

الرقم :- QRM/117/17

To: Jordan Securities Commission

To: Amman Stock Exchange

To: Securities Depository Centre

السادة/ هيئة الأوراق المالية المحترمين

السادة/ بورصة عمان المحترمين

السادة/ مركز ايداع الأوراق المالية المحترمين

Date: - 01/03/2017

التاريخ :- 2017/03/01

Subject: Audited Financial Statements for
the fiscal year ended 31/12/2016 In English

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية
في 2016/12/31 باللغة الانجليزية

Attached the Audited Financial Statements
In English of Al Quds Readymix (P.L.C) for
the fiscal year ended 31/12/2016.

مرفق طيه نسخة من البيانات المالية المدققة باللغة الانجليزية لشركة
القدس للصناعات الخرسانية (م.ع.م) عن السنة المالية المنتهية
في 2016/12/31.

Kindly accept our high appreciation
and respect

Al Quds Readymix (P.L.C)

General Manager

Jamal Abu Farah

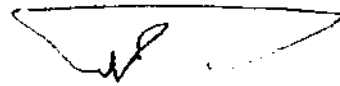


وتفضلوا بقبول فائق الاحترام،،،

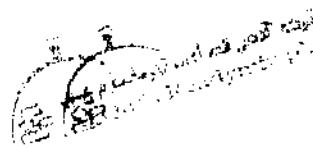
شركة القدس للصناعات الخرسانية

المدير العام

م. جمال ابو فرح



بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢ آذار ٢٠١٧
الرقم التسلسلي ١١٥٥
رقم الملف ٤١٦٥٨
٢٠١٥/٠٦/٢٨



**Al-Quds Ready Mix Supplies
And it's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Consolidated financial statement
and independent auditor's report
for the year ended December 31, 2016**

**Al-Quds Ready Mix Supplies
And it's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Adequacy of provision doubtful trade receivables

The balance of trade receivables reached an amount of JD 3,037,413 as of December 31, 2016 and the company's management estimated the doubtful provision for an amount of JD 1,598,474 as of December 31, 2016.

Scope of audit

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

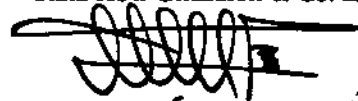
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the 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 performance 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 that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

Talal Abu-Ghazaleh & Co. International



Mohammad Alazraq
(License # 1000)

Amman - February 8, 2017



**Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2016

	Note	2016	2015
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	3,477,953	3,388,445
Investment property -land	4	1,839,921	1,839,921
Investments in associates	5	16,187	27,687
Investment in financial asset at fair value through other comprehensive income	6	252,525	-
Due from related parties - non current	10	211,981	144,628
Total Non-current Assets		5,798,567	5,400,681
Current Assets			
Inventory	7	219,232	195,361
Other debit balances	8	125,596	123,395
Checks under collection and on hand	9	1,928,698	1,654,075
Due from related parties	10	146,508	210,954
Trade receivable	11	1,438,939	1,576,976
Cash and cash equivalents	12	1,777,174	843,108
Total Current Assets		5,636,147	4,603,869
TOTAL ASSETS		11,434,714	10,004,550

**Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2016

	Note	2016 JD	2015 JD
EQUITY AND LIABILITIES			
Equity			
Capital		7,460,026	7,460,026
Statutory reserve		140,537	106,295
Change in fair value of investments in financial assets at fair value through other comprehensive income		(9,687)	-
Retained earnings	13	314,354	307,566
Total Equity		7,905,230	7,873,887
Liabilities			
Current Liabilities			
Deferred checks	14	2,592,354	1,340,202
Other credit balances	15	158,406	162,763
Trade payables		563,818	523,384
Due to related parties	10	214,906	104,314
Total Current Liabilities		3,529,484	2,130,663
TOTAL EQUITY AND LIABILITIES		11,434,714	10,004,550

**Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

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

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
Net sales		6,258,832	6,346,492
Cost of sales	16	<u>(4,739,888)</u>	<u>(4,857,886)</u>
Gross profit		1,518,944	1,488,606
Gain from sale property and equipment		67,139	56,012
Share of profit of associates	5	1,187	27,686
Other Revenue		23,323	24,821
Selling and distribution expenses	17	(763,286)	(709,290)
Administrative expenses	18	(492,119)	(469,482)
Bank interest and commission expenses		(15,757)	(10,393)
Slow moving spare parts provision	7	<u>-</u>	<u>(66,220)</u>
Net profit		<u>339,431</u>	<u>341,740</u>
Other comprehensive income			
Change in fair value of investment in financial asset through other comprehensive income		<u>(9,687)</u>	<u>-</u>
Total comprehensive income		<u>329,744</u>	<u>341,740</u>
Earnings per share	19	<u>JD 0/05</u>	<u>JD 0/04</u>

Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of changes in equity for the year ended December 31, 2016

Description	Change in fair value of investments in financial assets at fair value through other comprehensive income					Retained earnings (Accumulated losses)	Total equity
	Capital	Statutory reserve	Voluntary reserve	JD	JD		
	JD	JD	JD	JD	JD		JD
Balance as at January 31, 2015	13,997,200	72,121	288,481	-	(6,825,655)	7,532,147	
Amortization loss (Notes 13)	(6,537,174)	-	(288,481)	-	6,825,655	-	
Comprehensive income	-	-	-	-	341,740	341,740	
Statutory reserve	-	34,174	-	-	(34,174)	-	
Balance as at December 31, 2015	7,460,026	106,295	-	-	307,566	7,873,887	
Distributed dividends	-	-	-	-	(298,401)	(298,401)	
Comprehensive income	-	-	-	(9,687)	339,431	329,744	
Statutory reserve	-	34,242	-	-	(34,242)	-	
Balance as at December 31, 2016	7,460,026	140,537	-	(9,687)	314,354	7,905,230	

**Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of cash flows for the year ended December 31, 2016

	2016	2015
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit	339,431	341,740
Adjustments for :		
Depreciation	298,410	287,718
Gains on sale of property, plant and equipment	(67,139)	(56,012)
Share of profit of associates	(1,187)	(27,686)
Bad debt	(3,194)	-
Recovery of allowance	(20,267)	(24,500)
Slow moving spare parts provision	-	66,220
Change in operating assets and liabilities:		
Inventory	(20,854)	27,280
Other debit balances	(2,201)	472,271
Checks and under collection and on hand	(274,623)	29,498
Due from related parties	(2,907)	73,232
Trade receivables	158,481	(90,798)
Deferred checks	1,252,152	306,922
Other credit balances	(4,357)	11,574
Trade payables	40,434	(130,511)
Due to related parties	110,592	(181,970)
Net cash from operating activities	<u>1,802,771</u>	<u>1,104,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(389,066)	(883,524)
Proceeds from sale of property, plant and equipment	68,287	62,916
Investment in financial asset at fair value through other comprehensive income	(262,212)	-
Investments in associates	12,687	-
Net cash from investing activities	<u>(570,304)</u>	<u>(820,608)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributed dividends	(298,401)	-
Net cash from financing activities	<u>(298,401)</u>	<u>-</u>
Net change in cash and cash equivalents	934,066	284,370
Cash and cash equivalents - beginning of year	843,108	558,738
Cash and cash equivalents - end of year	<u>1,777,174</u>	<u>843,108</u>
Information about non cash transactions		
Quench of accumulated loss through decrease of capital and voluntary reserve	-	6,825,655

**Al-Quds Ready Mix Supplies
And It's Subsidiaries
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

As the following legal status and main active for parent company and subsidiary

1. General information

The company registered as limited liability company under number (4321) on February 1966 under the name Al Ramez for Concrete Manufacturing (RMC - Jordan). The General Assembly decided in its extraordinary meeting that was held on March 10, 2003 to change the name of the company to become AL-Quds Ready Mix for Concrete. The Legal status of the company change to Public Shareholding Company on January 1, 2015 and registered under number (362) on April 28, 2005, the main objective of the company is manufacturing ready mix concrete and the investment in real estate.

The financial statement was approved by board of directors on February 7, 2017, and it require the approval of the General Assembly.

2. Financial statements preparation framework Significant accounting policies

Financial statements preparation framework

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

Measurement bases used in preparing the financial statements

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

- Functional and presentation currency

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

- Using of estimates

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

Basis of consolidation

- The financial statement for parent company consists (Al-Quds Ready mix supplies) and its subsidiary:

<u>Company name</u>	<u>Activity</u>	<u>Paid-in capital</u>	<u>Percentage of ownership</u>
		JD	%
Al-Twaheen Real state I.L.C.	Real estate investments	30,000	100

- Control is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- Intergroup balances, transactions, income and expenses among the group (the parent and the subsidiaries company) shall be eliminated in full.

- **Financial instruments**

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

- **Property plant and equipment**

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

<u>Category</u>	<u>Depreciation rate</u>
	%
Building	2
Pumps	7-15
Plant & equipment	3-4
Equipment	5-10
Other	10-20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- **Investment property**

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

- **Investments in associates**

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The investor's share of those changes is recognized in other comprehensive income of the investor.
- **Financial instruments**

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

- **Financial assets**

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

Cash and cash equivalents

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

Trade receivables

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

- **Impairment of financial assets**

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

- **Financial liabilities**

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

- **Trade payables and accruals**

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

- **Related parties**

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

- **Inventory**

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

- **Impairment of assets**

- At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. The value in use is the present value of the future cash flows expected to be derived from the asset.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- Statutory reserve

- Public Shareholding Company (Parent Company)

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

- Limited liabilities Company (Subsidiary Company)

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

- Voluntary reserve

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

- Earnings per share

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

- Provisions

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

- Revenue recognition

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

Sale of goods

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

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

- Rendering of services

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

- Dividend revenue

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

- Borrowing costs

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

- Income tax

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

- Foreign currencies

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

- Contingent liabilities

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

3. Property plant, and equipment

	2016		Buildings		Pumps (*)		Plant equipment		Other		Total	
	Lands	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Cost												
Balance - beginning of year	1,161,533		650,962		4,045,295		1,378,781		1,261,797		8,498,368	
Additions	-		-		-		-		389,066		389,066	
Disposals	-		-		-		-		(292,589)		(292,589)	
Balance - end of year	1,161,533		650,962		4,045,295		1,378,781		1,358,274		8,594,845	
Accumulated depreciation and impairment												
Balance - beginning of year	-		131,184		2,864,987		994,114		1,119,638		5,109,923	
Depreciation (**)	-		13,019		173,082		40,589		71,720		298,410	
Disposals	-		-		-		-		(291,441)		(291,441)	
Balance - end of year	-		144,203		3,038,069		1,034,703		899,917		5,116,892	
Net	1,161,533		506,759		1,007,226		344,078		458,357		3,477,953	
2015												
Cost												
Balance - beginning of year	1,161,533		650,962		3,198,091		1,394,782		1,329,936		7,735,304	
Additions	-		-		847,204		-		36,320		883,524	
Disposals	-		-		-		(16,001)		(104,459)		(120,460)	
Balance - end of year	1,161,533		650,962		4,045,295		1,378,781		1,261,797		8,498,368	
Accumulated depreciation and impairment												
Balance - beginning of year	-		118,165		2,630,973		997,935		1,188,688		4,935,761	
Depreciation (**)	-		13,019		234,014		5,512		35,173		287,718	
Disposals	-		-		-		(9,333)		(104,223)		(113,556)	
Balance - end of year	-		131,184		2,864,987		994,114		1,119,638		5,109,923	
Net	1,161,533		519,778		1,180,308		384,667		142,159		3,388,445	

(*) Within the above item, pumps with a net value of JD 109,404 mortgaged in favor of a bank against unused facilities.

(**) Depreciation expense was distributed in the statement of comprehensive income as follows:

	2016	2015
	JD	JD
Selling and distribution expenses	194,082	194,110
Manufacturing expenses	76,621	67,552
Administrative expenses	27,707	26,056
Total	298,410	287,718

4. Investment property - Lands

This item represent cost of land that was obtained from a costumer in exchange for settlement his accrued receivable, the land was recorded in company books with an average value according to three real state valutors based on board of directors decision.

The estimated fair value of investment property (Land) was JD 1,828,540 (the cost of Land is JD 1,819,298) at year 2015, based on the average value that is obtained from three real estate expert valutors.

5. Investments in associates

Company name	Country of incorporation	Legal entity	Number of shares	2016	2015
			JD	JD	JD
Jerusalem Crushers and Quarrying L.L.C	Jordan	LLC	15,000	16,187	27,687

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

	2016	2015
	JD	JD
Balance - beginning of year	27,687	1
Share of profit of associates	1,187	27,686
Dividends	(12,687)	-
Balance - end of year	16,187	27,687

As following summary of information related for subsidiaries for the year ended 31 December of 2016

Company name	Active	Ownership percentage	Total Assets	Total liabilities	Revenue	Profit
			JD	JD	JD	JD
Jerusalem Crushers and Quarrying L.L.C	Industrial	50%	808,625	769,482	462,506	2,374

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

	2016
	JD
Additions during year	262,212
Change in fair value	(9,687)
Balance - end of year	252,525

7. Inventory

	2016	2015
	JD	JD
Spare parts	282,967	298,467
Raw material	143,832	131,388
Slow moving spare parts provision (*)	(207,567)	(234,494)
Total	219,232	195,361

(*) Movement of slow moving spare parts provision was as follows:

	2016	2015
	JD	JD
Balance - beginning of year	234,494	168,274
Additions	-	66,220
Recovery of allowance	(3,017)	-
Sale of spare parts	(23,910)	-
Balance - end of year	207,567	234,494

8. Other debit balances

	2016	2015
	JD	JD
Prepaid expenses	78,460	45,465
Refundable deposit	36,345	38,845
Employee receivable	8,615	13,189
Others	2,176	25,896
Total	125,596	123,395

9. Checks under collection and on hand

Within checks under collection checks with a value of JD 694,275 to Ready Mix Concrete and Construction Supplies - related parties.

10. Due to related parties

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

(**) Due to related parties - noncurrent consist of:

	2016	2015
	JD	JD
Jerusalem crushers and quarrying - associate company	340,312	272,959
Less: allowance for doubtful debts	(128,331)	(128,331)
Net	211,981	144,628

(***) Due from related party – current consist of the following:

	2016	2015
	JD	JD
Ready Mix Concrete and Construction Supplies	127,120	191,364
International Brokerage & Financial Markets co.	12,788	-
Amman for Construction Equipment Supply Company	6,600	19,590
Total	146,508	210,954

(****) Related parties payables consist of the following:

	2016	2015
	JD	JD
Masafat for Specialized Transport	143,176	75,694
Technology Concrete Co.	71,730	15,563
United Ready Mix Concrete Co.	-	13,057
Total	214,906	104,314

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

	2016	2015
	JD	JD
Purchasing	256,334	2,727,714
Sale of ready mix concrete	3,120,189	2,127,226

11. Trade receivable

	2016	2015
	JD	JD
Trade receivables (*)	3,037,413	3,195,894
Less: allowance for doubtful accounts (**)	(1,598,474)	(1,618,918)
Net	1,438,939	1,576,976

(*) Receivables aging were as the following:

	2016	2015
	JD	JD
From 1 to 60 days	596,705	803,526
From 61 to 120 days	47,936	57,100
From 121 to 180 days	92,668	172,745
Moer than 181 days	2,300,104	2,162,523
Total	3,037,413	3,195,894

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

	2016	2015
	JD	JD
Balance - beginning of year	1,618,918	1,652,020
Recovery of allowance	(17,250)	(24,500)
Bad debts	(3,194)	(8,602)
Balance - end of year	<u>1,598,474</u>	<u>1,618,918</u>

12. Cash and cash equivalent

	2016	2015
	JD	JD
Current accounts at banks (*)	1,275,073	840,408
Deposits at bank (*)	500,001	-
Cash on hand	2,100	2,700
Total	<u>1,777,174</u>	<u>843,108</u>

(*) The above deposit fixed up for six month and interest rate 3.12%.

13. Retained earnings

- Based on the Extraordinary General Assembly meeting held on March 30, 2015 it was decided to quench the accumulated loss of the company amounting to JD 6,825,655 as 31 December 2015 by reducing the voluntary reserve amounting JD 288,481 and the remaining part amounting JD 6,537,174 by reducing the capital of company from JD 13,977,200 to become JD 7,460,026 and all the legal procedure completed were with the Ministry of Industry and Trade on June 7, 2015 and with the security commission, on June 23, 2015.
- The proposed percentage of profit distribution to the shareholders for this year is (4%) equivalent to (JD298, 401), and it is subject to the general assembly approval.

14. Deferred checks

- All checks are due during year 2017.
- There are deferred checks amounting to JD 33,500 due to related party (Jerusalem Crushers and Quarrying (associate)).

15. Other credit balances

	2016	2015
	JD	JD
Accrued expenses	65,621	61,687
Income tax deposits	51,405	74,516
Shareholders deposit	30,900	18,295
Social security deposit	7,015	5,839
Employee vacation provision	3,334	2,426
Other	131	-
Total	<u>158,406</u>	<u>162,763</u>

16. Cost of sale

	2016	2015
	JD	JD
Raw material used in production	4,306,226	4,401,726
Manufacturing expenses (*)	433,662	456,160
Balance	4,739,888	4,857,886

(*) Manufacturing expenses are as following:

	2016	2015
	JD	JD
Salaries and wages and related benefits	201,331	180,228
Depreciation	76,621	67,552
Maintenance	62,891	106,288
Electricity and water	44,981	50,893
Fuel	16,270	19,479
Insurance	12,058	11,293
Vehicles	7,342	9,258
Miscellaneous	5,907	5,615
Test	4,550	3,960
Communication	1,711	1,594
Total	433,662	456,160

17. Selling and distribution

	2016	2015
	JD	JD
Salaries and wages and related benefits	259,614	210,608
Deprecation	194,082	194,110
Maintenance	141,433	130,676
Fuel	101,982	99,961
Sales commission	29,795	27,297
Insurance	19,507	24,524
Vehicles	12,916	17,853
Miscellaneous	3,957	4,261
Total	763,286	709,290

18. Administrative expenses

	2016	2015
	JD	JD
Salaries and wages and related benefits (*)	232,735	192,887
Miscellaneous	56,052	87,615
Travel and transportation	34,200	31,557
Subscriptions and license	33,678	22,077
Reward of board of directors	33,570	33,795
Deprecation	27,707	26,056
Professional fees	24,869	27,898
Tools and computer maintenance	15,843	15,897
Vehicles	13,943	15,995
Hospitality and staff meal	10,544	7,671
Communication	5,638	4,509
Stationery and printings	3,340	3,525
Total	492,119	469,482

(*) Within salaries, wages and related benefits an amount of JD 106,565 represents salaries and benefits for high management of company.

19. Earnings per share

	2016	2015
	JD	JD
Net profit	339,431	341,740
Weighted average of share	7,460,026	9,094,319
Earnings per share	JD 0/05	JD 0/04

20. Legal cases

According to the lawyer latter there are legal cases raised by the company against others amounting to JD 2,101,891.

21. Contingent liabilities

On date of financial statement there are contingent liabilities related to guarantees JD 59,856 and cash margin amounting of JD 5,500.

22. Contra account

There are insurance checks amounting JD 304,350 on 31 December 2016 (JD 250,000 as December 31, 2015).

23. Tax status

Parent company

The tax status was settled for year 2014, and tax returns were submitted to Income and Sales Tax department until year 2015 within legal period, and the tax status for 2015 was not settled until this date.

Subsidiary

The tax status was settled for year 2014, and tax returns were submitted to Income and Sales Tax department until year 2015 within legal period, and the tax status for 2015 was not settled until this date.

24. Risk management

a) Capital risk:

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

b) Currency risk:

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

c) Interest rate risk:

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

d) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.
- The carrying amount of financial assets recorded in the financial statements represents the - maximum exposure to credit risk without taking into account the value of any collateral obtained.

e) Other price risk:

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

f) **Liquidity risk:**

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than 1 year		More than 1 year	
	2016	2015	2016	2015
	JD	JD	JD	JD
Financial assets:				
Investments in associates	16,187	27,687	-	-
Investment in financial assets at fair value through other comprehensive income	252,525	-	-	-
Other debit balances	47,136	77,930	-	-
Checks under collection and on hand	1,928,698	1,654,076	-	-
Due from related parties	146,508	210,954	211,981	144,628
Trade receivables	1,438,939	1,576,976	-	-
Cash and cash equivalents	1,777,174	843,108	-	-
Total	5,607,167	4,390,731	211,981	144,628
Financial liabilities:				
Deferred checks	2,592,354	1,340,202	-	-
Other credit balances	151,391	160,337	-	-
Trade payables	563,818	523,384	-	-
Due to related parties	214,906	104,314	-	-
Total	3,522,469	2,128,237	-	-

25. **Fair value of financial instruments**

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

As December 31, 2016	Levels		
	1	2	Total
	JD	JD	JD
Financial assets			
Investment in financial assets at fair value through other comprehensive income	252,525	-	252,525

26. Financial statement for the subsidiary

The consolidated financial statement include financial for subsidiary as follow:

Company name	Legal entity	Paid in capital JD	Percentage of ownership %	Total assets JD	Total liabilities JD	Retained earnings (accumulated loss) JD
Qunnah Alrwahen for real estate company	LLC	30,000	100	1,820,423	1,801,379	(11,156)

27. Standards and Interpretations issued but not yet effective

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

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

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

28. Reclassification

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