TravCo
Travertine Company PLC.
ترافكو
شركة الترافرتين (م.ع.م)

الرقم : 2018/86
التاريخ : 2018/04/16

للإفصاح
* بورصة عمان
* السيد هاني

السادة هيئة الأوراق المالية المحترمين
دائرة الإفصاح السيد عمر
السيد عبدالله

٣/٤

تحية وبعد ،

نرفق لعطوفتكم نسخة من البيانات المالية باللغة الانجليزية كما هي بتاريخ 2017/12/31 .

وتفضلوا بقبول فائق الاحترام ،،،

المدير المالي والاداري

حمزة ابو خلف

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٣ نيسان ٢٠١٨
الرقم المتسلسل ....٢٨٠١..........
الجهة المختصة ....إفصاح..........

شركة الترافرتين (م.ع.م)
ترافكو
TravCo
Travertine Company Ltd

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Travertine Company
Public Shareholding Company

Financial Statements as at 31 December 2017
Together With
Independent Auditors' Report

Arab Professionals
(Member Firm within Grant Thornton International Ltd.)

Travertine Company
Public Shareholding Company

Contents

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INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Travertine Company
Public Shareholding Company
Al Balqa - Jordan

Qualified Opinion

We have audited the financial statements of Travertine Company PLC, which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss, 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, except for the effect of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Company hasn't depreciated some of its plant and equipment related to the production factory, this resulted a decrease in depreciation expenses by amount of JOD (184,323), and increase in equity by the same amount.

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 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 in the Hashemite Kingdom of Jordan, 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 qualified 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 year. 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. We have determined that the matters described below are the key audit matters to be communicated in our report:

(1) Impairment of Receivable

Included in the accompanying Financial Statements at the end of the year 2017 accounts receivables totaling JOD (633,635), as the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Cost of Finished Goods and Work in Process
Included in the accompanying Financial Statements at the end of the year 2017 finished goods and work in process totaling JOD (475,229) as determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

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 financial statements and our auditor's 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 for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Auditor's 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 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 financial statements.

As part of an audit in accordance with ISAs, 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 auditor's 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's 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 maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the general assembly to approve it, taking into consideration what is stated in the basis of our qualified opinion paragraphs.

25 March 2018
Amman - Jordan

Ibrahim Hammoudeh
(License No. 606)
Arab Professionals

Arab Professionals
Grant Thornton

Travertine Company
Public Shareholding Company
Statement of financial position as at 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Assets			
Non - current assets			
Property, plant and equipment	3	1,539,136	1,554,394
Financial assets measured at fair value through other comprehensive income	4	89,781	925,861
Total non - current assets		1,628,917	2,480,255
Current assets			
Inventories	5	1,475,987	1,943,692
Spare parts		177,667	193,715
Accounts receivable	6	485,741	637,418
Amounts due from related parties	7	41,077	45,913
Other receivables	8	87,978	98,163
Checks under collection		5,125	33,391
Cash and cash equivalents	9	46,230	44,073
Total current assets		2,319,805	2,996,365
Total assets		3,948,722	5,476,620
Equity and liabilities			
Equity	10		
Paid-in capital		4,600,000	4,600,000
Statutory reserve		181,803	181,803
Accumulated change in fair value of financial assets		(223,725)	612,356
Accumulated losses		(1,470,071)	(904,013)
Net equity		3,088,007	4,490,146
Liabilities			
Bank facilities	11	322,630	350,678
Accounts payable		401,442	511,838
Postdated checks		36,711	10,000
Other liabilities	12	99,932	113,958
Total liabilities		860,715	986,474
Total equity and liabilities		3,948,722	5,476,620

"The attached notes from (1) to (25) are an integral part of these financial statements"

Travertine Company
Public Shareholding Company
Statement of profit or loss for the year ended 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Net sales	22	1,500,347	1,484,558
Cost of sales	13	(1,583,442)	(1,534,886)
Gross loss		(83,095)	(50,328)
Selling and distribution expenses	17	(78,334)	(90,297)
Administrative expenses	18	(328,387)	(310,671)
Provision for doubtful accounts	6	(50,942)	-
Financing expenses		(25,300)	(27,830)
Loss for the year		(566,058)	(479,126)
Basic and diluted losses per share	19	(0.123)	(0.104)

"The attached notes from (1) to (25) are an integral part of these financial statements"

Travertine Company
Public Shareholding Company
Statement of comprehensive income for the year ended 31 December 2017

(In Jordanian Dinar)

	2017	2016
Loss for the year	(566,058)	(479,126)
Other comprehensive income		
Changes in fair value of financial assets	(836,081)	-
Total comprehensive loss for the year	**(1,402,139)**	**(479,126)**

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Chairman	**General Manager**	**Financial Manager**

"The attached notes from (1) to (25) are an integral part of these financial statements"

Travertine Company
Public Shareholding Company
Statement of changes in equity for the year ended 31 December 2017

(In Jordanian Dinar)

	Paid - In capital	Statutory reserve	Accumulated change in fair value of financial assets	Accumulated losses	Total
Balance at 1 January 2017	4,600,000	181,803	612,356	(904,013)	4,490,146
Total comprehensive loss for the year	-	-	(836,081)	(566,058)	(1,402,139)
Balance at 31 December 2017	4,600,000	181,803	(223,725)	(1,470,071)	3,088,007
Balance at 1 January 2016	4,600,000	181,803	612,356	(424,887)	4,969,272
Total comprehensive loss for the year	-	-	-	(479,126)	(479,126)
Balance at 31 December 2016	4,600,000	181,803	612,356	(904,013)	4,490,146

* According to the Jordan Securities Commission instructions, the minus (Debt) balance above which represents the Accumulated change in fair value of the financial assets measured at fair value through other comprehensive income, will be discluded from the distributable profits.

"The attached notes from (1) to (25) are an integral part of these financial statements"

Travertine Company
Public Shareholding Company
Statement of cash flows for the year ended 31 December 2017

(In Jordanian Dinar)

	2017	2016
Operating Activities		
Loss for the year	(566,058)	(479,126)
Depreciation	17,038	207,110
Provision for doubtful accounts	50,942	-
Changes In Operating Activities		
Checks under collection	28,266	73,752
Accounts receivable	100,735	109,315
Inventories	467,705	(276,451)
Spare parts	16,048	41,792
Other receivables	10,185	17,040
Postdated checks	26,711	5,000
Accounts payable	(110,396)	114,727
Other liabilities	(14,027)	67,102
Amounts due from related parties	4,836	-
Net cash flows from (used in) operating activities	31,985	(119,739)
Investing activities		
Property, plant and equipment	(1,780)	(5,091)
Financing activities		
Bank facilities	(28,048)	126,833
Net change in cash and cash equivalents	2,157	2,003
Cash and cash equivalents, beginning of year	44,073	42,070
Cash and cash equivalents, end of year	46,230	44,073

"The attached notes from (1) to (25) are an integral part of these financial statements"

1. General

Travertine Company PLC. Was established on 1 June 1999 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (338). The Company head office is in the Hashemite Kingdom of Jordan. The Company's main objective is mining and extracting travertine rocks to produce all related products.

The shares of the company are listed in Amman stock Exchange.

The accompanying financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 25 March 2018 and it is subject to the General Assembly approval.

2. Summary of significant accounting policies

Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2017. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.

- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

- Because of the nature of this industry, management is using its judgment for identifying some of the travertine rock quantities.

- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings and hangers	2 - 10%
Machines and equipment	5 -50%
Vehicles and forklifts	11 - 21%
Appliances, furniture and others	9 - 25%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.
Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets - or part of them- were sold, the resultant gain or loss is recorded in the statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of profit or loss.

Dividends are recorded in the statement of profit or loss on a separate line item.

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Inventories, spare part and raw materials

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, cost is determined by the weighted average method.

Spare parts are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method.

Travertine blocks are stated at the total direct mining cost or net selling price, which is lessor, cost is determined by the weighted average method.

Trade receivables

Trade Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Accounts payable and accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the financial statement 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.

Provisions
A provision is recognized when, and only when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Revenue recognition
Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

Dividends revenue is recognized when its declared by the general assembly of the investee company.

Other revenues are recognized on the accrual basis.

Foreign currency
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

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

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

3. Property, plant and equipment

	Lands	Buildings & hangers	Machines & equipment	Vehicles and forklifts	Appliances, furniture & others	Total
Cost						
Balance at 1/1/2017	68,953	1,060,479	2,909,396	423,606	434,328	4,896,762
Additions	-	-	-	-	1,780	1,780
Balance at 31/12/2017	68,953	1,060,479	2,909,396	423,606	436,108	4,898,542
Accumulated depreciation						
Balance at 1/1/2017	-	572,166	1,988,351	374,899	406,952	3,342,368
Depreciation	-	7,550	2,522	5,671	1,295	17,038
Balance at 31/12/2017	-	579,716	1,990,873	380,570	408,247	3,359,406
Net book value at 31/12/2017	68,953	480,763	918,523	43,036	27,861	1,539,136
Cost						
Balance at 1/1/2016	68,953	1,059,507	2,909,396	423,606	430,209	4,891,671
Additions	-	972	-	-	4,119	5,091
Balance at 31/12/2016	68,953	1,060,479	2,909,396	423,606	434,328	4,896,762
Accumulated depreciation						
Balance at 1/1/2016	-	537,022	1,839,851	359,191	399,194	3,135,258
Depreciation	-	35,144	148,500	15,708	7,758	207,110
Balance at 31/12/2016	-	572,166	1,988,351	374,899	406,952	3,342,368
Net book value at 31/12/2016	68,953	488,313	921,045	48,707	27,376	1,554,394

- There is a mortgage on the Companies' lands and buildings with the amount of JOD (300,000) against bank facilities granted to the Company.

- The Company hasn't depreciated some of its plant and equipment related to the production factory, this resulted a decrease in depreciation expenses by amount of JOD (184,323).

4. Financial assets measured at fair value through other comprehensive income

	2017	2016
Investment in quoted companies shares (in Jordan)	89,781	925,861

- This item represents the company's investment in International Silica Industries Company.

5. Inventories

	2017	2016
Finished goods	366,014	383,869
Raw travertine blocks	979,887	1,130,879
Work in process	109,215	402,690
Other raw blocks	20,871	26,254
	1,475,987	1,943,692

6. Accounts receivable

	2017	2016
Commercial receivables	633,635	739,398
Employees receivables	7,250	2,222
Provision for doubtful accounts	(155,144)	(104,202)
	485,741	637,418

The movement on the provision for doubtful accounts was as follow:

	2017	2016
Balance at beginning of the year	104,202	104,202
Additions	50,942	-
	155,144	104,202

The age of receivables past due but not impaired is as follows:

	2017	2016
Not more than 3 months	134,806	169,291
More than 3 months but not more than 6 months	163,381	165,581
More than 6 months but not more than 9 months	73,290	110,429
More than 9 months	114,264	192,117
	485,741	637,418

Management believes that all the receivables not included in the provision are collectable.

7. Related party transactions

This account represents the related parties receivables that resulted from selling Some of the Company's products to a member of BOD in previous years.

8. Other receivables

	2017	2016
Refundable deposits	33,729	34,254
Prepaid expenses	34,758	43,218
Advertising materials	10,031	10,266
Income tax withholding	3,778	4,657
Stationary	2,484	3,241
Goods in transit	835	1,218
Others	2,363	1,309
	87,978	98,163

9. Cash and cash equivalents

	2017	2016
Cash and checks on hand	8,225	540
Bank current accounts	38,005	43,533
	46,230	44,073

10. Equity

Paid-in capital
The Company's authorized, subscribed and paid up capital is JOD (4.6) Million dinar divided equally into (4.6) Million shares with par value of JOD (1) for each share as at 31 December 2017 and 2016.

Statutory Reserve
The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

11. Bank facilities

Credit Type	Currency	Interest rate	Maturity date	Credit Limit	Outstanding Balance
Over draft	JOD	8.75%	2018	300,000	322,630

The bank facilities granted to the Company are guaranteed through the mortgage of companys lands and buildings.

12. Other liabilities

	2017	2016
Accrued expenses	71,677	79,316
Social security withholdings	9,784	10,114
Provision for Jordanian Universities fees	7,600	7,600
Others	10,871	16,928
	99,932	113,958

13. Cost of sales

	2017	2016
Beginning Inventory	1,943,692	1,667,241
Mining expenses (Note 14)	97,735	87,644
Building rock's unit expenses (Note 15)	85,711	104,303
Production expenses (Note 16)	734,023	1,058,850
Purchases	198,268	560,540
Ending inventory	(1,475,987)	(1,943,692)
	1,583,442	1,534,886

14. Mining expenses

	2017	2016
Wages and salaries	43,280	36,255
Social security	4,944	4,953
Vehicles	16,067	16,241
Rent	12,000	12,000
Utilities	15,062	9,871
Tools and supplies	2,414	3,105
Insurance	2,380	2,885
Depreciation	811	813
Others	777	1,521
	97,735	87,644

15. Building rock's unit expenses

	2017	2016
Wages and salaries	28,789	41,761
Social security	3,491	5,703
Electricity	13,971	18,691
Rock forming expenses	17,806	16,505
Depreciation	3,363	3,588
Others	18,291	18,055
	85,711	104,303

16. Production expenses

	2017	2016
Wages and salaries	359,590	400,246
Social security	53,042	56,077
Depreciation	-	187,561
Tools and supplies	80,720	105,606
Utilities	82,234	109,427
Packaging materials	37,985	58,511
Vehicles	30,682	30,950
Maintenance	9,014	12,748
Insurance	30,465	34,154
Supplementary services	12,955	18,508
Others	37,336	45,062
	734,023	1,058,850

17. Selling and distribution expenses

	2017	2016
Wages and salaries	28,883	27,046
Social security	3,975	4,579
Shipping and transportation	1,667	8,733
Travel expenses	7,866	12,906
Khalda showroom rent	15,750	15,750
Showrooms expenses	5,333	6,218
Vehicles	4,083	3,569
Depreciation	3,223	3,391
Advertising and marketing	371	589
Samples	81	210
Others	7,102	7,306
	78,334	90,297

18. Administrative expenses

	2017	2016
Wages and salaries	177,077	185,549
Social security	15,295	18,155
BOD transportation	16,800	16,800
Depreciation	9,641	11,757
Professional fees	52,733	19,400
Fees and licenses	8,024	7,636
Insurance	7,132	7,724
Post and telecommunication	4,036	4,148
Stationery and printings	976	1,229
Hospitality	232	318
General Assembly expenses	-	898
Companies Controller fees	600	1,200
Others	35,841	35,857
	328,387	310,671

19. Basic and diluted losses per share

	2017	2016
Loss for the year	(566,058)	(479,126)
Weighted average number of shares	4,600,000	4,600,000
	(0.123)	(0.104)

20. Executive management salaries and remunerations

The remuneration of executive management during the years 2017 and 2016 amounted to JOD (147,384) and JOD (151,006) respectively.

21. Income tax

The following is the reconciliation between declared income and taxable income:

	2017	2016
Declared losses	(566,058)	(479,126)
Tax exempted income	-	-
Non – Taxable expenses	-	-
Defied tax assets	-	-
Taxable losses	(566,058)	(479,126)
Income tax rate	14%	14%
Effective income tax rate	-	-

- The Company has settled its tax liability with the Income Tax Department up to 2014.
- The income tax returns for the years 2015 and 2016 has been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been calculated for the year 2017, because the taxable expenses exceed the taxable income.

22. Segments reporting

All firm sales are a result of selling travertine products, the following is the geographic distribution of the sales:

	2017		2016	
	Local	Foreign	Local	Foreign
Revenues	651,437	848,910	713,404	771,154

23. Contingent liabilities

The Company is contingently liable against letters of guarantees amounting to JOD (21,500).

24. Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, financial assets measured at fair value and account receivables. Financial liabilities of the Company include bank facilities, accounts payable and postdated checks.

Fair value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	89,781	-	-	89,781

2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	925,861	-	-	925,861

Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the Company's most significant customer represents the amount of JOD (276,978) from the total accounts receivable balance as at 31 December 2017, compared to JOD (525,938) as at 31 December 2016.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rates and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

2017	Less than one year	More than one year	Total
Bank facilities	322,630	-	322,630
Accounts payable	401,442	-	401,442
Postdated checks	36,711	-	36,711
Other liabilities	99,932	-	99,932
	860,715	-	860,715

2016	Less than one year	More than one year	Total
Bank facilities	350,678	-	350,678
Accounts payable	511,838	-	511,838
Postdated checks	10,000	-	10,000
Other liabilities	113,958	-	113,958
	986,474	-	986,474

Currency risk
The management considers that the Company is not exposed to significant currency risk, The majority of their transactions and balances are in Jordanian Dinar therefore, the Company has not a significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Equity price risk
Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year 2017 would have been reduced / increased by JOD (8,978) (2016: JOD 92,586).

25. Capital Management

The Board of Directors manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The debt to equity ratio is as follows:

	2017	2016
Total Debt	322,630	350,678
Total Equity	3,088,007	4,490,146
Debt to Equity ratio	10%	8%