

Amr Reda

- Member of the Board and LafargeHolcim representative as of 30/7/2015.
- In 2015 he was appointed as Country CEO for Lafarge Jordan until 12/12/2018.
- Holder of Bachelor degrees in Accounting from Cairo University and in Business Administration from the American University in Cairo as well as an MBA from the American University in Cairo.
- Started his career in 1990 at the Arab Bank in Egypt, and then became Finance Manager at 3M and Chief Financial Officer and General Controller at Heineken Egypt.
- Joined Lafarge as Chief Financial Officer in Pakistan in 2006 then Regional Business Controller for the Middle East and Pakistan. In 2012 he was appointed as CEO for Lafarge Pakistan.

Samaan Samaan

- Member of the Board as of 13/7/2017 and member/representative of Arab Concrete Supply Company until 4/7/2017
- Appointed Lafarge Cement Jordan GM and Country CEO as of 13/12/2018
- Joined Lafarge in 2005 and held several positions in Jordan.
- General Manager for Lafarge Concrete Jordan until 5/1/2019.
- Country Finance, Control and IT VP until 1/9/2014.
- Holder of BA Degree in Accounting from University of Jordan.
- Certified Public Accountant (CPA) from USA and member of Jordanian Association of Certified Accountants (JACPA).

Yaser Akroush

- Member of the Board and representative of Social Security Corporation as of 1/5/2017.
- Held several positions in Social Security Corporation since 1990.
- Representative and General Manager of Jordan Tanning Co.
- Member of Board of Directors in many Jordanian companies and organizations.
- Holder of Bachelor degree in Political Economy and Planning from Damascus University.

Fawzi Al-Hyasat

- Member of the Board and representative of Social Security Corporation as of 1/5/2017.
- Director and General Manager of Salt and North Amman Branches of Social Security Corporation from 1995 until 2011.
- Held several positions in Social Security Corporation since 1987.
- Representative of the Social Security Corporation in many board committees.
- Chairman and member of several committees in Social Security Corporation
- Holder of Bachelor degree in Management Science from Yarmouk University.

Omar Bdair

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

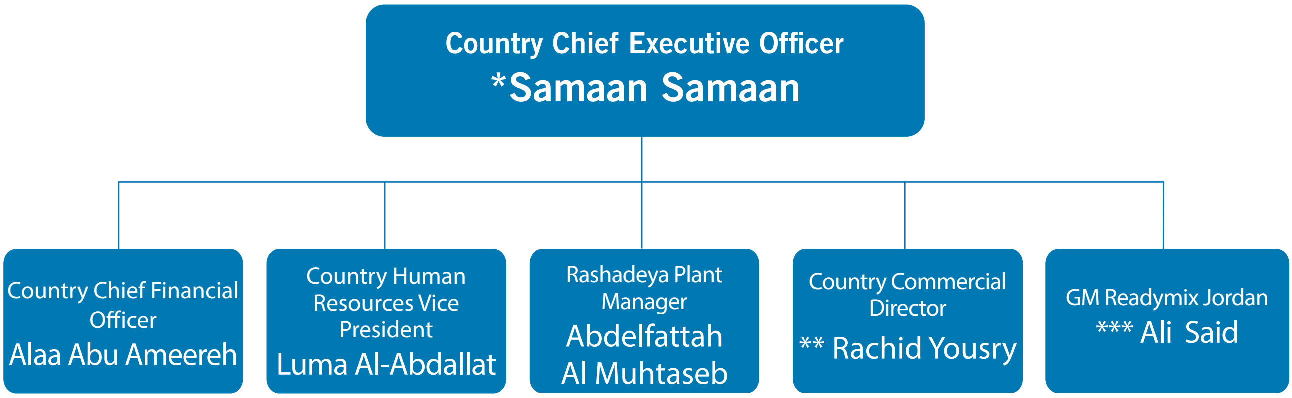
Jawad Anani

- Member of the Board as of 29/3/2018.
- Appointed as State Minister for Prime Ministry Affairs, Minister of Communications and Information Technology, Deputy Prime Minister for Social Development Affairs, Foreign Minister, Deputy Prime Minister for Economic Affairs, State Minister for Investment Affairs, Minister of Labor, Minister of Industry, Trade and Supply and Minister of Tourism.
- Held high positions in the government as General Manager of Social Security Corporation, President of the Royal Scientific Society
- Started his career path working as a Head of Economic Research at the Central Bank of Jordan. He was also Chief of the Royal Hashemite Court, member of the Senate for more than one period. Appointed as Chairman of Jordan Economic and Social Council.
- He was a lecturer in a number of Jordanian, Arab and American Universities, and has more than seventy scientific researches and number of books and chaired the boards of many public institutions.

Saoud Nsairat

- Member of the Board as of 29/3/2018.
- Air Force Commander in Royal Jordanian Air Force from 1999 to 2002.
- Vice Chairman for the Joints Chief of Staff in Royal Jordanian Army from 2002 to 2004.
- Minister of Transport from 2004 to 2007.
- Chairman of the Board in various Jordanian authorities and companies.
- Holder of Master’s Degree in Political Science from Mutah University.
- Holder of different Air Force certificates.

Organizational Chart of the Company's Executive Committee



* Mr. Samaan SAMAAN – GM Readymix Jordan previously - was appointed as Country CEO as of 13/12/2018 succeeding Mr. Amr Reda.

Organization Structure for the Subsidiary Company (Lafarge Concrete Jordan)

Executive Committee

Samaan Samaan

- Member of the Board as of 13/7/2017 and member/representative of Arab Concrete Supply Company until 4/7/2017
- Appointed Lafarge Cement Jordan GM and Country CEO for Lafarge Jordan as of 13/12/2018
- Joined Lafarge in 2005 and held several positions in Jordan.
- General Manager for Lafarge Concrete Jordan until 5/1/2019.
- Country Finance, Control and IT VP until 1/9/2014.
- Holder of BA Degree in Accounting from University of Jordan.
- Certified Public Accountant (CPA) from USA and member of Jordanian Association of Certified Accountants (JACPA).

Luma Al-Abdallat

- Country Human Resources Vice President.
- Holder of Bachelor degree in Industrial Engineering, and Masters in International Human Resources Management.
- Held several positions in the field of management consulting and organizational development and human resources consulting in Jordan.
- Joined Lafarge in 2006 and held several positions in Human Resources Management in Jordan.

Ala'a Abdel-Hamid Abu Ameereh

- Country Chief Financial Officer.
- Holder of Bachelor degree in Accounting & Economics from Jordan University in 1994
- Started his professional career in 1994 and held diversified positions in Finance and Auditing.
- Joined Lafarge Group in 2006 and held several positions in Finance in Jordan.

Abdel-fattah Al-Muhtaseb

- Rashadeya plant manager as of 2016.
- Fuhais plant manager as of 2018.
- Holder of Bachelor degree in Electromechanical Engineering from Al-Balqa' Applied University in 1996.
- Started his professional career in Lafarge group as Electrical Engineer at Fuheis plant in 1997.
- Held several positions in project management and Electrical Maintenance fields.

Rachid Yousry

- County Commercial Director of Lafarge Jordan as of 15/1/2018.
- Joined LafargeHolcim Group in 2011 and held several positions, such as: Head of Logistics Middle East and Africa.
- Holder of Master degree in Business Administration from ENPC University in Morocco, and Bachelor degree in Computer Systems Analysis Engineering from INSEA University in Morocco.
- Holds many professional certificates and administrative training programs.

Lafarge Cement Jordan was able to fulfill many priorities despite the challenging conditions experienced during 2018, detailed as follows:

Health & Safety

• Huge efforts invested in the Strategic Health & Safety Improvement Plan in 2018:

- Focus on"Health and Safety Leadership through training sessions to senior & middle management teams.
- Continue to focus on Health Program, for all employees and contractors, in addition to performing health audits and drills.
- Road Safety Program: Sheeting and de-sheeting solutions were applied on cement silos to prevent drivers from working at height risks. Central control room was established to monitor any violations.
- Completed installing new loading belts in the packing area in Rashadeya Plant as part of the rehabilitation project in the same area.

Environment

- The Company continued to supply alternative fuels in Rashadeya plant, as part of its commitment to reduce Carbon Dioxide emissions.
- The Company received a license to generate (15 MW) of solar energy for plant.
- The Company contributed to the safe disposal of expired materials such as medicines, tobacco by burning them in plant kilns in cooperation with different government institutions.
- The Company continued to implement environmental monitoring programs to follow up the implementation of the highest operational standards through monitoring the emissions in Rashadeya Plant.

Industrial Performance

- Industrial performance at Rashadeya plant improved in 2018 as a result of increasing the use of coal and alternative fuels compared to 2017.
- Rashadeya plant continued producing different types of cement with the highest quality and standards to contribute to Company's competitiveness.
- Clinker production lines at Fuhais plant are still suspended since 2013, while grinding, packing and all other plant activities stopped in 2016.

Commercial Transformation

Sales:

- The Company has shown improvement in sales, despite the unstable conditions in cement market in prices and demand.
- The Commercial department focused on creating a wider geographical coverage to provide it's customers with faster customer services.
- Three efficient tools have been developed in 2018 to enhance the level of customer service in the company:
  - Tracking tool to improve the performance of customers' visits.
  - Tool to update customers data base.
  - Tool to identify and track key projects to provide them with innovative building solutions.

Marketing:

- The Marketing Department has enhanced its efforts on product branding in various ways, by using retailers store front elevation as an advertisement platform, in addition to designing a customized covers for cement trucks.
- Launched a Net Promoting Score (NPS) program that aims to measures the satisfaction of our customers with the services and/or the products, in order to improve the communication between the different functions in the company and the customers.
- Activating a smart phone application to help sales team collect data from the market, analyze then store.
- Activating mobile messages to inform customers about their transactions and loading operation status. A complaints system was also activated with new clear process to reply to customers effectively and in a timely manner.

Human Resources

Training & Development

Lafarge Jordan considers the continuous development of competencies and skills of its employees with great attention as key element to achieving its objectives in performance improvement and cost reduction. The Annual Training and Development Plan of 2018 included a large segment of employees at the different hieratical levels of the organization, focusing on health and safety as the first priority and core value.

Training Programs during 2018:

Training Type	Man Days
Health & Safety	327
Health & Safety for Contractors	212
Specialized Technical training programs	162
General Awareness Programs	107
Leadership & Management Skills	45
Total	**854**

Health and Safety Training Programs:

- Several health awareness sessions were conducted in all company sites covering different health topics including: Hazards of Smoking, Hazards of Drugs & Alcohol, Hazards of Dust and noise on the human body, Diabetes …etc.
- In continuation for the program launched in 2015 and for the fourth year in a row, the Company continued to build on its partnership with Al-Khaldi Hospital Training Center to train employees on "First Aid, CPR and AED" in which trainees received a certificate of "Certified Heart Savers" that is accredited by the American Heart Association (AHA).
- In aim to improve safety on roads by developing the competency of drivers and safe/defensive driving techniques, several drivers attended “Smith System Driver Trainer Course” to become certified trainers. Upon completion of the training program, the trainers carried out evaluation for all the drivers at all locations and cascaded their acquired skills and techniques to their colleagues.

Specialized training programs:

- **LIFE Program** which was launched in Q4 2017 continued for the first cohort of trainees. The program focuses on frontline supervisors’ competencies development by improving their skills in managing self, managing others and managing results. The impact on participants was developing their problem solving skills, work organization skills and communication skills with managers and employees
- **Sales Academy program** – a training program that focuses on providing sales managers and employees with advanced skills to improve their sales performance. The participants learned and applied a clear methodology of work in their relationships with the customers.
- As a part of our industrial competencies development plan in plants, it hosted the Shutdown Management regional workshop. The main objective of the workshop was to share best practices related to main shutdown in order to improve the process and positively impact the Key Performance Indicators of Mean Time between Failure (MTBF) and Net Availability Index (NAI).
- Several awareness/orientation training courses were carried out for employees in various fields: Information Technology, Legal and Compliance, Leadership and Management Skills.

Sustainable Development:

Despite the limited resources, the Company continued its contribution to support and develop the local communities around its plants especially in Bseira and Qadesya near Rashadeya plant in Tafila Governorate. In 2018 the company continued financing a number of main projects committed to in previous years, including:

- Sports field for Qadesya sports club.
- Supporting the municipalities near Rashdeya plant with cement and garbage containers.
- Renovation and maintenance of Mahis Secondary School by providing innovative building solutions.
- The Company continued providing in kind donations to municipalities through in-kind donations and support in emergencies.

- In order to contribute to deliver quality education in local schools, the Company renewed its partnership for the second year with Injaz Company to spread and raise awareness amongst youth in Jordan on Health & Safety. In 2018, the Company was able to reach 1057 student in 15 schools.

- In partnership with Jordan Environment Society, the Company was able to recycle 1434 KG of papers as part of its contribution to LafargeHolcim sustainability plan 2030 to reduce climate change.

Health & Safety Awareness Program

Governance Report

A. Information and details related to implementing instructions and corporate governance rules in the company:

Jordan Cement Factories and Subsidiary Company; are members in LafargeHolcim Group.
Jordan Cement Factories Company implements a set of policies that takes into account corporate governance, such as:

1. Procurement Policy.
2. Compensation and Payroll Policy.
3. Code of Business Conduct.
4. Financial Authorization policy.
5. Credit Granting policy.

The Company has a global financial system (JDE) and prepares data, financial statements that comply with International Financial Reporting Standards (IFRS).

The Company discloses with the Securities Commissions any information that affects the Company's results and financial position. Despite the financial losses, The Company continued its contribution to support and develop the local communities around its Plants, in order to enhance the role of municipalities and civil associations. The Company applies Health and Safety standards With a clear health and safety policy.

The Company produces high quality of cement and concrete products, according to the international standards and the quality Standards of LafargeHolcim Group.

The Company has a lean organizational structure, which takes into account the separation of roles and responsibilities to ensure Internal controls in all operations and procedures. It is also undertaking a complete revision of the future organizational structure to meet the needs of the development in the local market.

B. Names of current and Independent board members:

Name	Representative	Executive	Non-Executive	Independent	not Independent	Current	Resigned
Grant Earnshaw	Lafarge SA	No	Yes	No	Yes	Yes	No
Ahmad Said Heshmat Hasan until 25.7.2018	Lafarge SA	No	Yes	No	Yes	No	Yes
Rachid Benyakhlef from 25.7.2018	Lafarge SA	No	Yes	No	Yes	Yes	No
Amr Ali Reda	Lafarge SA	Yes	No	No	Yes	Yes	No
Yasir Aqel Akroush	Social Security Corporation	No	Yes	No	Yes	Yes	No
Fawzi Abdallah Hiasat	Rama Investment & Saving Company	No	Yes	No	Yes	Yes	No
Omar Othman Bdeir	Private sector	No	Yes	Yes	No	Yes	No
Samaan Kamel Samaan	Personal	Yes	No	No	Yes	Yes	No
Saoud Ahmad Nsairat from 29.3.2018	Personal	No	Yes	Yes	No	Yes	No
Jawad Anani from 29.3.2018	Personal	No	Yes	Yes	No	Yes	No

C. Names of the legal representatives for the Board of Directors:

1. Lafarge SA (Non-Executive / not Independent)
2. Social Security Corporation (Non-Executive / not Independent)
3. Rama for Investment & Saving Company (Non-Executive / not Independent)

D. Executive Positions in the Company, held by the following employees:

Country CEO - Amr Ali Reda till 13/12/2018

Country CEO- Samaan Kamel Samaan from 13/12/2018

Country CFO – Alaa Abdul Hamid Abu Ameereh

Country Human Resource VP – Luma Ahmed Alabdallat

Lafarge RMX GM – Samaan Kamel Samaan

Commercial director – Rachid Yousry

Plants Manager - Abd-el Fattah Muhtasib

E. Other Memberships held by Borad Of Directors in other Public shareholding Campiness:

1. Grant Earnshaw: NO
2. Amr Ali Reda: NO
3. Ahmad Said Heshmat Hasan: NO
4. Samaan Kamel Yacoub Samaan: NO
5. Omar ‘Mohammed Ali ‘ Othman Bdeir: Yes
   - Jordan Pipes Manufacturing
   - General Mining Company
6. Yasir Aqel Akroush: NO
7. Fawzi Abdallah Hiasat: NO
8. Saoud Ahmad Nsairat: Yes
   - Integrated Multi-Company Transport
9. Jawad Ahmed Anani: Yes
   - Chairman of Amman Stock Exchange

10 Rachid Benyakhlef: NO

F. Corporate Governance Liaison Officer:

Country Internal Audit & Control Manager: Issa Rabieh

G. Names of the Committees:

Audit Committee

Compensation and Benefits Committee

Risk Assessment Committee

Governance Committee

H. Chairman and members of the Audit Committee qualifications and financial and accounting experience:

1. Omar Bdair (Audit Committee Chairman)

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

3

2. Fawzi Al-Hyasat

- Member of the Board and representative of Social Security Corporation as of 1/5/2017.
- Director and General Manager of Salt and North Amman Branches of Social Security Corporation from 1995 until 2011.
- Held several positions at Social Security Corporation since 1987.
- Representative of the Social Security Corporation in many board committees.
- Chairman and member of several committees in Social Security Corporation.
- Holder of Bachelor degrees in Management Science from Yarmouk University.

3. Ahmad Heshmat

- Deputy Chairman of the Board and Lafarge S.A representative until 25/7/2018
- Holder of BS in Architectural Engineering, Diploma in Financial Management –Egypt, and degree in Business Management-Switzerland.
- Worked at leading International Companies in Egypt and Arab Gulf, joined Orascom in 1998 and held several positions in it.
- Joined Lafarge in 2008.

4. Saoud Nsairat

- Member of the Board and Social Security Investment Fund representative until 1/5/2017.
- Member of the Board from 29/3/2018.
- Air Force Commander in Royal Jordanian Air Force from 1999 to 2002.
- Vice Chairman for the Joints Chief of Staff in Royal Jordanian Army from 2002 to 2004.
- Minister of Transport from 2004 to 2007.
- Chairman of the Board in various Jordanian authorities and companies.
- Holder of Master’s Degree in Political Science from Mutah University.
- Holder of different Air Force certificates.

I. Chairman and Members for Other Committees:

Compensation & Benefits Committee

1. Jawad Anani (Chairman)
2. Omar Bdair
3. Fawzi Al-Hyasat
4. Grant Earnshaw

Governance Committee

1. Saoud Nsairat (Chairman)
2. Yasir Akroush
3. Ahmad Heshmat

Risk Assessment Committee

1. Jawad Anani (Chairman)
2. Yasir Akroush
3. Amr Reda
4. Samaan Samaan
5. Alaa Abdul Hamid Abu Ameereh

J. Number of meetings for other Committees during the year:

One meeting was held during the year for other committees.

Four meeting were held for audit committee and the members were present:

Omar Othman Bdeir	3 meetings
Saoud Ahmad Nsairat	1 meeting
Ahmad Said Heshmat	3 meetings
Fawzi Abdallah Hiasat	4 meetings

Yasir Aqel Akroush, Grant Earnshaw and Samaan Samaan; attended one meeting during 2018.

K. Number of meetings for the Audit Committee with the External Auditor:

During 2018 the Audit Committee met with the External Auditor four meetings.

L. Number of Board OF Directors meetings during the year and attendees:

During 2018 the Board of Directors met 18 times , and the members were:

Grant Earnshaw	8 No. of meetings
Omar Othman Bdeir	15 No. of meetings
Fawzi Abdallah Hiasat	18 No. of meetings
Yasir Aqel Akroush	16 No. of meetings
Samaan Kamel Samaan	18 No. of meetings
Amr Ali Reda	18 No. of meetings
Ahmad Said Heshmat	13 No. of meetings
Saoud Ahmad Nsairat	15 No. of meetings
Rachid Benyakhlef	3 No. of meetings
Jawad Anani	15 No. of meetings

Chairman of Board Directors
Grant Earnshaw

Jordan Securities Commission Requirements Records for 2018

A. Letter from Chairman: Please refer to page (7)

B. Board of Directors Report:

Eighteen meetings were held by the Boards of Directors during 2018

1. Company's Main Activities:

a. The company's main activity is to produce, and sale of cement and to provide innovative building solutions to the local market.
b. Geographical distribution of the company is as follows:

No.	Location	Headcount
1	Head office- AMMAN	125
2	Fuhais Plant- Fuhais	174
3	Rashadeya Plant- Tafila	306
4	Aqaba sales office- Aqaba	4
6	Eritrea & Sudan Terminals	-
	Total	**609**

C. The total capital investment for the company and its subsidiaries reached(326) MJD in 2018.

2. Associate companies & Subsidiaries:

1. Sudan Company CTS- SUDAN

The subsidiary (CTS Company -SUDAN) the company operation was stopped. Lafarge cement Jordan owned 99% from the capital of this company the amount of the capital is 27,191 JD.

2. Arab Concrete Supply Company (Lafarge Concrete Jordan)

- Type of subsidiary: limited liability
- Main activity: Ready Mix production &transportation
- Subsidiary capital: 1,915,000 JD
- Ownership percentage: 51%
- Address:
  King Abdullah 11 ST –Al Rawabi –Bayader wadi Al- Seer
  P.O.Box 930490
  Amman-Jordan
  Tel: 06-5507250
  Fax: 06-5507260

Headcount: 336 employees (distributed as per below schedule over the different plants & locations):

Head Office	29
Abu Alanda plant	38
Shafa badran plant	39
Irbid plant	34
Dleil plant	26
Sweileh plant	39
Jerash plant	19
Madaba Plant	11
Aqaba Plant	16
Tafila Plant	14
Maintenance Dept.	43
Quality Dept.	25
Safety ,Healthy & environment dept	3

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

- Type of subsidiary: limited liability
- Main activity: Transportation

3. A. Members of Board of Directors: Please refer to page (9)

B. Higher/ Top Management: Please refer to page (13)

4. The Main Shareholders:

Shareholder Name	Nationality	Number of shares 2018	Percentage	Number of shares 2017	Percentage
Lafarge SA	French	30,388,664	50.275%	30,388,664	50.275%
Social Security Corporation	Jordanian	13,197,226	21.83%	13,197,226	21.83%
Mayloud Shoaiby	Moroccan	6,232,125	10.31%	6,232,125	10.31%

5. Competitive Position:

A. Local market

Market is characterized by oversupply situation, as production capacity reached 9 million tons compared to local market demand which does not exceed 4.2 million tons. Hence, a fierce competition is clear among companies operating in the cement industry. Price competition is the main basis for competition in the local market. Distance and proximity play a major role on this, in addition to this import of clinker and cement from regional market with low prices due to low production cost.

B. Foreign market

It's a limited market due to high production cost, which does not fit with global markets.

6.Main Suppliers & Customers:

a	Suppliers:	Supply % of total company purchases
	1- National Electricity Company	33%
	2-Lafarge Energy Solution	17,7%
b	Main Customers:	Sales % of total company sales
	1. Arabia Company for Concrete Industries.	35,9%
	2-Kawasmi Trading & Land Transportation	11,9%

7. Franchise, Collateral & Invention Rights:

- No collateral agreement is provided for Lafarge Jordan Cement Company by the government, in addition to the expiration of the Merit agreement with the government by the end of year 2008.
- The company registered a patented entitled “The use of pigments in the Portland cement manufacturing process” and grant number 3049 with effect from 28.08.2016.

4

8. Government Decisions & International Quality Standards:

a) Government decisions:

- Increasing electricity & water cost by government starting 2014, has negatively impacted the increase in production cost.
- Rezoning fuhais plant lands were not approved from agriculture and industrial to commercial and housing, and this will cause more difficulties to sell the land.
- The municipality of fuhais referred to grant a clearance for one of land parcel, owned by the company, and as a consequence the company was not able to sell the land, despite the financial difficulties the company is facing.

b) International Quality Standards:

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

1. ISO 9001
2. ISO 14001

9. A. Organizational Hierarchy: Please refer to page (12)

B. Headcount by Qualifications:

Qualification / certification	Headcount as of 31/12/2018
MASTER'S DEGREE	12
BACHELORS DEGREE	177
COMMUNITY COLLEGE DIPLOMA	103
TAWJIHI (Secondary education certificate)	53
BELOW TAWJIHI	153
ILLITERATE	1
APPLIED SECONDARY EDUCATION CERTIFICATE	55
TRAINING CERTIFICATE	55
TOTAL	**609**

Subsidiary's Headcount by Qualifications

Company	Headcount	Master Deg.	Bachelor Deg.	Diploma	Tawjihi
Plants	307	2	22	20	263
Head Office	29	3	24	0	2
Total	336	5	46	20	265

C. Employee development & training programs: Please refer to page (15)

10. Risks:

1. Continuous increase in energy & quarry fees.
2. Relatively small Jordanian market at the presence of five companies producing and selling cement in a market surplus situation.
3. Impact of economic slowdown on the overall cement market.
4. Relatively overstaffed compared to produce volumes and operations activity.
5. Pressures from government to reduce cement selling prices.
6. Environmental litigations compensation 8,308,115 million JD in 2018 for local community in Fuhais & Rashadeya and increasing trend in litigations where new cases reached a count of 440 and still 1621 currently in count at the different stages.
7. There is no agreement to rezone Fuhais plant land which stopped since 2013.

11. Main activities & achievements: Please refer to page (14)

12. Financial impact of non recurring activities:

1. Reveres 9.5 MJD from restructuring provision because no need
2. Scrap selling 1,634,537 JOD
3. Selling real estate's 59,540 JOD
4. Associate company - Scraps selling: 10,747 JOD
   - Selling assets: 245,446 JOD

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

Year	Net profit before tax & fees (JD million)	Dividends (JD million)	Distribution	Net shareholders equity (JD Million)	Price per share (JD)
2012	(22.390)	-	-	106.963	1.37
2013	(26.225)	-	-	76.908	1.34
2014	(1.382)	-	-	76.966	1.70
2015	2.290	-	-	81.587	1.290
2016	(1.744)	-	-	73.367	1.560
2017	(32.433)	-	-	43.913	1.210
2018	(27.883)	-	-	2,660	0.620

* The Recognized profit on 2015, caused recording deffered tax assets related to previous years.

14. Financial position Analysis & Results:

Company net result for 2018 shows losses amounted to (34.6) MJD compare with losses amounted (33.3) MJD during 2017.
The main reasons due to the following:

1. Severe decrease in cement selling prices during the last seven months in 2018 , to lower level than the production cost.
2. Increase in environmental compensation by 6.5 MJD compare with 2017.
3. Amortize an amount of 6 MJD from deferred TAX assets as a result to the change in the new income tax law.

Company's financial statements in 2018 are consolidated financials; minority interest amounted to 1.076 MJD in 2018.

Below is a list of key financial indicators for the company in 2018 compared to 2017:

No	Financial indicator	2017	2018
1	Return per share	(55)%	(57)%
2	ROI (return on investment)	(18)%	(22)%
3	Return on shareholders' equity	(75.9)%	(1300)%
4	Return on capital	(55)%	(57)%
5	Gross profit	12.6%	(16)%
6	Net working capital(JOD)	-(22,296,625)	(47,958,174)
7	Liquidity Ratio	77.9%	57%

4

Government Income:

Lafarge Cement Jordan contributed to government treasury and thus to the Jordanian economy by 6.272 MJD during 2018 compared to 8.807 MJD in 2017:

The list below is the government returns for the years 2010-2018:

Year	Profit MJD	VAT MJD	Income tax & *other fees MJD	Total MJD
2010	-	22.904	10.927	33.831
2011	-	18.867	0.841	19.708
2012	-	8.441	0.659	9.100
2013	-	8.998	0.440	9.438
2014	-	13.096	0.633	13.729
2015	-	10.305	0.536	10.841
2016	-	10,157	0.573	10.730
2017	-	8.250	0.557	8.807
2018	-	5.719	0.553	6.272
TOTAL	**-**	**106.737**	**15.719**	**122.456**

15. Future development, 2018 Plan & the Board Forecasted Financial results

Please refer to page (14)

16. Audit Fees:

Total Audit fees for the external auditors Deloitte & Touche for the year ended 2018 is (43) K JD.

The total amount paid to the external auditors Deloitte & Touche for work done at the subsidiaries was as follows:

Company	Audit fee	Other	Total
Lafarge Concrete Jordan	12,260	-	12,260
Arabian Specialized Transportation Company	2,700	-	2,700
TOTAL	**14,960**	**-**	**14,960**

17. 1 Securities owned by Board of Directors members:

	Name	Title	Nationality	No. of shares 2017	No. of shares 2018
A	**Lafarge Company Represented by:** 1- Grant Earnshaw	Chairman	England	30,388,664 None	30,388,664 None
	2 - Ahmad Said Heshmat Hasan	Member Vice chairman till 25/7/2018	Egyptian	None	None
	3- Amr Reda	Member	Egyptian	None	None
	4- Rachid Benyakhlef	Vice chairman from 25/7/2018	Moroccan	None	None
B	Social Security Corporation Represented by: Yasir Aqel Akroush	Member	Jordanian	13,197,226 None	13,197,226 None
C	Rama investment & Saving Company Represented by: Fawzi Abdallah Hiasat	Member	Jordanian	10,000 Non	10,000 Non
D	Private Sector: Omar “Mohammed Ali” Othman Bdeir	Member	Jordanian	56,356	56,356
E	Samaan Samaan	Member	Jordanian	250	250
F	Saoud Ahmad Nsairat	Member from 29/3/2018	Jordanian	-	250
G	Jawad Anani	Member from 29/3/2018	Jordanian	-	250

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

17.2 Securities owned by Board of Directors’ relatives:

No.	Name	Nationality	No. of shares 2017	No. of shares 2018
1.	Ghada Ahmad Mukhtar / Wife of Member of the board Omar Bdeir	Jordanian	115	115

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

17.3 Number of shares owned by Top Management:

Name	Title	Nationality	No. of shares 2017	No. of shares 2018
Amr Reda	Country CEO till 13/12/2018	Egyptian	None	None
Samaan Samaan	Country CEO from 13/12/2018	Jordanian	250	250
Alaa Abu Ameereh	Country Finance VP	Jordanian	None	None
Samaan Samaan	Lafarge RMX GM till 5/1/2019	Jordanian	None	None
Luma Alabdallat	Country Human Resource VP	Jordanian	None	None
Rachid Yousry	Commercial director	Moroccan	None	None
Abd-el Fattah Muhtasib	Plant Manger	Jordanian	None	None

No other companies’ shares are controlled by Executive committee.

18 A. Board of Directors remuneration & benefits:

	Description	Title	Yearly salary	Transportation allowance (JD)2018 After tax	Board Remuneration 2017(JD)	Yearly Travel expenses (JD)	Total Yearly benefits (JD)	Other
1	**Grant Earnshaw	Chairman	-			-		
2	**Ahmad Said Heshmat Hasan	Vice chairman Till 25/7/2018	-	-	-	1,607	-	-
9	** Amr Reda	Member	-	-	-	-	-	-
3	**Rachid Benyakhlef	Vice chairman From 25/7/2018	-	-	-	-	-	-
4	Omar Bdeir	Member	-	3,627	167	-		-
8	*Fawzi Abdallah Hiasat	Member	-	-	-	-	-	-
5	* Yasir Aqel Akroush	Member	-	-	-	-	-	-
6	Saoud Ahmad Nsairat	Member from 29/3/2018	-	2,720	-	-	-	-
10	Jawad Anani	Member from 29/3/2018	-	2,720	-	-	-	-
7	*** Samaan Samaan	Member	-	-	-	-	-	-

* Transportation Allowance & remuneration package for Social Security Corporation representatives & Rama investment & Saving Company amounting 7,589 JD have been transferred to their institutions.

** Remuneration package for Lafarge Company representatives' amounting 502 JDs after tax for 2017 have been transferred to Lafarge Company.

*** Remuneration package for Arabia Company for Concrete Industries representatives' amounting 167 JDs have been transferred to Arabia Company for Concrete Industries account.

18 B. Top Management remuneration & benefits:

	Description	Title	Monthly salary(JD)	Yearly remuneration & other allowance (JD)	*Yearly Travel expenses (JD)	Tax paid locally & Externally(JD)	Other benefits
1	Amr Reda	Country CEO	13,318	208,494	29,115	57,782	Status Ca & house rent
2	Samaan Samaan	Country CEO	9,337	23,182	1,785	-	Status Car
3	Alaa Abu Ameereh	Country Finance Control & IT VP from	5,956	23,795		-	-
4	Luma Alabdallat	Country Human Resource VP	7,636	28,808		-	-
5	Rachid Yousry	Commercial director	5,927	60,678	2,810	596	Status Car & house rent -
6	Abd-el Fattah Muhtasib	Plants Manger	5,267	9,100			Status Car -

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

19. Donations Paid & accrued in 2018:

No.	Description	JD
1	Local community donation	131,218

20. Commitments, Contracts & Projects with Associate companies:

- Lafarge Cement Jordan Company's relations with the Subsidiary (Lafarge Concrete Jordan) during amounted to 12,006,260 JD, which represents the net purchases of cement.
- The company in 2018 did not make any commitments, contracts & projects with Chairman of the Board or Board of Directors or General Manager or with any employee in the company or their relatives.

21. A- Company's environmental contribution: Please refer to page (14)

B- Company contribution in serving the local community

C. 1. the Board of Directors confirms that there are no significant issues that may affect company's continuity over the coming year.

2. Confirms its responsibility for preparing the financial statements and providing an efficient control system within the enterprise.

Chairman of the Board	Vice chairman	Member	Member
Grant Earnshaw	**Rachid Benyakhlef**	**Omar Bdeir**	**Amr Reda**

Member	Member	Member	Member
Samaan Samaan	**Yasir Akroush**	**Saoud Ahmad Nsairat**	**Fawzi Abdallah Hiasat**

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

Chairman of the Board	General Manager	VP Finance
Grant Earnshaw	**Samaan Samaan**	**Alaa abu Ameereh**

Independent Auditors' Report
AM/ 014591

To the Shareholders'
Jordan Cement Factories Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Opinion

We have audited the consolidated financial statements of the Jordan Cement Factories Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statement of income and comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

For the year ended December 31, 2018, the Group has incurred a loss of around JD 34.6 million, thus, the losses of the Group exceeded 75% of its paid-up capital to reach 103%, also it has accumulated losses of around JD 62.2 million as of December 31, 2018 and its current liabilities exceeded its current assets by around JD 48 million as of December 31, 2018. This situation indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. We were unable to obtain sufficient appropriate audit evidence to substantiate the reasonability of management's future plans for the Group to continue as a going concern as disclosed in Note (30).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit consolidated financial statements of the Group in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The accompanying consolidated financial statements are a translation of the original consolidation financial statements which are in the Arabic language, to which reference should be made.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Provision for Restructuring The Group's provision for restructuring amounted to around JD 2.1 million as of December 31, 2018 and is considered a key audit matter. In accordance with the International Financial Reporting Standards and local regulations, the Group is required to estimate a provision for restructuring after obtaining the Board of Directors' approval in this regard. The preparation of the restructuring provision requires the use of accounting estimates that heavily depend on diligence and professional judgement built on assumptions of future expectations for the restructuring as well as the input and recommendation of the Group's legal counsel	**Scope of Audit to Address the Risk** Our audit procedures included understanding the nature of the provision and the utilized internal control system, in addition to assessing the reasonableness of the estimates and the assumptions used, and valuating the sufficiency of the provision recorded by management through studying a sample and validating the method of calculation. We have also relied on the Group's legal counsel and his submitted reports concerning the sufficiency of the related provision. We have also assessed the adequacy of the disclosures relating to this provision.
Property, Equipment, and the Related Spare Parts Impairment The net book value of the property, equipment and the related spare parts amounted to around JD 73 million and JD 15.4 million, respectively as of December 31, 2018 (JD 77.7 million and JD 15.6 million respectively as of December 31, 2017). In this respect, determining the impairment of these assets is a key audit matter. Furthermore, the Group have not been fully utilizing Al-Rashadiyeh and Fuhais Factories since 2013, and it performs impairment testing on the property and equipment annually. The Group's impairment test depends on the assumption of the future utilization of the property, equipment, and the related spare parts. These processes are complex and involve a high level of estimation that includes the sale of the factories' land. The outcome of impairment testing could vary significantly, if different assumptions are used and applied.	**Scope of Audit to Address the Risk** Our audit procedures included an assessment of the methodology of the impairment testing and the appropriateness of key assumptions used by the management and the land evaluator and his submitted reports for the evaluation of the property, equipment and the related spare parts. In addition, we have obtained the study prepared by the management and evaluated it to assess the impact of change in the primary assumptions. We have also evaluated the adequacy of the disclosure related to the property and equipment as shown in Note (9).

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Key audit matter	How our audit addressed the key audit matter
Implementation of IFRS 9 "Financial Instruments" The Group has adopted IFRS 9 "Financial Instruments" effective January 1st, 2018, this standard supersedes the requirements of IAS 39 "Financial instruments - recognition and measurement". We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions, macro-economic factors and the study of historical trends relating to the Group's trade receivables collections experience. As of December 31, 2018, the carrying value of trade receivables amounted to approximately JD 32.1 million and the provision for expected credit loss amounted to approximately JD 9.8 million.	**Scope of Audit to Address the Risk** We performed the following procedures in relation to the implementation of IFRS 9: • Reviewed management's assessment of the impact of IFRS 9 in terms of the classification and measurement of its financial assets and liabilities, and understood the approach taken towards implementation. • Reviewed the expected credit losses model developed by management to that required by IFRS 9 and reviewed the reasonable of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model; • Tested key assumptions, used by management, by comparing to historical data. We also considered the incorporation of forward looking factors (predominantly economic) to reflect the impact of future events on expected credit losses; • Review a sample of the receivables aging provided to us by the Group's management. • Involved our accounting subject matter specialists to review the methodology used in the expected credit losses model; and compared this against accepted best practice. • The important accounting policies and accounting estimates are presented in Notes (2), (3), and (4) in the consolidated financial statements.
Valuation of the Deferred Tax Assets IAS 12 requires that deferred tax assets be recognized in respect of all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference will be utilized. In this regard, the Group's deferred tax assets amounted to JD 17.4 million as of December 31, 2018, and the largest component of that amount relates to the tax losses carried forward. Meanwhile, the valuation of the deferred tax assets' recoverability is complex and includes a high level of estimation, which includes price fluctuations and completion of the future plan. The outcome of the valuation could vary significantly, if different assumptions are applied.	**Scope of Audit to Address the Risk** Our audit procedures included reviewing the correspondence with the relevant tax authorities, evaluating tax exposures, and assessing management's assumptions to determine the probability that deferred tax assets recognized would be recovered in the consolidated statement of financial position through generating taxable profits in future years and through the available tax strategies. We have also analyzed the utilized assumptions to evaluate the current tax status, in addition to reviewing the applicable tax laws and the budgeted forecasts prepared by the management. Moreover, we have obtained approvals from the Income Tax Department regarding deductible prior years' losses and the loss carryforward period under the Income Tax Law No. 34 for the year 2014.

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group audit. We remain solely responsible for our audit opinion.

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 on our compliance with relevant ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 information.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records duly organized and in line with the accompanying, consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements, taking into consideration the aforementioned paragraph about the basis of qualified opinion.

Amman – The Hashemite Kingdom of Jordan
March 31, 2019

Deloitte & Touche (M.E.) – Jordan

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING LIMITED COMPANY

Consolidated Statement of Financial Position

		December 31,	
ASSETS	**Note**	**2018**	**2017**
Current Assets		**JD**	**JD**
Cash at banks	5	991,826	14,944,836
Accounts receivable and checks under collection	6	22,320,510	28,895,813
Inventory and spare parts	7	34,741,615	32,276,408
Other current assets	8	4,432,929	2,493,967
Total Current Assets		**62,486,880**	**78,611,024**
Non-current Assets			
Property and equipment	9	73,053,455	77,754,557
Financial assets at fair value through comprehensive income	10	171,949	176,695
Goodwill	11	2,495,945	2,495,945
Employees' housing and car loans	12	1,628,767	1,449,997
Deferred tax assets	13/d	17,353,102	22,226,492
Restricted bank balances	14		1,651,131
Total Non-Current Assets		**94,703,218**	**105,754,817**
TOTAL ASSETS		**157,190,098**	**184,365,841**
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Due to banks	15	33,187,743	21,758,202
Short-term accounts payable	16	47,331,006	46,046,770
Other current liabilities	17	21,061,735	27,243,988
Long-term loans maturing within one year	18	8,193,723	5,000,000
Income tax provision	13/a	670,847	858,689
Total Current Liabilities		**110,445,054**	**100,907,649**
Non-current Liabilities			
Obligations for employees' post-retirement health			
insurance benefits	19	28,335,000	26,295,000
Long-term loans	18	15,750,000	13,250,000
Long-term accounts payable	16	-	-
Total Non-current Liabilities		**44,085,000**	**39,545,000**
Total Liabilities		**154,530,054**	**140,452,649**
Owners' Equity			
Paid-up capital	20	60,444,460	60,444,460
Treasury stocks	20	(323)	(323)
Statutory reserve	20	-	27,000,000
Voluntary reserve	20	-	-
Fair value reserve		(65,611)	(60,865)
Accumulated (losses)	30	(62,231,177)	(49,773,188)
Total Shareholders' Equity		**(1,852,651)**	**37,610,084**
Non-controlling interest	23	**4,512,695**	**6,303,108**
Total Owners' Equity		**2,660,044**	**43,913,192**
TOTAL LIABILITIES AND OWNERS' EQUITY		**157,190,098**	**184,365,841**

The accompanying notes from (1) to (33) constitute an integral part of these consolidated financial statements and should be read with themand with the accompanying audit report.

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING LIMITED COMPANY

Consolidated Statement Of Income

	Note	For the Year Ended December 31, 2018 JD	2017 JD
Sales		61,672,790	82,889,764
Cost of sales		(71,533,722)	(72,410,039)
(Losses) Gain from Sales		**(9,860,932)**	**10,479,725**
Selling and marketing expenses	21	(2,186,228)	(1,518,246)
General and administrative expenses	22	(8,819,365)	(8,820,859)
Operating (Loss) Income		**(20,866,525)**	**140,620**
Interest income		128,997	74,147
Provision for rehabilitation of quarries and environment protection	17	(33,600)	(68,760)
Provision for employees' vacations		(17,329)	(34,900)
Financing costs		(5,009,432)	(2,495,368)
Lawsuits provision	17	(13,338,115)	(6,766,011)
Provision no longer needed (expense) for restructuring	17	9,500,000	(11,609,346)
Provision for impairment of property, equipment spare parts	7 & 9	(48,108)	(10,500,000)
Post-retirement health insurance interest and expense	19	(1,374,000)	(1,381,000)
Gain (losses) from foreign currency revaluation		511,947	(1,180,697)
Gain on sale of property and equipment		1,952,189	1,316,963
Other income		710,388	71,314
(Loss) for the Year before Income Tax		**(27,883,588)**	**(32,433,038)**
Income tax (expense)	13/b	(6,698,452)	(896,424)
(Loss) for the Year after Income Tax		**(34,582,040)**	**(33,329,462)**
Attributable to:			
Company shareholders		(35,658,585)	(34,482,571)
Non-controlling interests	23	1,076,545	1,153,109
		(34,582,040)	**(33,329,462)**
		JD / FILS	JD / FILS
Shareholders' Basic and Diluted (Loss) per Share for the Year	29	(-/59)	(-/57)

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The accompanying notes from (1) to (33) constitute an integral part of these consolidated financial statements and should be read with themand with the accompanying audit report.

JORDAN CEMENT FACTORIES C-OMPANY
PUBLIC SHAREHOLDING LIMITED COMPANY

Consolidated Statement of Comprehensive Income

	Note	For the Year Ended December 31,	
		2018	2017
		JD	JD
(Loss) for the year		(34,582,040)	(33,329,462)
Add: 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 comprehensive income		(4,746)	(11,392)
Actuarial losses for post-retirement health insurance benefits	19	(2,527,000)	(1,263,000)
Total comprehensive (loss) items that will not be reclassified in subsequent periods to the consolidated statement of income after tax		**(37,113,786)**	**(34,603,854)**
Total Comprehensive (Loss) Attributable to:			
The Company's shareholders		(38,190,331)	(35,756,963)
Non-controllers' interests		1,076,545	1,153,109
		(37,113,786)	**(34,603,854)**

The accompanying notes from (1) to (33) constitute an integral part of these consolidated financial statements and should be read with themand with the accompanying audit report.

Consolidated Statement of Changes in Shareholders' Equity

Description	Note	Paid up Capital	Treasury Stock	Statutory Reserve	Voluntary Reserve	Change in Fair Value Reserve	Accumulated (Losses)	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
		JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 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
Prior year Adjustments	31	-	-	-	-	-	743,201	743,201	20,462	763,663
Effect of application of IFRS 9 - Net	3	-	-	-	-	-	(2,015,605)	(2,015,605)	(1,760,420)	(3,776,025)
Adjusted Balance		60,444,460	(323)	27,000,000	-	(60,865)	(51,045,592)	36,337,680	4,563,150	40,900,830
(Loss) for the year		-	-	-	-	-	(35,658,585)	(35,658,585)	1,076,545	(34,582,040)
Other comprehensive income items		-	-	-	-	(4,746)	(2,527,000)	(2,531,746)	-	(2,531,746)
Total Comprehensive (Loss) for the Year		-	-	-	-	(4,746)	(38,185,585)	(38,190,331)	1,076,545	(37,113,786)
Accumulated losses write off through voluntary reserve	20	-	-	(27,000,000)	-	-	27,000,000	-	-	-
Dividends distributed by subsidiaries		-	-	-	-	-	-	-	(1,127,000)	(1,127,000)
Balance as of December 31, 2018		**60,444,460**	**(323)**	**-**	**-**	**(65,611)**	**(62,231,177)**	**(1,852,651)**	**4,512,695**	**2,660,044**
For the Year Ended December 31, 2017										
Balance as of January 1, 2017		60,444,460	(323)	27,000,000	12,399,640	(49,473)	(26,427,257)	73,367,047	7,746,999	81,114,046
(Loss) for the year		-	-	-	-	-	(34,482,571)	(34,482,571)	1,153,109	(33,329,462)
Other comprehensive income items		-	-	-	-	(11,392)	(1,263,000)	(1,274,392)	-	(1,274,392)
Total Comprehensive (Loss) for the Year		-	-	-	-	(11,392)	(35,745,571)	(35,756,963)	1,153,109	(34,603,854)
Accumulated losses write off through voluntary reserve	20	-	-	-	(12,399,640)	-	12,399,640	-	-	-
Dividends distributed by subsidiaries		-	-	-	-	-	-	-	(2,597,000)	(2,597,000)
Balance as of December 31, 2017		**60,444,460**	**(323)**	**27,000,000**	**-**	**(60,865)**	**(49,773,188)**	**37,610,084**	**6,303,108**	**43,913,192**

The accompanying notes from (1) to (33) constitute an integral part of these consolidated financial statements and should be read with themand with the accompanying audit report.

JORDAN CEMENT FACTORIES COMPANY
PUBLIC SHAREHOLDING LIMITED COMPANY

Consolidated Statement of Cash Flows

		For the Year Ended December 31,	
	Note	2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) for the year before income tax		(27,883,588)	(32,433,038)
Adjustments for:			
Depreciation	9	5,695,454	6,859,411
(Gain) on sale of property and equipment		(1,952,189)	(1,316,963)
Provision for doubtful debt	6	300,906	871,834
Lawsuits provision	17	13,338,115	6,766,011
Post-retirement health insurance interest and expense	19	1,374,000	1,381,000
Financing expense		5,009,432	2,354,441
(Provision no longer needed) expense for restructuring	17	(9,500,000)	11,609,346
Spare parts impairment provision	7	48,108	627,503
Property and equipment impairment provision	9	-	9,872,497
Interest (income)		(128,997)	(74,147)
Cash Flows (used in) from Operating Activities Before Changes in Working Capital		**(13,698,759)**	**6,517,895**
Decrease (increase) in accounts receivable, other current assets and housing and car loans		7,788,338	(6,067,127)
(Increase) decrease in inventory and spare parts		(2,465,207)	1,334,499
(Decrease) increase in trade payables and other current liabilities		(6,574,247)	7,365,471
Net Cash Flows (used in) from Operating Activities Before Income and Provisions paid		**(14,949,875)**	**9,150,738**
Paid from lawsuit provision	17	(8,325,011)	(6,766,011)
Postretirement health insurance benefits paid	19	(1,861,000)	(1,823,000)
Income tax paid	13/a	(890,789)	(1,390,100)
Net Cash Flows (used in) Operating Activities		**(26,026,675)**	**(828,373)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in property and equipment	9	(1,107,654)	419,336
Proceeds from sale of property and equipment	9	2,065,490	-
Interest received		128,997	74,147
Net Cash Flows from Investing Activities		**1,086,833**	**493,483**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in loans	18	10,303,823	10,000,000
(Payments) from loans	18	(4,610,100)	(1,750,000)
Interest (paid)		(5,009,432)	(2,354,441)
Dividends distributed by subsidiary companies to non-controlling interest		(1,127,000)	(2,597,000)
Increase in due to banks		11,429,541	6,562,883
Net Cash Flows from Financing Activities		**10,986,832**	**9,861,442**
Net (Decrease) Increase in Cash at Banks		**(13,953,010)**	**9,526,552**
Cash at Banks – beginning of the year		14,944,836	5,418,284
Cash at Banks – End of the Year	5	**991,826**	**14,944,836**
Non Cash Process			
Transfer from project under constructions to property plant and equipment		**51,214**	**195,797**

The accompanying notes from (1) to (34) constitute an integral part of these consolidated financial statements and should be read with them and with the accompanying review report.

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 consolidated financial statements on February 21, 2019.

2. Significant Accounting Policies

a. Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).
- The consolidated financial statements of the Company and its subsidaries are presented in Jordanian Dinar, which is also its functional currency.
- The consolidated financial statements have been prepared in accordance with the historical cost principle except for financial assets and financial liabilities, which are stated at fair value at the date of the consolidated financial statements.
- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of adopting the new and modified standards stated in Notes (3-a) and (3-b).

b. Basis of Consolidation

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 Company has as of December 31, 2018 the following subsidiaries in direct or indirect way:

Company's Name	Paid up Capital	Percentage Ownership	Principal Activity	Place of Work
	JD			
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 December 31, 2018 was as follows:

	December 31, 2018			
	Assets	Liabilities	Revenues	Expenses
	JD	JD	JD	JD
Arab Company for Concrete Equipment after the unification of Arab Specialized Transport Company	24,415,471	18,700,884	40,583,689	38,356,558
Al - Fuheis Al - Khadraa Real Estate Development Company	15,000	-	-	-

The following are the significant accounting policies adopted:

a. Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets:

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

All recognized financial assets are subsequently measured either at amortized cost or at fair value based on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for credit losses

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.
Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as debt or equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of the financial instrument and the equity instrument.

Equity instruments

The equity instrument defines a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

The re-acquisition of the Company's equity instruments is recognized and recognized directly in equity. No gain or loss is recognized in the income statement when purchasing, selling, issuing or cancelling the Company's equity instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through the statement of income.

Financial liabilities that are not (1) those that are acquired in a business combination, (2) held for trading, or (3) designated at fair value through the income statement, are subsequently measured at amortized cost using the effective interest method.

Trade and other payables classified as "financial liabilities" are measured initially at fair value less transaction costs, and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized on an effective yield basis.

The effective interest method is the method of calculating the amortized cost of a financial liability and allocating interest expense over the period in question. The effective interest rate is the rate that exactly discounts expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of income.

b. Property, Plant, and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Property and equipment are depreciated using the straight-line method over the estimated useful life using the following annual percentages:

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

- When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the consolidated statement of income.
- The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.
- Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

c. Intangible Assets

Intangible assets acquired through incorporation are recognized at fair value at the date of acquisition.

Intangible assets acquired through a method other than consolidation are stated at cost and are classified based on their useful lives or for an indefinite period. Intangible assets with a finite useful life are amortized during that life and amortized in the consolidated statement of income.

Intangible assets with an indefinite useful life are reviewed for impairment at the consolidated statement of financial position date and any impairment loss is recognized in the consolidated statement of income.

Intangible assets are not capitalized internally in the Company and are recognized in the consolidated statement of income in the same year.
Any indications of impairment of intangible assets are reviewed at each reporting date. The estimated useful lives of these assets are reviewed and any adjustments made for subsequent years.

Intangible assets are amortized over an estimated useful life of 15% per annum.

d. Goodwill

Goodwill is recorded at cost, which represents the excess of the cost of the acquisition or purchase of the investment in the associate or subsidiary of the Company's share in the fair value of the net assets of that entity at the date of acquisition.

Goodwill arising on investment in subsidiaries is recorded separately as intangible assets, Arising from investment in associates, is recognized as part of the investment account of the associate and the cost of goodwill is subsequently reduced by any impairment in value of the investment.

Goodwill is allocated to the cash-generating unit or units for impairment testing purposes.

Goodwill is tested to determine the goodwill at the date of preparation of the financial statements and goodwill is reduced if there is an indication that the goodwill has been impaired if the estimated recoverable amount of the cash-generating unit (s) to which goodwill relates is less than the carrying amount of the unit / Cash generating units An impairment loss is recognized in the consolidated statement of income.

e. Projects Under Construction

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

f. Housing and Car Loans Employees

Housing loans and motor vehicles are recognized at fair value and are subsequently recorded at amortized cost using the effective interest method. Gains or losses are recognized in the consolidated statement of income when the loans are impaired and through the amortization of those loans.

g. Inventory and Spare Parts

Inventories are stated at the lower of cost and net realizable value.
The cost is calculated as follows:

- Raw materials and spare parts: Cost of purchase using the weighted average method.
- Ready-made inventory and under manufacturing: the cost of raw materials, direct wages and other indirect expenses.
- Net realizable value represents the estimated selling price in normal circumstances after deducting the estimated cost of completion of the production process and the estimated cost of completion of the sale and is recognized as a provision for impairment in the income statement.

h. Foreign Currency Transactions

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of income in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of income on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated statement of income.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in consolidated statement of income. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to consolidated statement of income.

i. Payables and accrued expenses

Liabilities are recognized for amounts payable in the future for goods and services due, whether claimed or not claimed by the supplier.

j. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k. Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income, Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions of the countries where the Company operates.

Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated, Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally.

l. Provision for employees' end of service indemnity

An allowance is recognized for the Company's liability for employees' end of service indemnities in the consolidated statement of income in accordance with the Company's Employee Service Scheme.

m. Insurance liabilities after retirement

The Company provides specific health insurance benefits after retirement to eligible employees and their families.

The cost of the identified benefits is measured using the actuarial valuation method and actuarial gains and losses are recognized in other comprehensive income during the period in which they occur.

Actuarial gains or losses are not transferred to the statement of profit and loss in subsequent periods. The cost of the previous service is recognized as an expense on the statement of profit and loss at the date of the amendment of the plan regarding the insurance liabilities after the retirement pension and on the date of recognition of the expenses related to the previous service cost.

n. Loans

Loans are recognized at fair value and directly attributable to the borrowing costs and are subsequently recorded at amortized cost using the effective interest method.

Interest on loans is recognized during the year in which it is accrued.

o. Provision for Quarantine

A provision for the rehabilitation of quarries is made based on expected future costs discounted to their present values.

p. Revenue recognition

The company recognizes revenue mainly from sales of goods.
Revenue is measured at the fair value of the Amounts received or that will be collected (in net after deducted returns and discounts) of contracts with customers and excludes amounts collected on behalf of others.

Revenue is recognized when the Company transfers control of a product to the customer when the goods are shipped to a particular location (delivery). After delivery, the customer has full discretion to distribute and set the price of the sale of the goods and bear the main responsibility when selling the goods and also bear the risk of limitation and loss in respect of the goods.
Receivables are recognized by the Company when the goods are delivered to the customer, representing the point at which the right to return becomes unconditional, as only time passes before payment is due.

Under the terms of the Company's sales contracts, customers have the right of return.
At the point of sale, the return liability and the corresponding adjustment are recognized for the goods to be returned.
At the same time, the company is entitled to recover the goods when the customer exercises its right of return and thus recognizes its right in the returned goods as an amendment to the cost of sales.
The Company uses its accumulated historical experience to estimate the number of returns at the portfolio level using the expected value method.
It is highly probable that there will be no significant reversal of the cumulative income recognized under the fixed level of returns compared to previous years.

For some customers, goods are sold retroactively on the basis of 12 months of total sales. Sales revenue is recognized based on the contract price less estimated discounts.
The Company uses its accumulated historical experience to estimate the discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal.
Liabilities for the expected discounts are recovered on amounts payable to customers in respect of sales made during the year.

The Company records the consideration payable to the customer (inclusion fees and expenses for the promotion of goods) occurring in conjunction with the purchase of goods from the Company as a reduction of the selling price and is recognized as a charge if the amount payable to the customer for a separate good or service provided to the Company by the customer within selling and distribution expenses.

q. Interest income and expense

Interest income and expense for all financial instruments are recognized in the statement of income using the effective interest method. The effective interest rate represents the rate at which the estimated future cash flows of a financial instrument are discounted over the life expectancy of the financial instrument or, where appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liability. Future cash flows are also estimated to take into account all contractual terms of the instrument.

Interest income and interest expense are computed by applying the effective interest rate principle to the total carrying amount of the non-impaired financial assets (ie, based on the amortized cost of the financial asset prior to settlement of any provision for expected credit loss) or to the amortized cost of the financial liability. For impaired financial assets, interest income is calculated by applying the effective interest rate to the amortized cost of the impaired financial assets (ie, the total book value less expected provision for credit losses). For financial assets that have been created or acquired and are impaired, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

r. Fair value

Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;

Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

s. Impairment of non-financial assets:

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost of sales and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost of sales, recent transactions in the market are taken into consideration if available. If such transactions can not be identified, the appropriate valuation model is used.

t. Lease contracts:

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.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

u. Offsetting

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

3. Application of new and revised International Financial Reporting Standards

a. Amendments with no material effect on the consolidated financial statements of the Company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS (1) "Application of International Standards for the First Time" and IAS 28 "Investments in Associates and Joint Ventures (2011)". The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: "Foreign currency transactions and advances".	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 40: "Investment properties".	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
Amendments to IFRS 2 "Share-based Payment".	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net. 3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: a. Abrogation of the original obligation; b. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and c. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income
Amendments to IFRS 4: "Insurance contracts".	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
Amendments to IFRS 15 "Revenue from Contracts with Customers".	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

b. Amendments with material effect on the consolidated financial statements of the Company:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 "Financial Instruments" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 "Financial Instruments: Recognition and Measurement", concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 "Financial Instruments: Disclosures".

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 "Recognition and Measurement". The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS 9 as set out and applied in the current period are stated in Notes (2) .The disclosure regarding the impact of the adoption of the IFRS 9 on the Company is as follows:

January 1, 2018	Balance before Adjustment	Effect of implication of IFRS 9	Adjusted Balance
	JD	JD	JD
Shareholders' equity			
Non-controlling Interest	6,303,108	(1,760,420)	(4,542,688)
Accumulated losses	(49,773,188)	(2,015,605)	(51,788,793)
Assets			
Account Receivables - Net	28,895,813	(4,856,370)	24,039,443
Deferred Tax Assets	22,226,492	1,080,345	23,306,837

The following are the expected credit losses for the fiscal year as at 31 December 2018:

	Balance at the beginning of the year - adjusted	Effect of application of standard	Balance At The End of The Year
	JD	JD	JD
Provision for credit losses – accounts receivable-Net	9,569,961	179,190	9,749,151
Deferred tax assets	23,306,837	118,061	23,424,898

c. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs."
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	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; determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; The impact of changes in facts and circumstances.
IFRS 16 "Leases" (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.

New and revised IFRS	Amendments to new and revised IFRSs
Amendments in IFRS 9 "Financial Instruments" (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 "Investment in Associates and Joint Ventures" (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares 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.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.
Amendment to IAS 1 "Presentation of financial statement" (Effective form on January 1, 2019).	These amendments are related to definition of material.
Amendment to IFRS 3 "Business Combinations" (Effective form on January 1, 2019).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 "Insurance Contracts" (Effective form on January 1, 2019).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 "Investments in Associates and Joint Ventures (2011)" **(Effective date deferred indefinitely. Adoption is still permitted.)**	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

Effect of application of IFRS 16 "Leases"

The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and tenants. It will also replace IAS 17 "Leases" and related interpretations when they become effective for financial periods beginning on or after 1 January 2019.As permitted by the transitional provisions of IFRS 16, the Company has not restated the comparative figures. Any adjustments to the carrying amount of assets and liabilities at the date of transition have been recognized in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17.The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets.
- The right to direct the use of this asset.

Effect on the Accounting Treatment in the Lessee's Records Operating Leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

Recognition of "right to use" assets and lease commitments in the statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.

Recognition of the depreciation of "right to use" assets and interest on lease commitments in the statement of income.

Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the statement of cash flows.

Either for the short-term lease (12 months or less) and for the lease of assets of limited value (such as personal computers and office furniture), and the company will choose to recognize rent expenses on a financial basis.

At December 31, 2018, the Company had non-cancellable operating lease commitments of JD 5,673,920.

Based on preliminary estimates of the Company's management, there are operating lease contracts of JD 5,673,920, except short-term and short-term operating lease contracts. Accordingly, the Company will record an asset usage value of JD 4,842,011 and corresponding operating lease commitments of JD 4,757,022. The effect on the statement of income consists of reducing the rental expense by JD 1,990,575, increasing the depreciation expense by JD 1,716,949 and increasing the interest expense by JD 267,750.

The provision for leases that were required by IAS 17 will be derecognized.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognised and the amount will be measured in the measurement of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessor to the lessor. IFRS 16 requires recognition as part of its lease obligation only for the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. On initial demand, the Company will present the equipment previously included in the property, plant and equipment under the “right to use” assets item and lease commitments previously presented under borrowings to be presented under a separate line item of the lease liability.

Based on the analysis of the Company’s finance leases as at December 31, 2018 on the basis of the facts and circumstances prevailing at that date, this change was not considered to affect the amounts recognized in the Company’s consolidated financial statements.

Effect on accounting treatment in the lessor’s records:

- Under IFRS 16, the lessor continues to classify leases as either finance leases or operating leases and accounting for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets.
- Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sublease are considered as separate contracts. The lessor should classify the sub-lease as operating finance or lease by reference to the original right to use arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).
- Because of this change, the Company will classify some of its sub-lease agreements as finance leases. As required by IFRS 9, an allowance for credit losses recognized in the finance lease receivable will be recognized and the recognition of the leased assets and receivables from the finance lease will be derecognized. This change in accounting will result in a change in the timing of recognition of the related revenue. Management expects to apply IFRS 16 in the consolidated financial statements of the Company for the period beginning January 1, 2019.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenue, expenses and provisions in general and expected credit losses. In particular, the Company’s management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company’s accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of income for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

5. Cash at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash at banks	991,826	14,944,836

6. Accounts Receivable and Checks under Collection

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Local sales receivables	18,327,763	20,045,331
Foreign sales receivables	2,303,535	2,347,986
Due from related parties (Note 26)	173,839	181,382
Other receivables	154,298	379,469
Checks under collection	11,110,226	10,655,236
	32,069,661	33,609,404
Provision for credit losses - Accounts receivable *	(9,749,151)	(4,713,591)
	22,320,510	**28,895,813**

* Movement on the provision for doubtful debt is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	4,713,591	4,221,734
Effect of application of IFRS 9 - Note 3	4,856,370	-
Adjusted Balance	9,569,961	-
Additions during the year	300,906	-
Provision during the year - net	-	491,857
Write-off of accounts during the year *	(121,716)	-
Balance at the end of the year	**9,749,151**	**4,713,591**

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31,	
	2018	2017
	JD	JD
Current receivables not due yet	11,091,699	10,484,038
30 days - 60 days	2,847,287	4,448,599
61 days – 90 days	2,511,656	3,208,720
91 days – 120 days	1,767,531	2,087,493
More than 120 days	13,851,488	13,380,554
	32,069,661	**33,609,404**

* The Board of Director approval to right-off account receivables during 2018.

The Company studies the aging of the receivables and the sufficiency of the booked provision at the end of each financial period.

There are credit concentrations in the Company's account receivables for the first ten major customers that represent 37% of the total accounts receivable as of December 31, 2018 (35% as of December 2017).

7. Inventory and Spare Parts

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Spare parts	15,396,281	15,584,014
Finished goods	5,043,182	5,979,208
Work in process	12,454,261	9,999,245
Raw materials	4,156,477	3,647,132
Fuel	3,454,487	2,781,774
	40,504,688	**37,991,373**
Provision for slowing moving items *	(5,763,073)	(5,714,965)
	34,741,615	**32,276,408**

* Movement on the provision for slow moving items is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	5,714,965	5,037,910
Provision during the year - net	48,108	677,055
Balance – End of the Year	**5,763,073**	**5,714,965**

8.Other Current Assets:

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Contractors' receivables and advances	1,785,969	1,862,660
Prepaid expenses	1,034,511	443,317
Refundable deposits	776,213	62,687
Sales tax receivables	563,050	-
Others	273,186	125,303
	4,432,929	**2,493,967**

9. Property and Equipment

	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Projects under progress	Others	Total
For the Year 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:											
Balance – beginning of the year	7,662,792	11,291,279	90,774,182	217,615,887	5,099,021	7,572,106	639,883	3,700,112	3,347,482	9,392,557	357,095,301
Additions	1,467	-	-	-	-	-	-	-	1,100,354	-	1,101,821
Transfers form projects in progress	-	-	-	-	-	-	-	-	(51,214)	57,047	5,833
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Disposals *	(11,310)	-	(6,775,442)	(24,967,230)	-	(30,712)	-	-	-	(27,616)	(31,812,310)
Balance – Ending of the Year	**7,652,949**	**11,291,279**	**83,998,740**	**192,648,657**	**5,099,021**	**7,541,394**	**639,883**	**3,700,112**	**4,396,622**	**9,421,988**	**326,390,645**
Accumulated depreciation											
Balance – beginning of the year	-	2,722,215	73,397,149	178,747,227	5,099,021	7,402,550	639,851	3,689,528	-	7,643,203	279,340,744
Depreciation charge for the year	-	27,837	2,462,558	3,020,542	-	42,823	-	1,563	-	140,131	5,695,454
Disposals **	-	-	(6,773,528)	(24,867,176)	-	(30,710)	-	-	-	(27,594)	(31,699,008)
Balance – Ending of the Year	**-**	**2,750,052**	**69,086,179**	**156,900,593**	**5,099,021**	**7,414,663**	**639,851**	**3,691,091**	**-**	**7,755,740**	**253,337,190**
Net Book Value											
As of December 31, 2018	7,652,949	8,541,227	14,912,561	35,748,064	-	126,731	32	9,021	4,396,622	1,666,248	73,053,455
For the Year 2017											
Cost:											
Balance – beginning of the year	7,665,466	11,291,279	91,167,475	246,882,336	5,099,021	8,777,523	694,008	3,695,422	2,792,070	10,068,445	388,133,045
Additions	-	-	-	80,028	-	26,810	-	4,690	909,837	47,081	1,068,446
Transfers form projects in progress	-	-	-	-	-	-	-	-	(195,797)	195,797	-
Disposals **	(2,674)	-	(393,293)	(29,346,477)	-	(1,232,227)	(54,125)	-	(158,628)	(918,766)	(32,106,190)
Balance – Ending of the Year	**7,662,792**	**11,291,279**	**90,774,182**	**217,615,887**	**5,099,021**	**7,572,106**	**639,883**	**3,700,112**	**3,347,482**	**9,392,557**	**357,095,301**
Accumulated depreciation											
Balance – beginning of the year	-	2,693,798	71,286,841	194,141,746	5,099,021	8,634,358	693,886	3,689,528	-	8,305,029	294,544,207
Depreciation charge for the year	-	28,417	2,503,588	4,079,461	-	-	-	-	-	247,945	6,859,411
Disposals *	-	-	(393,280)	(19,473,980)	-	(1,231,808)	(54,035)	-	-	(909,771)	(22,062,874)
Balance – Ending of the Year	**-**	**2,722,215**	**73,397,149**	**178,747,227**	**5,099,021**	**7,402,550**	**639,851**	**3,689,528**	**-**	**7,643,203**	**279,340,744**
Net Book Value											
As of December 31, 2017	**7,662,792**	**8,569,064**	**17,377,033**	**38,868,660**	**-**	**169,556**	**32**	**10,584**	**3,347,482**	**1,749,354**	**77,754,557**
Depreciation rate in Years	-	-	6 – 50	5 – 30	5 – 15	5 - 15	5 – 11	2 – 15	-	5 - 20	

* This item includes impairment of Fuhis Plant Line one at historical cost of JD 28,824,347 and accumulated depreciation of JD 28,824,136. The Net Book Value of the line is JD 211 as of December 31, 2018 and the line was sold at the value of JD 1,131,611 and gain of JD 1,131,400 was recognized.

** This item includes impairment of AlRashadiyeh plant at historical cost of JD 28,521,791 and accumulated depreciation of JD 18,649,294. The total property and equipment impairment expense amounted to JD 9,872,497 and was recorded in the consolidated statement of income for the year ended December 31, 2017.

10. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Quoted Investment		
Mining Investment Company	22,150	26,898
	22,150	**26,898**
Unquoted Investment		
Jordanian Investment and South Development Company	114,299	114,297
Chemical and Mining Industries Company	35,000	35,000
Rashadiya Employees' Association	**500**	**500**
	149,799	**149,797**
	171,949	**176,695**

11.Goodwill

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

On December 31, 2018, management performed its goodwill impairment test. The recoverable amount of the ready mix (concrete) cash-generating unit has been determined based on a value in use calculation using cash flow projections based on the 2018 financial budget approved by management. Cash flow projections beyond 2018 are estimated using a 3% to 5% growth rate, which management believes is reflective of the average growth rate in the region. The discount rate applied to cash flow projections is 8%, which represents the weighted-average cost of capital for the Group, taking into consideration the risks specific to the ready mix (concrete) segment.

As a result of this analysis, no impairment loss was resulted in the ready mix (concrete) segment.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Growth rate used to estimate cash flows beyond the budget period

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

12. Employees Housing and Car Loans

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Employee Housing Loans *	1,617,224	1,431,625
Employee Car Loans **	11,543	18,372
	1,628,767	1,449,997

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

** The Company granted its classified employees interest-free car loans ranging from a minimum amount of JD 7,000 to JD 35,000 depending on the employee's grade. The loans are repayable in monthly installments, deducted from the employees' monthly salaries over a period not to exceed 8 years. These loans are guaranteed by a mortgage over the financed car. Housing and car loans are initially recorded at fair value which is calculated by discounting the monthly installments to their present value using an interest rate of 8.5% and 8.5%, respectively, which approximates the interest rate for similar commercial loans, and subsequently measured at amortized cost using the effective interest rate method.

13. Income Tax

a. Income tax provision:

The movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	858,689	1,352,365
Income tax for the year	702,947	896,424
Income tax paid during the year	(890,789)	(1,390,100)
Balance – End of the Year	**670,847**	**858,689**

b.Income tax expense:

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

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Income tax expense during the year	702,947	896,424
Amortaiztion on deferred tax assets	5,995,505	-
	6,698,452	**896,424**

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 these returns 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 December 31, 2018.

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

	2018	2017
	JD	JD
Accounting (loss)	(27,883,588)	(32,433,038)
Non-deductible expenses	(2,287,392)	3,040,312
Taxable (loss)	**(30,170,980)**	**(29,392,726)**
Relates to		
Total (loss) excluding Aqaba - Holding Company	(29,357,613)	(35,682,746)
Taxable income excluding Aqaba - Subsidiary	4,957,793	6,154,200
(Loss) taxable income for Aqaba - Holding Company	(170,397)	590,438
Taxable income for Aqaba - Subsidiary	177,120	106,290
Statutory income tax rate for Holding Company excluding Aqaba	24%	24%
Statutory income tax rate for Subsidiary excluding Aqaba	14%	14%
Statutory income tax rate for Holding Company - Aqaba	5%	5%
Statutory income tax rate for Subsidiary - Aqaba	5%	5%
Income tax (expense)	(702,947)	(896.424)

d.Deferred Tax Assets

Deferred tax asset balances and transactions as of December 31, 2018 are as follows:

	Consolidated statement of financial position		Consolidated statement income	
	2018	2017	2018	2017
	JD	JD	JD	JD
Provision for lawsuits against the Company	860,534	1,200,000	(348,034)	-
Allowance for doubtful accounts	1,473,613	518,648	(118,061)	-
Provision for rehabilitation of quarries and environment protection	204,239	288,337	(84,098)	-
Employees' vacation accrual	117,151	158,571	(46,250)	-
Provision for slow moving inventories	856,209	1,201,444	(350,421)	-
Other provisions	9,622	411	(14,582)	-
Accumulated income tax losses	13,831,734	18,859,081	(5,034,059)	-
Total	**17,353,102**	**22,226,492**	**(5,995,505)**	**-**

14. Restricted Bank Balances

This item represents a restricted balance at the Arab Bank as of December 31, 2017 as a result of a lawsuit raised by Al Maysara Al Soudaniyeh Company, in which the Swiss Company Cementia was operating the station owned by the Jordan Cement Factories Company (Boursudan Station). The Swiss company Cementia has reimbursed the Company for this restriction until the case is resolved.

Based on the Ministry of Justice's letter No. 965/2018 dated March 7, 2018, it was decided in Executive Case No. 965/2018 / B, which is composed of the convicted Bank of Khartoum and sentenced to the Jordanian Cement Factories Company to lift the reservation for any balances and accounts that were seized In advance of the Arab Bank, and accordingly the Company has lifted the entire seizure of the bank balances held in the amount of 1,651,161 dinars during the year ended31 December 2018 and reclassified to bank balances. There is no financial impact on the consolidated statement of income for the year ended December 31, 2018.

15. Due To Banks

This item represents credit facilities utilized as at 31 December 2018. 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 celling of JD one million, Jordan Bank with a celling 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.

16.Accounts Payables

This item consists of the following:

	December 31, 2018		December 31, 2017	
	Short term payables	Long term payables	Short term payables	Long term payables
	JD	JD	JD	JD
Trade payables	27,450,652	-	29,434,924	-
Due to related parties (Note 26)	19,880,354	-	16,611,846	-
	47,331,006	**-**	**46,046,770**	**-**

17. Other Current Liabilities

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Unpaid dividends	5,899,920	6,720,038
Sales tax deposits	-	809,526
Provision for lawsuits against the Group (Note 27)*	10,070,224	5,057,120
Housing fund and health insurance deposits	98,757	119,934
Rehabilitation of quarries and environment protection **	1,303,763	1,270,163
Accrued receivables ***	2,109,346	11,609,346
Provision for other commitments	269,307	334,245
Provision for employees vacation	629,353	663,294
Accrued expenses	72,590	221,492
Others	608,475	438,830
	21,061,735	**27,243,988**

* The movement on the lawsuits provision is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	5,057,120	5,057,120
Provision for the year	13,338,115	6,766,011
Recovery from provision during the year	(8,325,011)	(6,766,011)
Balance - End of the Year	**10,070,224**	**5,057,120**

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

- The movement on the provision for rehabilitation is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	1,270,163	1,201,403
Provision for the year	33,600	68,760
Balance - End of the Year	**1,303,763**	**1,270,163**

*** This provision includes provision for the termination of employee contracts and the restructuring of the Company in the amount of JD 11,609,346 as at December 31, 2017 under the resolution of the Board of Directors of the Company on January 29, 2018. During the year 2018, JD 9.5 million was released based on the Board of Directors' February 21, 2019 to due to the fact that it's no longer needed.

The movement at the expense of the employee termination and restructuring of the Company is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	11,609,346	-
Provision during the year	-	11,609,346
Reverse provisions	(9,500,000)	-
Balance - End of the Year	**2,109,346**	**11,609,346**

18. Loans:

The details of this item are as follows:

	December 31, 2018		December 31, 2017	
	Short-term	Long-term	Short-term	Long-term
	JD	JD	JD	JD
Arab Bank *	5,000,000	12,500,000	2,500,000	7,500,000
Housing Bank For Trade and Finance **	1,500,000	2,250,000	1,500,000	3,750,000
Societe Generale Bank Jordan ***	1,500,000	1,000,000	1,000,000	2,000,000
Al Etehad Bank ****	193,723	-	-	-
	8,193,723	**15,750,000**	**5,000,000**	**13,250,000**

* 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 Etehad 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 loans during the year is as follows:

	Balance of the beginning of the year	Additions	Settlements	Balance at The End of the year
	JD	JD	JD	JD
Arab Bank	10,000,000	10,000,000	(2,500,000)	17,500,000
Housing Bank For Trade and Finance	5,250,000	-	(1,500,000)	3,750,000
Societe Generale Bank	3,000,000	-	(500,000)	2,500,000
Al Etehad Bank	-	303,823	(110,100)	193,723
	18,250,000	**10,303,823**	**(4,610,100)**	**23,943,723**

- The above loans are secured by the company's personal sponsorship. The restricted interest of the above accounts amounted to JD 1,943,747 for the year 2018 and JD 650,133 for the year 2017.

19. Obligation for Employees' Post-Retirement Health Insurance Benefits

The Group operates a defined post-retirement health benefit plan for qualifying employees and their families who meet certain conditions. Under the plan, employees are entitled to retirement benefits on attainment of a retirement age of 55 years for females and 60 years for males. No other post-retirement benefits are provided to these employees.

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

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

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

	2018	2017
	JD	JD
Balance - beginning of the year	26,295,000	25,474,000
Addition during the year *	1,374,000	1,381,000
Actuarial losses	2,527,000	1,263,000
Paid during the year	(1,861,000)	(1,823,000)
Balance – End of the Year	**28,335,000**	**26,295,000**

* The following table summarizes the components of the employees' post-retirement health insurance net expense recognized in the consolidated statement of profit or loss.

	2018	2017
	JD	JD
Current service cost	156,000	147,000
Interest cost	1,218,000	1,234,000
	1,374,000	**1,381,000**

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

	2018	2017
Discount Rate	3.99%	4.85%
Long term medical cost inflation rate	3.50%	3.50%
Expected rate of salaries increase	4.50%	4.60%
Reevaluation of pension rate	2%	2%
Mortality / Disability age	88-90 for female 60-64 for male	88-90 for female 60-64 for male
Turnover rates	1% a year up to 50 years old	1% a year up to 50 years old
Retirement age:		
Male	60	60
Female	55	55
Maximum age of coverage for children		
Female	27	27
Male	23	23
Annual premium – cement employees	437	JD 404
Annual premium – retired employees	438	JD 406
Contribution and co-payments for family's member	64.4	JD 61
Social security salary	7,169	JD 7,503

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

For the Year Ended December 31, 2018	Increase /decrease in medical costs	Effect on the present value of the obligation	Effect on current service cost and interest cost on the obligation
		JD	JD
	%1+	283,350	39,010
	%1-	(283,350)	(39,010)

For the Year Ended December 31, 2017	Increase /decrease in medical costs	Effect on the present value of the obligation	Effect on current service cost and interest cost on the obligation
		JD	JD
	%1+	262,950	26,440
	%1-	(262,950)	(26,440)

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

Increase /decrease in discount rate	Effect on present value of the obligation	
	2018	2017
	JD	JD
+5%	1,416,750	1,314,750
-5%	(1,416,750)	(1,314,750)

The cumulative amount of actuarial losses is JD 15,643,000 as of December 31, 2018 (JD 13,116,000 as of December 31, 2017).

20. 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 December 31, 2018 and December 31, 2017 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 which were purchased on 2012, some of this stocks have been sold during 2016.

- Statutory reserve

The amounts collected in this account represent the annual income before income tax of 10% for previous years in accordance with the Companies Law and is not distributable to shareholders. The approval and recommendation of the Board of Directors of the Company were obtained at their meeting held on January 29, 2018, to eliminate part of the accumulated losses of the Company by JD 27 million using the Company's statutory reserve. The Company's General Assembly decided at its Extraordinary Meeting to approve this decision on June 30, 2018, The share of the accumulated losses in full reserve amounting to JD 27 million was reduced to zero as at December 31, 2018.

- Voluntary reserve

The accumulated amounts in this account represent the annual profits of the previous years up to a maximum of 20%. The reserve is used for purposes determined by the Board of Directors and the General Authority is entitled to distribute it in whole or in part as dividends to shareholders. The approval and recommendation of the Board of Directors of the Company were obtained at their meeting held on July 13, 2017, to offset the accumulated losses of the Company amounting to JD 12,399,640 by the use of the Company's voluntary reserve. The Company approved this decision at its Extraordinary Meeting and ratified this resolution at its meeting held on September 19, 2017.

21. Selling and Marketing Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and wages	1,386,347	1,013,089
Group's contribution to social security	147,481	112,157
Other	652,400	393,000
	2,186,228	**1,518,246**

22. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages and other benefits	3,756,029	3,668,804
Contribution to social security	437,334	369,340
Contribution to employees' saving fund	224,091	212,700
Contribution to employees unity fund	22,035	21,699
Legal and consulting fees	1,425,118	503,770
Franchise fees - Lafarge (parent)	840,647	1,186,636
Travel and transportation	90,680	127,803
Depreciation	88,221	104,340
Advertisements and exhibitions	80,337	52,439
Post and telephone	54,227	75,881
Insurance	28,889	213,913
Stationary, subscriptions and printings	34,283	166,862
Fuel	49,057	49,387
Donations	250,257	313,229
Rent	165,674	220,787
Training	53,650	53,619
Maintenance	30,824	21,287
Computer expenses	184,068	346,285
Hospitality	47,418	63,932
Others	956,526	1,048,146
	8,819,365	**8,820,859**

23.Material Partly-Owned Subsidiaries

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

Company Name	Country of origin	Operating Activities	Non-controlling interest 2018	Non-controlling interest 2017
Arabian Concrete Supply Company	Jordan	Producing and trading in ready mix cement	49%	49%

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

	2018	2017
	JD	JD
Significant accumulated non-controlling interests		
Arabian Concrete Supply Company	**4,512,695**	**6,303,108**

	2018	2017
	JD	JD
Significant profits attributable to non-controlling interest		
Arabian Concrete Supply Company	**1,076,545**	**1,153,109**

5

Consolidated Statement of Financial Position:

	For the year Ended December 31,	
	2018	2017
	Arab Concrete Ready Mix Company	
	JD	JD
Current assets	19,615,685	26,268,928
Non-current assets	4,799,785	3,889,135
Current liabilities	(18,700,884)	(20,819,349)
Total equity	5,714,586	9,338,714
Non-Controlling interests share from equity	**4,512,695**	**6,303,108**

b. Consolidated Statement of Income:

	2018	2017
	Arab Concrete Ready Mix Company	
	JD	JD
Sales	40,310,462	44,232,562
Cost of Sales	(34,722,967)	(38,122,579)
Gross Profit	5,587,495	6,109,983
Selling and distribution Expenses	(643,461)	(691,804)
General and Administrative Expenses	(1,827,425)	(1,924,942)
Operating Income	3,116,609	3,493,237
Lawsuits Provision	(30,000)	-
Financing Cost	(512,315)	(272,066)
Gain from Sale Property and Equipment	245,484	-
Other Income-Net	27,743	29,107
Earning Before Income Tax	2,847,521	3,250,278
Income Tax Expenses	(620,390)	(866,894)
Profit for the year	2,227,131	2,383,384
Total comprehensive income for the year	2,227,131	2,383,384
Non-controlling interest Share	1,076,545	1,153,109

c. Summarized statement of cash flows:

	2018	2017
	Arab Concrete Ready Mix Company	
	JD	JD
Cash flows		
Operating activities	(2,033,381)	1,235,783
Investing activities	156,037	(153,528)
Financing activities	1,769,897	(3,524,918)
Net (decrease) in cash and cash equivalents	**(107,447)**	**(2,442,663)**

24. Segmental Information

a. Sectoral information

The details of this item are as follows:

For the Year Ended December 31, 2018	Cement	Ready-made concrete	Settlement of current accounts	Total
	JD	JD	JD	JD
Revenue				
Sales	21,362,328	40,310,462	-	61,672,790
Internal sales between production units	12,006,260	-	(12,006,260)	-
Total	33,368,588	40,310,462	(12,006,260)	61,672,790
Business results				
(Loss) profit before tax	(30,701,010)	2,817,421	-	(27,883,588)
(Expense) income tax	(6,078,062)	(620,390)	-	(6,698,452)
(Loss) income for the year	**(36,779,071)**	**2,197,031**	**-**	**(34,582,040)**
Other segment information				
Capital expenditure	918,534	189,120	-	1,107,654
Depreciation	5,282,362	413,092	-	5,695,454
Interest income	128,997	-	-	128,997
Interest expense	(4,583,324)	(512,315)	-	(5,095,639)
For the Year Ended December 31, 2017				
Revenue				
Sales	38,657,202	44,232,562	-	82,889,764
Internal sales between production units	15,675,451	-	(15,675,451)	-
Total	54,332,653	44,232,562	(15,675,451)	82,889,764
Business results				
(Loss) profit before tax	(35,653,216)	3,220,178	-	(32,433,038)
(Expense) income tax	(29,530)	(866,894)	-	(896,424)
(Loss) for the year	**(35,682,746)**	**2,353,284**	**-**	**(33,329,462)**
Other segment information				
Capital expenditure	872,668	195,797	-	1,068,465
Depreciation	6,411,200	448,211	-	6,859,411
Interest income	74,147	-	-	74,147
Interest expense	2,082,375	272,066	-	2,354,441
Impairment expense	10,500,000	-	-	10,500,000

December 31, 2018	Cement	Ready-made concrete	Total
	JD	JD	JD
Assets and Liabilities			
Segment assets	129,280,900	28,909,198	157,190,098
Segment liabilities	136,641,748	17,888,306	154,530,054
December 31, 2017			
Assets and Liabilities			
Segment assets	150,693,956	33,671,885	184,365,841
Segment liabilities	126,925,995	13,526,654	140,452,649

b. Geographical Information

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

For the Year Ended December 31, 2018	Jordan Except Aqaba	Aqaba	Total
	JD	JD	JD
Revenue			
Sales	58,820,698	2,852,092	61,672,790
Business Results			
(Loss) before tax	(27,842,353)	(41,235)	(27,883,588)
Income Tax Expenses	(6,689,596)	(8,855)	(6,698,451)
(Loss) for the year	(34,531,950)	(50,090)	(34,582,040)
Other segment information			
Capital expenditure	1,078,777	28,877	1,107,654
Depreciation	5,693,949	1,506	5,695,455
Interest income	128,997	-	128,997
Interest expense	**5,095,639**	**-**	**5,095,639**

For the Year Ended December 31, 2017	Jordan Except Aqaba	Aqaba	Total
	JD	JD	JD
Revenue			
Sales	79,486,454	3,403,310	82,889,764
Business Results			
(Loss) before tax	(33,129,765)	696,727	(32,433,038)
Income Tax Expenses	(861,392)	(35,032)	(896,424)
(Loss) for the year	(33,991,157)	661,695	(33,329,462)
Other segment information			
Capital expenditure	1,068,465	-	1,068,465
Depreciation	6,857,905	1,506	6,859,411
Interest income	74,147	-	74,147
Interest expense	2,354,441	-	2,354,441
Impairment expense	**10,500,000**	**-**	**10,500,000**

For the Year Ended December 31, 2018	Jordan Except Aqaba	Aqaba	Total
	JD	JD	JD
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

For the Year Ended December 31, 2017	Jordan Except Aqaba	Aqaba	Total
	JD	JD	JD
Assets and Liabilities			
Segment assets	182,706,641	1,659,200	184,365,841
Segment liabilities	139,390,316	1,062,333	140,452,649

25. Commitments and Contingent Liabilities

This item consists of the following:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Letters of guarantee	5,192,636	4,292,851
Bills of collection	920,189	967,202

- The future contractual commitments were as follows:

	December 31,	
	2018	2017
	JD	JD
Purchase of property and equipment	341,783	284,464
Purchase of raw materials	5,218,000	497,150
Other purchases	14,840,000	14,840,000
Operating lease contracts	6,688,210	4,467,368

26. Related Parties Balances and Transactions

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

	For the Year Ended December 31,	
	2018	2017
Consolidated statement of income items:	JD	JD
Expenses	1,375,562	1,572,279

Consolidated statement of financial position items:

	Related Parties		Total	
	Sister Companies	Parent Company	2018	2017
	JD	JD	JD	JD
Accounts receivable	173,839	-	173,839	181,382
Accounts payable *	10,493,172	9,387,182	19,880,354	16,611,846

* The above receivables have no interest and no fixed payment schedule.

b. The salaries, bonuses and other benefits of the executive management amounted to JD 1,746,110 for the year ended December 31, 2018 (JD 1,230,440 for the year ended December 31, 2017).

27. Lawsuits

There are lawsuits held against the Company and its subsidiaries at an amount of JD 34,966,415 represented in legal lawsuits related 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 Million is sufficient to meet any commitments related to the lawsuits and claims.

28. 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 December 31, 2018 and as of December 31, 2017 as follows:

	December 31,	
	2018	2017
	JD	JD
Current assets	62,486,880	78,611,024
Less: Current liabilities	(110,445,054)	100,907,649
(Deficit) in Working Capital	**(47,958,174)**	**(22,296,625)**

The Company manages liquidity risk continuously through managing its cash flows and through the financing from banks, noting that an amount of JD 19.8 Million of the current liabilities are related to the Company's related parties as at December 31, 2018 (JD 16.6 Million as at December 31, 2017). The management plan to treatment this situation detailed on disclosure (30).

29. Loss per Share for the year

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

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Loss for the year attributable to the Company's shareholders	(35,658,585)	(34,482,571)
	Share	Share
Weighted Average Common Shares	60,444,460	60,444,460
	JD / Share	JD / Share
(Loss) per Share (Basic and Diluted)	(0.59)	(0.57)

30. The Company's Future Plan

The Group has incurred a loss of around JD 34.6 million, thus, the losses of the Group exceed 75% of its capital to reach 103%, also it has accumulated losses of around JD 62.2 million as of December 31, 2018 and its current liabilities exceed its current assets by around JD 48 million. 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 management plan to address the current situation 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 Rashadiyeh 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:

a. 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.

b. Recommending to invite the shareholder to an Extraordinary General Assembly Meeting as soon as the financial statements for the year ended December 31, 2018 are approved in light of the Companies Law No. (57) For the year 2016 to extinguish the balance of accumulated losses and / or increase the capital of the company up to 40 million Jordanian dinars in the event of accumulated losses 75% of the paid up capital.

31. Comparative Figures

The Company has amended and reclassified certain comparative figures for 2017 to conform to the figures for the year ended December 31, 2018. The effect of the amendment to the consolidated financial statements for the year ended January 1, 2018 is as follows:

	Balance before adjustment	Prior Year Adjustments	Adjusted Balance
	JD	JD	JD
Statement of financial position			
Assets			
Housing loans and employee cars	1,449,997	714,634	2,164,631
Deferred tax assets	22,226,492	49,029	22,275,521
Shareholders' equity			
Accumulated Loss	(49,773,188)	743,201	(49,029,987)
Non-Controlling interest	6,303,108	20,462	6,323,570

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32. Risk Management

The Company adopts financial policies for managing the various risks within a specific strategy. Moreover, the Company's management controls and monitors risks and performs the optimal strategic allocation of financial assets and financial liabilities. Risks include interest rate risk, market risk, credit risk, and foreign currency risk.

a. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and maximize the return to stakeholders through achieving an optimal balance between equity and debt. Moreover, no change in the Company's overall policy has occurred since the prior year.

b. Liquidity Risk

Liquidity risk, also known as funding risk, represents the difficulty that the Company will encounter in making available the necessary funds to fulfill its obligations. Moreover, the Company manages its liquidity risk through keeping adequate reserves, continuously monitoring the expected and actual cash flows, and matching the maturities of financial assets and financial liabilities.

c.Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from defaults.

The Company's financial assets consisting mainly of receivables and other debit balances, financial assets at fair value through other comprehensive income, and cash and cash equivalents do not represent important concentrations of the credit risk. Furthermore, the debtors are wide spread among the clients' categories and their geographic areas. Strict credit control is maintained over the credit limits granted to each customer separately and on a continuous basis, and on the provision for the un-collected amounts.

All of the Company's investments are classified as financial assets at fair value through other comprehensive income.

The risk of investment in shares relates to the change in the value of the financial instrument as a result of the changes in the closing prices of shares.

The change in the financial market index, whereby the above securities are traded as of the consolidated financial statements date, represents a 5% increase or 5% decrease. The following is the impact of the change on the Company's owners' equity.

	2018	2017
	JD	JD
5% Increase	8,597	8,835
5% (Decrease)	(8,597)	(8,835)

d. Market Risk

Market risk is the loss in value resulting from the change in market prices such as interest rate, foreign currency exchange rate, and equity instruments prices, and consequently, the change in the fair value of the financial instruments cash flows on-and off-the consolidated statement of financial position.

1. Currency Risk

The Company's major transactions are in Jordanian Dinar, US Dollar, and Euro.

Currency risk relates to the changes in the prices of currencies in connection with foreign currency payments. As the Jordanian Dinar (the functional currency of the Company) is pegged to the US Dollar, the Company's management believes that the foreign currency risk is immaterial.

2. Interest Rate Risk

Interest rate risk is the risk of change in the value of the financial instrument due to changes in market interest rates.

Moreover, the Company continuously manages its exposure to interest rate risk and considers the various scenarios such as refinancing, renewal of the present positions, and alternative financing.

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the lending banks as of the consolidated financial statements date. Moreover, the analysis has been prepared assuming that the liability amount at the consolidated financial statements date was outstanding during the whole year. An increase or decrease of half a percentage point (0.5%) is used, representing the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	2018	2017
	JD	JD
0.5% Increase	2,856,573	2,000,410
0.5% Decrease	(2,856,573)	(2,000,410)

33. 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):

	Fair Value December 31,					
Financial Assets / Liabilities	2018	2017	Fair Value Level	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Significant Intangible Inputs and Fair Value
	JD	JD				
Financial assets at fair value through comprehensive income:						
Shares with available market prices	171,949	176,695	First Level	Listed prices in financial markets	N/A	N/A
Total Financial Assets at Fair Value	171,949	176,695				

There are no transfers between the first and second level during the year ended December 31, 2018 and for the year ended December 31, 2017.

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