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شركة أساس للصناعات الخرسانية م.ع.م.
ASSAS FOR CONCRETE PRODUCTS Ltd.

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الرقم: 2020 / assas / 184

التاريخ: 2020 / 06 / 28

السادة / هيئة الأوراق المالية المحترمين،
دائرة الإفصاح

الموضوع: البيانات المالية الأولية للشركة كما في 2019/12/31

تحية طيبة وبعد؛؛

تجدون مرفق طيه البيانات المالية الأولية كما في 2019/12/31 لشركة أساس للصناعات الخرسانية م.ع.م

باللغة الانجليزية.

شاكرين لكم حسن تعاونكم

وتفضلوا بقبول فائق الاحترام والتقدير،،،،

المدير العام

المهندس / طاهر عبدالعزيز

شركة أساس للصناعات الخرسانية م.ع.م.



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**Alassas for Concrete Products (ASAS)
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Consolidated Financial Statement
and Independent Auditor's Report
for the year ended December 31, 2019**

Alassas for Concrete Products
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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Independent Auditors Report

To Messrs. Shareholders
Alassas for Concrete Products
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Opinion

We have audited the consolidated financial statements of Alassas for Concrete Products (Public Shareholding Company), which comprise the statement of consolidated financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the 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, 2019, 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 section of our report. Auditors' responsibilities for the audit of the financial statements

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 consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 consolidated financial statements of the current period. 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.

Expected credit losses

The company has applied IFRS (9) expected credit losses requirements which resulted in a change in the calculation of impairment from the incurred loss modal to the expected credit loss model, and the allowance for expected credit losses amounting to JD 767,702 as at December 31, 2019.

Scope of audit

We conducted comprehensive assessment to identify the key controls used to determine expected credit losses, data collection and completeness, and related estimates and assumptions used by management, and we have tested key control systems on the modeling process.



Inventory impairment

Based on IFRS requirements, inventory is measured when preparing the financial statements at the lower of cost and net realizable value, and when it is not possible to recover the cost of the inventory if it becomes totally or partially damaged or obsolete or sales prices decreased. when the net realizable value falls below cost the difference is recognize as expense for price decrease in the profit or loss.

Scope of audit

We analyzed the inventory items ages and discussed management assumptions regarding the expected volume of use and based on our knowledge and experience of the sector in which the entity operates.

We examined a sample of service agreements provided to customers to compare the minimum purchase liabilities with end of year inventory level taking into account the risks to recover the value of inventory if the agreements were canceled.

We tested the appropriateness of inventory impairment provision by assessing the management assumptions, taking into account external information available and subsequent events after the end of the fiscal year.

We assessed whether the provision that is we recorded against, obsolete and slow moving inventory to comply with the accounting policies, taking into account the rationale of the provision determination policy using historical data, we also examined sales invoices is subsequent period to assess whether the inventory was sold at a value higher than cost by comparing the selling price with inventory values recorded in the company's accounts.

We have taken into account the appropriateness of the entity's explanations about the degree of estimates related to arriving at the value of impairment provision in general. we have concluded that the basic assumption used and the resultant estimate and evaluation are appropriate assumptions

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 consolidated 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 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. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the 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 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 consolidated 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 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 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 group financial statement. 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, 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 consolidated financial statements, accordingly, we recommend to approve these financial statements by the general assembly.



Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman, February 2, 2020

**Alassas for Concrete Products
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2019

	Notes	2019	2018
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	8,579,157	8,983,254
Investment in associates	4	1,650,360	1,704,638
Investment in financial asset at fair value through other comprehensive income	5	46,464	24,748
Total Non-current Assets		10,275,981	10,712,640
Current Assets			
Inventory	6	1,007,690	1,457,286
Due from related parties	7	1,726	56
Other debit balances	8	1,035,894	1,106,071
Trade receivables	9	671,736	1,884,295
Cash and cash equivalents	10	24,624	6,329
Total Current Assets		2,741,670	4,454,037
TOTAL ASSETS		13,017,651	15,166,677

The attached notes constitute an integral part of these financial statements

**Alassas for Concrete Products
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2019

	Notes	2019	2018
		JD	JD
EQUITY AND LIABILITIES			
Equity			
Declared and paid-in capital	1	12,000,000	12,000,000
Statutory reserve	11	116,815	116,815
Voluntary reserve	12	75,201	75,201
Change in fair value of investments in financial assets at fair value through other comprehensive income		(297,352)	(284,068)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(55,778)	(1,644)
Accumulated losses		(4,882,968)	(3,463,929)
Net Equity		6,955,918	8,442,375
Liabilities			
Non Current Liabilities			
Loans - non-current portion	13	187,500	49,397
Current Liabilities			
Other credit balances	14	398,059	687,588
Income tax provision	15	-	4,558
Due to related parties	7	560,485	2,005,157
Trade payables	16	1,010,174	1,474,048
Deferred checks - related parties	7	2,584,706	1,266,000
Loans - current portion	13	402,868	155,424
Bank overdraft	17	917,941	1,082,130
Total Current Liabilities		5,874,233	6,674,905
Total Liabilities		6,061,733	6,724,302
TOTAL EQUITY AND LIABILITIES		13,017,651	15,166,677

Accompanying notes constitute an integral part of these financial statements

Alassas for Concrete Products
and its subsidiary
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Notes to the consolidated financial statement for the year ended December 31, 2019

1. Legal status and activity for parent company and subsidiaries as follows:

- The parent company (Alassas for Concrete Industries and incorporated and registered at the Ministry of Industry and Trade as public shareholding under No (438) on June 5, 2007.
- The main activities of the company are production, import and export all kinds of kerbstone, bricks, hourdi block, ties and interlock, forming metal and to do all other acts related thereto.
- The subsidiary company (Alassas for Modern Specialized Transportation incorporated and registered as a limited liability company at the Ministry of Industry and trade under no (40573) on May 20, 2015.
- The main activities of the company are transport materials, sand, gravels, infrastructure materials, road specialized transport related to material construction, ready concrete and general goods.
- The financial statement have been approved by board of direction on February 1, 2020 and it requires approval of the General Assembly.

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

2-1 Basis for financial statement preparation

- Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board.

- Measurement bases used in preparing the financial statements

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

- Functional and presentation currency

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

2-2 Using of estimates

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

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

New and modified standards adopted by the entity

- International Financial Reporting Standard No. (16)

As of January 1, 2019, the entity adopted the International Financial Reporting Standard No. (16) Lease contracts, which replaces:

- IAS 17 Leases.
- IFRIC- 4 Determining whether an Arrangement contains a lease.
- SIC-15 Operating Leases - Incentives.
- SIC-27 Evaluating the Substance of Transactions Involving the legal form of a lease.

The International Financial Reporting Standard No. (16) brings significant changes in accounting requirements and treatments of the operating leases, primarily for lessees, whereby all lease contracts were capitalized as assets and recognize an liabilities against them with narrow exceptions to this recognition principle for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). The accounting treatment of the lease contracts has remains largely unchanged, as the lessor will continue to classify the lease contracts as either operating lease or finance lease, using principles similar to those in International Accounting Standard No. (17).

- The entity has chosen to apply this standard with modified retrospective approach (without adjusting the comparative figures) which is allowed by the standard.
- The most important impact of IFRS (16) on lease contracts in terms of:
 - Definition of lease contracts

What distinguishes this standard is the concept of control, whereby lease and service contracts are classified on the basis of whether the customer has control over the use of an identified asset for a period of time in exchange for a consideration.

- Lessee's accounting treatments for lease contracts (operating lease)

What distinguishes this standard is the way the entity account for operating lease contracts as they were outside the financial statements.

Applying the standard to all lease contracts with the exception for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). the entity does the following:

- A recognition of the right-of-use assets and liabilities of the lease contracts in the statement of financial position initially at the present value of future lease payments.
- In the statement of cash flows, the payments that reduces lease liability are classified within financing activities and the amounts related to the interest expense of the lease liabilities are classified within operating or financing activities. As for short-term lease contracts or low-value leases (non-capitalized) contracts, they are classified under operating activities. The principle amount of the lease contract within financing activities and profits on lease liabilities within operating activities.

For short-term lease contracts of one year or less, and lease contracts for low-value leased assets are recognized as an expense in the income statement on a straight-line basis.

The International Financial Reporting Standard No. (16) provides for testing the impairment of the right of use assets in accordance with Accounting Standard No. (36) Impairment of Assets, and this is different from the International Accounting Standard No. (17), which required recognition of a provision for onerous lease contracts.

- Lessee's accounting treatments for lease contracts (finance lease)

What distinguishes this standard is the residual value guarantees provided by the lessee to the lessor, whereby the expected amount to be paid is recognized as part of the lease liability, while International Accounting Standard No. (17) recognizes the maximum for the guaranteed amount.

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Accounting Standard No. (1) Presentation of financial statements. Accounting Standard No. (8) Accounting policies, changes in accounting estimates and errors	Definition of material Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements.	January 1, 2020 or after
International Financial Reporting Standard (17) Insurance Contracts	IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts.	January 1, 2022 or after
Amendments to IFRS (3) Business Combinations.	Modifications to the definition of business. In order to be considered business it must be an integrated set of activities and assets and include as a minimum inputs and an objective process that together contribute greatly to the ability to create outputs. It should have the ability to contribute to the creation of outputs rather than the ability to create outputs	January 1, 2020 or after
Amendments to the International Financial Reporting Standard No. (10) Consolidated Financial Statements and International Accounting Standard No. (28) Associates and Joint Ventures.	These amendments relate to the sale or contribution of assets between the investor, the associate and / or the joint venture.	Undetermined date

2-4 Summary of significant accounting policies

- Basis of consolidation (deemed appropriate)

-The consolidated financial statements comprise the financial statements of the parent (Alassas for Concrete Products) and the following subsidiaries which are controlled by the Entity :

Name of subsidiary	Ownership
	%
Assas Specialized Transport. Co	100

-Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

-Intergroup balances, transactions, income and expenses shall be eliminated in full.

-Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.

- If a parent loses a control of a subsidiary, the parent derecognize the assets and liabilities of the subsidiary and non-controlling interests and other equities, recognize any profit or loss resulted from loss of control in the statement of comprehensive income, recognize any investment retained after loss of control at its fair value.

Property, plant and equipment

- Property, plant and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property, plant and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. 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>
	%
Buildings	2-10
Equipment and tools	4-10
Vehicles and machinery	7-15
Furniture and decorations	12-15
Software and computers	15-25
Electrical devices and equipment	12-15

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition of the property, plant and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.
- Amount paid to build up property and equipment are initially carried to projects under construction account. When the project becomes ready for use, it will be transferred to property and equipment caption.

Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.

- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

Inventories

- Inventories are measured at the lower of cost and net realizable value.
- Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- The cost of inventory is assigned by using the weighted-average cost formula.

Financial instruments

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

- Financial assets

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

- All other financial assets (excluding financial assets at amortized cost or at fair value through other comprehensive income) are subsequently measured at fair value in profit or losses.
- On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investments fair value in other comprehensive income.

Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

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

Derecognition of financial assets

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

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

Financial liabilities

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.

- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method, Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

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

Offsetting financial instruments

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

Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

Trade receivables

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

Investments in associates

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has significant influence.
- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor'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. The investor's share of those changes is recognized in other comprehensive income of the investor.
- After applying the equity method, the entity determine, if necessary, to recognize impairment losses on its investments in associates, and determine at the date of the financial statement that the investment in associate is impaired, and if so, the entity calculate the impairment amount as the difference between the recoverable amount and the carrying amount which is recognized as a loss in the statement of comprehensive income.
- Financial statement of the associate are prepare for the same date as the financial statements of the entity. And when necessary to the accounting policies of the associate are amended to comply with the accounting policies of the entity.

- When no consolidation is prepared, investment in an associate is accounted for at cost or equity method or IFRS (9).
- Intra-entity profit and loss transactions are eliminated to the extent of the investor's interest in the relevant associate.
- Impairment of financial assets
 - At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
 - The entity recognizes loss allowance for expected credit loss (ECL) on:
 - Financial assets measured at amortized cost.
 - Debt investments measured at FVOCI.
 - Contract assets.
 - The entity measures loss allowances at an amount equal to lifetime ECLs.
 - Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
 - When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entity's historical experience and forward looking information.
 - The entity considers a financial asset to be in default when:
 - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
 - The financial asset is more than 360 days past due.
 - Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
 - A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.
- Provisions
 - Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
 - Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
 - If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
 - In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
 - Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.
- Related parties
 - Transactions with related parties represent transfer of resources, services, or obligations between related parties.
 - Terms and conditions relating to related party transactions are approved by management.

- **Basic earnings per share from profit /loss**

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

Revenue recognition

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

Right of return

The customer has a right of return within (14) days. At the same time, the entity has a right to recover the product when the customer exercise his right of return. The entity uses its accumulated historical experience to estimate the number of returns. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur.

- **Definition of a lease**

- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. As for other types of leasing contract, they are classified as operating leasing contacts. The contracts are classified upon the start of the lease contract.
- Lease income from operating lease is recognized in income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Assets leased under operating leases are depreciated based on the same depreciation policy adopted by the entity for similar assets.

- **Borrowing costs**

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

- **Income tax**

Income tax is calculated in accordance with Jordanian laws and regulations.

- **Foreign currencies**

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

– Contingent liabilities

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

Notes to the consolidated financial statement for the year ended December 31, 2019

3. Property, plant and equipment

2019	Lands (*)		Buildings		Equipment and tools		Vehicles and machinery		Furniture and decorations		Software and computers		Electrical devices and equipment		Projects under construction (**)		Total		
	Cost	JD	Cost	JD	Cost	JD	Cost	JD	Cost	JD	Cost	JD	Cost	JD	Cost	JD	Cost	JD	
Balance - beginning of year	2,637,796	2,637,796	3,563,704	10,147,204	2,923,371	2,923,371	31,454	45,684	108,307	237,508	19,695,028	19,695,028	108,307	108,307	237,508	237,508	108,307	108,307	19,695,028
Additions	-	-	-	180,200	278,150	278,150	-	-	3,187	-	18,180	479,717	3,187	3,187	18,180	18,180	3,187	3,187	479,717
Transfers	-	-	-	116,290	5,395	5,395	-	-	-	-	-	-	-	-	(121,685)	-	-	-	479,717
Disposals	-	-	-	-	(24,000)	(24,000)	-	-	-	-	-	-	-	-	(10,588)	-	-	-	(34,588)
Balance - end of year	2,637,796	2,637,796	3,563,704	10,443,694	3,182,516	3,182,516	31,454	45,684	111,494	123,415	20,140,157	20,140,157	111,494	111,494	123,415	123,415	111,494	111,494	20,140,157
Accumulated depreciation																			
Balance - beginning of year	-	-	1,032,606	7,440,329	2,081,082	2,081,082	27,665	43,854	86,238	-	10,711,774	10,711,774	86,238	86,238	-	-	-	-	10,711,774
Depreciation (***)	-	-	103,386	602,365	157,716	157,716	617	1,055	7,486	-	872,625	872,625	7,486	7,486	-	-	-	-	872,625
Disposals	-	-	-	-	(23,399)	(23,399)	-	-	-	-	(23,399)	(23,399)	-	-	-	-	-	-	(23,399)
Balance - end of year	-	-	1,135,992	8,042,694	2,215,399	2,215,399	28,282	44,909	93,724	-	11,561,000	11,561,000	93,724	93,724	-	-	-	-	11,561,000
Net	2,637,796	2,637,796	2,427,712	2,401,000	967,517	967,517	3,172	775	17,770	123,415	8,579,157	8,579,157	17,770	17,770	123,415	123,415	17,770	17,770	8,579,157
2018																			
Cost																			
Balance - beginning of year	2,637,796	2,637,796	3,524,904	9,737,171	2,631,618	2,631,618	29,635	44,630	102,957	249,340	18,978,051	18,978,051	102,957	102,957	249,340	249,340	102,957	102,957	18,978,051
Additions	-	-	10,772	24,468	339,784	339,784	1,819	1,054	5,350	324,672	707,919	707,919	5,350	5,350	324,672	324,672	5,350	5,350	707,919
Transfers	-	-	28,028	308,476	-	-	-	-	-	(336,504)	-	-	-	-	(336,504)	-	-	-	-
Transfers from inventory	-	-	-	57,089	-	-	-	-	-	-	57,089	57,089	-	-	-	-	-	-	57,089
Disposals	-	-	-	-	(48,031)	(48,031)	-	-	-	-	(48,031)	(48,031)	-	-	-	-	-	-	(48,031)
Balance - end of year	2,637,796	2,637,796	3,563,704	10,147,204	2,923,371	2,923,371	31,454	45,684	108,307	237,508	19,695,028	19,695,028	108,307	108,307	237,508	237,508	108,307	108,307	19,695,028
Accumulated depreciation																			
Balance - beginning of year	-	-	907,846	6,773,334	2,007,035	2,007,035	27,023	43,299	77,267	-	9,835,804	9,835,804	77,267	77,267	-	-	-	-	9,835,804
Depreciation (***)	-	-	124,760	666,995	122,077	122,077	642	555	8,971	-	924,000	924,000	8,971	8,971	-	-	-	-	924,000
Disposals	-	-	-	-	(48,030)	(48,030)	-	-	-	-	(48,030)	(48,030)	-	-	-	-	-	-	(48,030)
Balance - end of year	-	-	1,032,606	7,440,329	2,081,082	2,081,082	27,665	43,854	86,238	-	10,711,774	10,711,774	86,238	86,238	-	-	-	-	10,711,774
Net	2,637,796	2,637,796	2,531,098	2,706,875	842,289	842,289	3,789	1,830	22,069	237,508	8,983,254	8,983,254	22,069	22,069	237,508	237,508	22,069	22,069	8,983,254

(*) Lands mortgage in favor of Jordan Bank amounting to JD 844,929 against granted loans - Note (13).

(**) Projects under construction consist of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Accounting program	101,258	101,258
Payments on purchase of property, plant and equipment	22,157	125,662
Site creation studies	-	10,588
Total	<u>123,415</u>	<u>237,508</u>

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Manufacturing expenses	780,685	853,561
Cost of transportation revenue	79,575	54,607
Administrative expenses	10,083	11,937
Selling and distribution expense	2,282	3,895
Total	<u>872,625</u>	<u>924,000</u>

4. Investments in associates

Company name	Country of incorporation	Legal entity	Number of shares	Percentage of ownership	2019	2018
					JD	JD
				%		
Alquds for Concrete Industries Co	Jordan	PLC	906,041	12	1,101,034	1,121,768
International Cards Co.	Jordan	PLC	382,198	2	549,326	582,870
Total					<u>1,650,360</u>	<u>1,704,638</u>

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance - beginning of year	1,704,638	1,722,006
Share of profit of associates	(144)	26,074
Effect of applying IFRS (9)	-	(7,200)
Distributed dividends	-	(36,242)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates	(54,134)	-
Balance - end of year	<u>1,650,360</u>	<u>1,704,638</u>

(**) Associate companies' summary of information as follows:

Company name	Total assets	Total liabilities	Revenue	Profit (loss)
	JD	JD	JD	JD
Alquds for Concrete Industries Co (***)	13,602,131	5,854,011	7,508,881	162,782
International Cards Co. (****)	28,784,498	15,030,474	84,451	(731,154)

(***) Within the investment there are 10,000 shares in Alquds Ready mix concrete industries as of December 31, 2019 reserved against a membership in the board of directors of the company.

(****) The company's share of profit of associates mentioned above was valued based on interim reviewed financial statements issued on September 30, 2019, because the final financial statements have not been issued until the date of our report.

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

	2019	2018
	JD	JD
Cost (*)	308,816	308,816
Additions	35,000	-
Accumulated change in fair value	(297,352)	(284,068)
Net	46,464	24,748

(*) Included in the investments there are 10,000 shares in the International brokerage & financial Markets Co. as of December 31, 2019 retained against a membership in the company's board of directors.

6. Inventory

	2019	2018
	JD	JD
Finished goods	619,526	834,911
Spare parts	250,035	271,936
Raw material	159,560	154,589
Goods in transit	85,048	193,330
Fuel	1,395	2,520
Deduct : slow moving inventory provision (*)	(107,874)	-
Total	1,007,690	1,457,286

(*) Following is movement slow moving inventory provision during the year:

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance - beginning of year	-	-
Provided	<u>107,784</u>	<u>-</u>
Balance - end of year	<u><u>107,784</u></u>	<u><u>-</u></u>

7. Related parties

(*) Related parties consist of associates, subsidiaries and companies in which main shareholders have significant shares in them.

(**) Due from related parties items comprise the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
United Ready Mix Concrete Co.	1,206	-
Al Quds Readymix Co.	520	-
International brokrage & financial Markets Co.	<u>-</u>	<u>56</u>
Total	<u><u>1,726</u></u>	<u><u>56</u></u>

(***) Due to related parties items comprise the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Qatrana Cement Company	408,466	406,783
Masafat for Specialized Transport Co.	99,830	42,818
Ready Mix Concrete & Construction Supplies Co.	27,611	1,476,679
Alquds Crushers and Quarrise Co.	13,495	13,495
Conctere Technology Co. (CTC)	9,592	64,098
Masafat Rent A Car Co.	1,491	813
Amman for Heavy Equipment Supplies	<u>-</u>	<u>471</u>
Total	<u><u>560,485</u></u>	<u><u>2,005,157</u></u>

(****) Deferred checks –related parties items comprise the following:

	2019	2018
	JD	JD
Readymix Concrete & Construction Supplies Co.	1,567,000	50,000
Qatrana Cement Co.	647,706	790,000
Masafat for Specialized Transport .	370,000	400,000
Amman for Heavy Equipment Supplies	-	18,000
Concrete Technology Co. (CTC)	-	8,000
Total	2,584,706	1,266,000

- Transactions with related parties are operational in its nature, major transactions with related parties stated in the comprehensive income statement were as follows:

	2019	2018
	JD	JD
Sales	8,460	51,710
Purchases (cost of sale)	2,216,482	2,350,957
Manufacturing expenses	79,911	67,909
Other revenue	15,000	15,000
Selling and distribution expenses	11,250	12,593

8. Other debit balances

	2019	2018
	JD	JD
Endorsed checks for bank facilities	880,318	729,523
Prepaid expenses	38,023	42,106
Prepaid to suppliers	36,750	258,207
Refundable deposits	33,725	33,725
Employees receivables	19,386	18,823
Prepayments on income tax	15,479	8,740
Bank margins	10,442	13,977
Others	1,771	970
Total	1,035,894	1,106,071

9. Trade receivable

	<u>2019</u>	<u>2018</u>
	JD	JD
Trade receivables (*)	1,414,179	2,345,785
Checks on hand	25,259	108,873
Less: allowance for expected credit losses (**)	<u>(767,702)</u>	<u>(570,363)</u>
Net	<u><u>671,736</u></u>	<u><u>1,884,295</u></u>

(*) According to the company's credit policies, grace period is 60 days in the ordinary course of business, the receivables aging details are as follows based on issued sales invoices:

	<u>2019</u>	<u>2018</u>
	JD	JD
1-60 days	427,808	807,324
61-120 days	255,005	341,417
121-180 days	70,337	181,298
181-360 days	73,389	417,778
More than 361 days	<u>587,640</u>	<u>597,968</u>
Total	<u><u>1,414,179</u></u>	<u><u>2,345,785</u></u>

- Trade receivables are concentrated in three receivables that represent 18% from the receivables as at December 31, 2019.

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance - beginning of year	570,363	240,000
Provided during the year	323,805	120,000
Effect of applying IFRS (9)	-	210,363
Recovery of allowance	(70,477)	-
Incurred losses	<u>(55,989)</u>	-
Balance - end of year	<u><u>767,702</u></u>	<u><u>570,363</u></u>

10. Cash and cash equivalents

	2019	2018
	JD	JD
Current accounts at banks	12,409	548
Cash on hand	12,215	5,781
Total	24,624	6,329

11. Statutory reserve

Statutory reserve in parent company (Public Shareholding 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.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statutory reserve, and to rebuild it in accordance with the provisions of the law.

Statutory reserve in subsidiary company (Limited Liability 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.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statutory reserve, and to rebuild it in accordance with the provisions of the law.

12. 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.

13. Loans

Bank	Loan period	Guarantees	Interest rate	2019			2018
				Current	Non-current	Total	Total
				JD	JD	JD	JD
Bank of Jordan - Commercial loan	Finance loan to purchase fixed assets and upgrading assets through 36 equal monthly payments	Companys guarantee and a first degree realstate mortgage on south Amman lands located in Qastal area	9.625	150,000	187,500	337,500	3,154
Arab Banking Corporation	The first payment amounting to JD 40,000 is paid and the remaining balance is transferred and scheduled for the first installment was due on December 15, 2019 and the last installment to be due on December 31, 2020.	Deposited checks with a coverage rate of 120% from the used balance with financing percentage of 85% against the renewed loan ceiling and a renewal rate of 10% for one drawer	9.25	204,118	.	204,118	.
Bank of Jordan - Solar power Loan	Solar energy project financing loan amounting to JD 295,000, to be paid through 24 equal monthly payments	Acquiring an approval from the central bank of Jordan	7.75	48,750	.	48,750	201,667
Total				402,868	187,500	590,368	204,821

14. Other credit balances

	2019	2018
	JD	JD
Advanced payments from customers	111,373	124,267
Accrued expenses	91,210	98,948
Savings fund deposits	75,962	203,820
Sales tax deposit	42,336	90,583
Shareholders deposits	25,863	25,863
Rewards provision	22,990	29,240
Social security deposits	15,070	36,166
Employees income tax deposits	7,894	6,162
Employees payable	5,312	13,418
Deposits for others	49	19,004
Others	-	40,117
Total	398,059	687,588

15. Income tax provision

	2019	2018
	JD	JD
Balance - beginning of year	4,558	-
Provided during the year for previous years	-	7,380
Provided during the year	-	4,558
Paid during the year	(4,558)	(7,380)
Balance - end of year	-	4,558

Parent Company

- Tax status for the company has been settled till 2015 for Amman, and till 2016 for Aqaba.
- Income tax returns have been filed for year 2018 within a legal period, and it not settled with the Income Tax Department yet.
- The opinion of the company's tax consultant, the company has acceptable accumulated losses for Amman and Aqaba, and therefore its not liable for any taxes.

Subsidiary Company

- Income tax returns have been filed for years 2018 within a legal period, and it not settled with the Income Tax Department yet.
- The opinion of the tax consultant there is no need to make provision, due to the company's acceptable accumulated losses.

16. Trade payables

	2019	2018
	JD	JD
Trade payables (*)	741,788	1,237,418
Uncleared checks	136,912	25,778
Postponed checks	131,474	210,852
Total	1,010,174	1,474,048

(*) Trade payables are concentrated in one payables that represent 10% of total payables as at December 31, 2019.

17. Banks overdraft

Bank	Ceiling	Interest rates	2019	2018
	JD	%	JD	JD
Bank of Jordan - sales financing	500,000	9.625	472,968	323,293
Bank of Jordan - overdraft	300,000	9.625	426,933	287,896
Arab Banking Corporation - sales financing	1,000,000	9.25	18,040	175,027
Arab Banking Corporation - overdraft	250,000	-	-	295,914
Total			917,941	1,082,130

- The above bank facilities are guaranteed by checks deposited with coverage of 120% from the used balance, in addition to cash guarantees through the deduction of 7% from the proceeds of checks under collection for the facilities granted from Arab Banking Corporation to reach coverage rate of 100%.

18. Cost of sale

	2019			2018
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Raw materials beginning of year	127,064	27,525	154,589	154,773
Raw materials purchases during the year	2,431,133	606,483	3,037,616	3,000,336
Raw materials ending of year	(143,084)	(16,476)	(159,560)	(154,589)
Raw material used in production	2,415,113	617,532	3,032,645	3,000,520
Manufacturing cost (*)	1,755,907	693,063	2,448,970	2,738,681
Finished goods beginning of year	409,148	425,763	834,911	1,110,989
Less: finished goods end of year	(397,238)	(222,288)	(619,526)	(834,911)
Balance	4,182,930	1,514,070	5,697,000	6,015,279

Alassas for Concrete Products
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes to the consolidated financial statement for the year ended December 31, 2019

(*) Manufacturing cost are as following:

	2019			2018
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Depreciation	527,292	253,393	780,685	853,561
Salaries, wages and related benefits	585,334	100,265	685,599	829,595
Maintenance	126,754	14,203	140,957	363,246
Fuel	76,788	23,825	100,613	78,383
Damaged goods	9,232	90,700	99,932	16,442
Transportation expenses	62,257	20,887	83,144	38,636
Company's contribution to social security	61,998	10,360	72,358	95,784
Consumables	42,977	27,020	69,997	62,640
Water and electricity	33,275	31,637	64,912	57,534
Professional fees	48,246	-	48,246	21,026
Batch fastening cords	27,488	10,976	38,464	33,528
Rent	32,850	4,205	37,055	33,743
Governmental expenses	5,763	29,245	35,008	6,017
Health insurance	15,570	14,408	29,978	38,012
Vehicles	14,224	14,670	28,894	43,863
Travel expenses	2,445	25,550	27,995	53,545
Insurance	18,890	7,224	26,114	21,286
Work permits	11,459	1,362	12,821	13,963
Cleaning expenses	10,103	1,640	11,743	7,343
Security	10,423	-	10,423	10,291
Savings fund	8,333	1,170	9,503	12,415
Miscellaneous	5,073	3,582	8,655	8,461
Non refundable sales tax	7,524	-	7,524	22,452
Samples tests	3,877	3,548	7,425	5,491
Communications	3,348	2,409	5,757	5,950
Healthcare expense	2,919	-	2,919	4,091
Stationery	1,315	523	1,838	3,903
Marketing and advertisement	150	261	411	300
Total	1,755,907	693,063	2,448,970	2,741,501

19. Cost of transportation revenue

	2019	2018
	JD	JD
Fuel	315,362	320,052
Salaries, wages and related benefits	250,425	286,777
Maintenance	122,107	134,726
Depreciation	79,575	54,607
Vehicle expenses	21,571	21,374
Company's contribution to social security	19,576	25,049
Transportation wages	10,482	154,985
Health insurance	9,923	10,511
Travel expenses	3,281	3,571
Company's contribution in savings fund	2,098	2,492
Licences, permits and governmental subscriptions	1,422	1,177
Miscellaneous	1,160	470
Insurance	934	4,054
Consumable	313	923
Stationery and printings	209	245
Hospitality and cleaning	56	20
Tranportation	50	164
Rents	-	4,500
Discount allowed	-	55
Total	838,544	1,025,752

20. Other revenues

	2019			2018
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Others	7,916	71,275	79,191	4,237
Recovery of allowance	70,477	-	70,477	-
Lands rent revenue	15,000	-	15,000	15,000
Gains on sale of property, plant and equipment	8,399	-	8,399	26,998
Distributed dividends	2,698	-	2,698	3,373
Bank interests	-	-	-	136
Total	104,490	71,275	175,765	49,744

21. Selling and distribution expenses

	2019			2018
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Salaries, wages and related benefits	43,730	29,633	73,363	74,479
Company's contribution to social security	5,648	4,224	9,872	9,925
Vehicles expenses	7,310	457	7,767	2,970
Discount allowed	4,050	418	4,468	13,973
Rents	4,095	-	4,095	12,133
Advertisements	2,650	-	2,650	824
Depreciation	2,282	-	2,282	3,895
Health insurance	1,391	697	2,088	2,655
Company's contribution to savings fund	793	593	1,386	1,432
Maintenance	36	264	300	370
Insurance	124	62	186	166
Licences, permits and government subscriptions	148	-	148	820
Stationery and printings	100	-	100	550
Miscellaneous	64	3	67	1,317
Water and electricity	-	-	-	199
Total	72,421	36,351	108,772	125,708

22. Administrative expenses

	2019			2018
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Expected credit losses	323,805	-	323,805	120,000
Salaries, wages and related benefits	289,874	27,978	317,852	336,011
Impairment of inventory	107,874	-	107,874	-
Board of directors tranportations	32,400	-	32,400	32,400
Companys contribution to social security	29,442	2,385	31,827	38,257
Licences, permits and governmental subscriptions	19,471	5,823	25,294	28,402
Professional fees	18,410	-	18,410	16,032
Vehicles expenses	13,075	-	13,075	9,350
Depreciation	10,083	-	10,083	11,937
Health insurance	6,781	1,394	8,175	7,564
Companys contribution to savings fund	4,806	335	5,141	4,407
Bank expenses	4,717	-	4,717	952
Maintenance	3,685	-	3,685	3,990
Telecommunications	3,191	-	3,191	5,889
Advertisements	3,190	-	3,190	3,969
Water and electricity	2,993	-	2,993	2,574
Stationery and printings	2,766	-	2,766	3,081
Engineering consultations	2,631	-	2,631	1,000
Miscellaneous	1,292	-	1,292	1,819
Training	1,200	-	1,200	330
Traveling and transportation	860	109	969	1,245
Donations	850	-	850	8,396
Hospitality	620	-	620	5,324
Insurance	414	124	538	1,802
Cleaning	-	-	-	345
Total	884,430	38,148	922,578	643,076

23. Subsidiaries financial statements

The consolidated financial statements include the financial statement of the subsidiary as of December 31, 2019 as follows:

Company name	Legal status	Paid capital	Ownership	Total assets	Total liabilities	Accumulated losses
		JD	%	JD	JD	JD
Assas Specialized Transport. Co	LLC	50,000	100	991,681	1,025,808	(87,226)

24. Legal cases

Parent Company

According to the lawyer's letter there are legal cases raised by the company against others amounting to JD 158,677 also there are legal cases raised by others against the company with undetermined amounts and these cases are still held at specialized courts.

Subsidiary Company

There is a legal case raised by others against the company with an amount of JD 11,000 and it is still held at specialized courts, and there is a legal case held by the company against others with an amount of JD 1,000 and a court decision was issued in favor of the company to condemn the defendant and obligate him to the value of the claim and the case in the implementation phase.

25. Subsequent events

Subsequent to the date of the consolidated financial statements and as a result of the spread of the new Corona virus (Covid-19) in the beginning of 2020 and its outbreak in several geographical regions around the world including the Hashemite Kingdom of Jordan and its impact on the global economy, In addition to disrupting economic activities, this has affected the production, import and export sector of all types of kerbstone, brick, ribs, tiles, interlock, metal forming and all other related work.

as a result of the quarantine measures established by the Defense Law. The management of the company believes that this event is one of the events occurring after the issuance of the statement of financial position, which does not require amendments in this early stage of the event, which is witnessing continuous and rapid developments. The company has formed a team to evaluate the expected effects on the company's business inside and outside the Kingdom and to conduct a preliminary study with a view to reviewing and evaluating the potential risks related to ensuring continuity and operation without interruption at this stage, the administration does not consider that it is possible to quantify the potential impact of this outbreak on the company's future financial statements at this stage.

Management and those charged with governance will continue to monitor the situation in all geographic regions in which the company operates and provide stakeholders with developments as required by laws and regulations. In the event of any changes to the current conditions, additional disclosures or amendments to the company's financial statements will be provided for the subsequent periods of the year ending as at December 31, 2020.

26. Contingent Liabilities

There are contingent liabilities amounting to JD 94,394 with a cash deposit of JD 10,442 at the date of the statement of financial position.

27. 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.
- The entity is not exposed to currency risk.

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:

At December 31, 2019	Change in interest	Effect on Comprehensive income
	%	JD
Loans	0.5	± 2,952
Bank overdraft	0.5	± 4,590

d) 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.
- 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:

At December 31, 2019	Change in price	The effect on owners equity
	%	JD
Investment in financial assets at fair value through Other comprehensive income	±5	± 2,323

e) 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.
- 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.

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	
	2019	2018	2019	2018
	JD	JD	JD	JD
Financial assets:				
Investments in a subsidiary	-	-	1,650,360	1,704,638
Investment in financial assets at fair value through other comprehensive income	-	-	46,464	24,748
Due from related parties	1,726	56	-	-
Other debit balances	945,642	797,018	-	-
Trade receivables	671,736	1,884,295	-	-
Cash and cash equivalents	24,624	6,329	-	-
Total	1,643,728	2,687,698	1,696,824	1,729,386
Financial liabilities:				
Loans	402,868	155,424	187,500	49,397
Other credit balances	263,696	534,081	-	-
Due to related parties	560,485	2,005,157	-	-
Trade payables	1,010,174	1,474,048	-	-
Deferred checks - related parties	2,584,706	1,266,000	-	-
Banks overdraft	917,941	1,082,130	-	-
Total	5,739,870	6,516,840	187,500	49,397

28. **Fair value of financial instruments**

The entity shall classifies measuring fair value methods using fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy of fair value of financial instruments have the following levels:

- 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 (as prices) or indirectly (derived from prices).
- Level (3): inputs for the asset or liability that are not based on observable market data.

As at 31 December 2019	Level (1)
	JD
Investment in financial assets at fair value through other comprehensive income	46,464
Total	46,464