

الرقم: 225/MSFT /2017

التاريخ: 2017/05 /08

معالي الدكتور يوسف منصور الأكرم

رئيس مجلس إدارة بورصة عمان

عمان - المملكة الأردنية الهاشمية

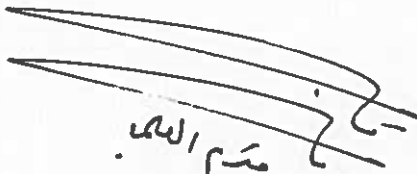
بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٨ أيار ٢٠١٧
الرقم المتسلسل: _____
رقم الملف: _____
الجهة المختصة: _____

الموضوع: القوائم المالية لعام 2016

تحية واحترام ...

نرفق طيه القوائم المالية كما هي في 2016/12/31 مدققة حسب
الأصول باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام...


المهندس مكرم خليل العلمي

رئيس مجلس الإدارة

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٨ أيار ٢٠١٧
الرقم المتسلسل: 2945
رقم الملف: 31243
الجهة المختصة: 2017/64

شركة مسافات للنقل المتخصص م.ع.م

**Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan**

**Consolidated Financial Statements
and Independent Auditor's Report
for the year ended December 31, 2016**

**Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan**

Index

	<u>Page</u>
Independent auditor's report	-
Consolidated statement of financial position as at December 31, 2016	1-2
Consolidated statement of comprehensive income for the year ended December 31, 2016	3
Consolidated statement of changes in equity for the year ended December 31, 2016	4
Consolidated statement of cash flows for the year ended December 31, 2016	5
Note to consolidated financial statements	6-25

105180728

Independent Auditors Report

To the Shareholders
Masafat for Specialized Transport Company
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan

Opinion

We have audited the consolidated financial statements of Masafat for Specialized Transport Company and its subsidiaries (Public Shareholding Company), which comprise the consolidated statement of financial position as at December 31, 2016, 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, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

Key Audit Matters

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

Adequacy of provision doubtful trade receivables

The balance of trade receivables and checks under collection reached an amount of JD 3,998,679 as of December 31, 2016 and the company's management estimated the provision for doubtful debts for an amount of JD 368,535.

Scope of audit

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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



Talal Abu-Ghazaleh & Co. International

Aziz Abdelkader
(License # 867)

Amman - January 26, 2017

**Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan**

Consolidated statement of financial position as at December 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
ASSETS			
Non-current Assets			
Property and equipment	3	23,641,227	22,022,058
Investments in associates	4	1,597,749	1,575,814
Investments in financial assets at fair value through other comprehensive income	5	164,381	112,063
Checks on hand		-	41,720
Total Non-current Assets		<u>25,403,357</u>	<u>23,751,655</u>
Current Assets			
Inventory	6	674,587	429,049
Trade receivables	7	3,630,144	4,795,264
Other debit balances	8	762,011	844,476
Related parties receivables	9	1,638,303	522,988
Cash and cash equivalents	10	8,209	11,566
Total Current Assets		<u>6,713,254</u>	<u>6,603,343</u>
Total Assets		<u><u>32,116,611</u></u>	<u><u>30,355,018</u></u>

Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan

Consolidated statement of financial position as at December 31, 2016

	Notes	2016	2015
		JD	JD
EQUITY AND LIABILITIES			
Equity			
Capital		18,500,000	18,500,000
Statutory reserve	11	980,401	858,367
Voluntary reserve		861,241	741,045
Change in fair value of investments in financial assets at fair value through other comprehensive income		(62,934)	(6,591)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(23,041)	(5,611)
Retained earnings	22	1,639,119	924,905
Total equity before non-controlling interests		21,894,766	21,015,115
Non-controlling interests		1,325	1,344
Total equity		21,896,091	21,016,459
Non- current liabilities			
Finance lease obligation	12	39,814	276,301
Deferred checks - long term portion		611,574	356,478
Loans - long term portion	13	401,652	-
Total Non- Current Liabilities		1,053,040	632,779
Current Liabilities			
Trade payables		1,188,251	2,773,096
Other credit balances	14	877,921	921,343
Deferred checks - current portion		2,022,796	869,695
Related parties payables	9	40,744	50,305
Finance lease obligation - current portion	12	351,802	580,836
Loans- current portion	13	1,104,000	716,360
Banks overdraft	15	3,581,966	2,793,942
Total Current Liabilities		9,167,480	8,705,750
Total Liabilities		10,220,520	9,338,559
TOTAL EQUITY AND LIABILITIES		32,116,611	30,355,018

Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan

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

	Notes	2016	2015
		JD	JD
Revenues		19,104,047	19,177,762
Cost	16	(16,740,343)	(16,596,554)
Fuel station, net	17	110,792	49,205
Gross profit		2,474,496	2,625,413
Other revenues, net	18	100,810	101,116
Administrative expenses	19	(974,187)	(797,557)
Finance cost		(455,934)	(457,101)
Shares of results of associates	4	56,106	27,545
Profit before tax		1,201,271	1,499,416
Income tax provision	14	(247,846)	(316,221)
Income tax paid for prior years		-	(29,656)
Profit		953,425	1,153,539
Other Comprehensive Income			
Change in fair value of investments in financial assets at fair value through other comprehensive income		(56,363)	(6,591)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(17,430)	1,950
Total Comprehensive Income		879,632	1,148,898
Profit attributable to:			
Shareholders of the parent		953,444	1,153,562
Non-controlling interests		(19)	(23)
Total		953,425	1,153,539
Total comprehensive income attributable to:			
Shareholders of the parent		879,651	1,148,921
Non-controlling interests		(19)	(23)
Total		879,632	1,148,898
Weighted average number of shares		18,500,000	18,500,000
Basic earnings per share		JD -./052	JD -./062

Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan

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

	Capital		Statutory reserve		Voluntary reserve	Accumulated change in fair value of investment in financial assets through other comprehensive income		Retained earnings		Total before non-controlling interests		Non-controlling interests		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as at January 1, 2015	17,850,000	706,166		844,944			(7,561)	1,186,645	20,580,194		1,167		20,581,361		
Transfer to increase capital - free shares	630,000			(250,000)				(100,000)							
Distributed dividends								(714,000)	(714,000)					(714,000)	
Comprehensive income						(6,591)	1,950	1,153,562	1,148,921		(24)		1,148,898		
Reserves		152,201		119,101				(301,202)							
Balance as at December 31, 2015	18,500,000	855,367		744,045		(6,591)	(5,611)	924,905	21,013,115		1,344		21,016,459		
Comprehensive income						(36,363)	(17,430)	953,111	879,651		(19)		879,632		
Reserves		122,031		117,195				(239,230)							
Balance as at December 31, 2016	18,500,000	980,401		861,241		(6,954)	(22,041)	1,689,119	21,891,766		1,325		21,896,091		

**Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan**

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

	2016	2015
	JD	JD
Cash Flow From Operating Activities		
Profit before tax	1,201,271	1,199,416
Adjustments for:		
Depreciation	2,875,745	2,656,016
Gain from sale of property and equipment	(1,153)	(68,825)
Share of results of associates	(56,106)	(27,545)
Change in operating assets and liabilities:		
Checks on hand	-11,720	(41,720)
Inventory	(245,538)	653
Trade receivables	1,165,120	(739,926)
Other debit balances	82,465	(80,964)
Related parties receivables	(1,115,315)	-482,442
Deferred checks	1,408,194	937,285
Related parties payables	(9,761)	12,710
Trade payables	(1,584,845)	(246,632)
Other credit balances	6,887	187,614
	<u>3,768,684</u>	<u>4,570,524</u>
Income tax paid	(298,155)	(290,517)
Net cash flows from operating activities	<u>3,470,529</u>	<u>4,280,007</u>
Cash Flows From Investing Activities		
Change in fair value of investments in financial assets at fair value through other comprehensive income	(108,661)	(74,314)
Purchase of property and equipment	(4,548,048)	(3,397,907)
Proceeds from sale of property and equipment	54,287	413,659
Investments in associates	16,741	10,196
Net cash Flows from investing activities	<u>(4,585,681)</u>	<u>(3,048,366)</u>
Cash Flow From Financing Activities		
Distributed dividends	-	(714,000)
Finance lease obligation	(465,521)	(124,136)
Loans	789,292	(1,112,056)
Banks overdraft	788,024	406,231
Net cash flows from financing activities	<u>1,111,795</u>	<u>(1,543,961)</u>
Net change in cash and cash equivalents	<u>(3,357)</u>	<u>(312,320)</u>
Cash and cash equivalents - beginning of year	<u>11,566</u>	<u>323,886</u>
Cash and cash equivalents - end of year	<u><u>8,209</u></u>	<u><u>11,566</u></u>

**Masafat for Specialized Transport Company
and its subsidiaries
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan**

Note to consolidated financial statements

1. Legal status and activity

- Legal status and activity for parent company and subsidiaries as follows:

Company name	Legal status	Registration date at the		Main activities
		Ministry of Industry and Trade	Register No.	
Masafat for Specialized Transport	Public shareholding company	March 6, 2005	351	The practice of specialized transportation for construction materials, ready mix concrete goods, crude and petroleum products, liquid chemicals, and oils
Jordanian Company for crushers and the supply of equipment and construction machinery	Limited liability company	November 29, 1995	4195	Trade in construction supplies, extraction of gravel and sand of all kinds and mining, and management of crushers for the purpose of the company
Masafat for Car Leasing	Limited liability company	December 18, 2014	33044	Sell and purchase the new and used cars, delivery service for client and rent cars

- The financial statement have been approved by board of direction in its session held on January 25, 2017 and it require approval of the General Assembly.

2. Financial statements preparation framework Significant accounting policies

Financial statements preparation framework

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

Measurement bases used in preparing the financial statements

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

Functional and presentation currency

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

Using of estimates

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

- **Basis of consolidation**

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

- **Property and equipment**

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

Category	Depreciation
	rate
	%
Vehicles and pumps	5_15
Buildings and hangers	7_10
Fuel station	5_25
Electronic devices, software and computers	15
Equipment and Tools	12
Furniture	10

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

- **Finance lease**

Assets held under finance leases are initially recognized as assets and liabilities of the entity at the lower of the fair value of the assets and the present value of the minimum lease payments discounted at the entity's incremental rate. Any initial direct costs of the lessee are added to the amount recognized as an asset. The corresponding liability to the lessor is included in the entity's statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to produce a constant rate of interest on the remaining balance of the liability. Lease finance charges are recognized as expenses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Initial direct costs incurred in connection with leasing activities by the entity are added to the amount of recognized assets.

- Investments in associates

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee are other comprehensive income. The investor's share of those changes is recognized in other comprehensive income of the investor.
- Adjustment to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee are other comprehensive income. The investor's share of those changes is recognized in other comprehensive income of the investor.
- Intra-entity profit and loss transactions are eliminated to the extent of the investor's interest in the relevant associate.

- Inventory

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

- 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.

- Financial instruments

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

- Financial assets

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

- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured at fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.
- Cash and cash equivalents
 - Cash comprises cash on hand, current accounts and demand deposits with banks.
 - Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- Trade receivables
 - Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
 - Trade receivables are stated at claims amount net of allowance for doubtful receivables which represents the collective impairment of receivables.
- Impairment of financial assets
 - Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each period.
 - For financial assets carried at amortized cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Impairment loss is recognized in the losses.
- Financial liabilities
 - A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
 - Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
 - After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
 - Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.
- Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.
- Impairment of assets
 - At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
 - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
 - An impairment loss is recognized immediately as loss.

- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.
- 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.
- Statutory reserve
 - Public Shareholding Company – parent company
Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.
 - Limited Liability Company – subsidiary company
Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.
- Voluntary reserve
This reserve is determined in accordance with the Jordanian Companies Law by allocating not more than 20% annually of the profit to this reserve.
- Revenue recognition
 - Revenue is measured at the fair value of the consideration received or receivable
 - Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.
- Rendering of services
 - Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date.
 - The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:
 - The amount of revenue can be measured reliably.
 - It is probable that the economic benefits will flow to the entity.
 - The stage of completion at the statement of financial position date can be measured reliably.
 - The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.
 - When the above criteria are not met, revenue arising from the rendering of services is recognized only to the extent of the expenses recognized are recoverable.
- Dividend revenue
 - Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.

Borrowing costs

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

Income tax

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

Basic earnings per share

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

Foreign currencies

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

Contingent liabilities

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

3. Property and equipment

2016	Land (*)	Vehicle and pumps (**)	Buildings and engines	Installation	Electronics and computer hardware and software	Tools	Furniture	Fixed under project	Advance payment to purchase property and equipment	Total
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of year	3,620,086	27,707,493	913,236	592,140	24,454	414,285	131,117	110,075	15,283	33,662,579
Additions	-	229,600	-	-	10,252	21,250	-	1,366	4,254,141	4,518,059
Depreciation	-	(472,150)	-	-	-	-	-	-	-	(472,150)
Transfer	-	3,149,854	111,832	-	27,489	6,703	3,125	115,120	(1,174,052)	-
Balance - end of year	3,620,086	30,515,427	1,025,068	592,140	24,749	442,237	137,812	-	4,279,144	38,088,127
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Balance - beginning of year	-	-	374,258	12,252	175,350	162,833	74,013	-	-	1,648,471
Depreciation (**)	-	-	67,136	10,204	21,020	46,176	13,171	-	-	2,078,733
Disposals	-	(1,191,159)	-	-	-	-	-	-	-	(1,191,096)
Balance - end of year	-	13,062,839	441,394	22,201	196,370	208,999	87,184	-	-	13,317,291
Net	3,620,086	17,081,607	916,691	140,129	63,827	257,246	51,316	-	4,279,144	23,641,227
Cost	3,620,086	25,213,493	934,362	129,079	24,604	618,478	177,223	211,673	515,012	31,573,016
Additions	-	1,536,170	4,811	74,160	31,653	23,831	15,101	164,371	1,416,582	3,287,907
Disposals	-	(1,280,050)	-	-	4,504	173	2,795	-	-	(1,283,399)
Transfer	-	1,845,315	-	-	-	-	-	-	11,895,703	-
Balance - end of year	3,620,086	27,207,493	941,206	902,139	24,614	631,248	131,107	199,972	15,689	33,662,579
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Balance - beginning of year	-	-	403,874	12,252	157,450	117,743	64,438	-	-	939,855
Depreciation (**)	-	-	65,158	8,663	21,670	55,240	13,577	-	-	2,656,016
Disposals	-	(413,515)	-	-	-	-	-	-	-	(413,515)
Balance - end of year	-	10,665,511	577,273	12,252	179,120	162,983	78,015	-	-	11,668,371
Net	3,620,086	16,412,340	579,928	190,128	66,284	271,135	61,092	149,972	15,689	21,022,058

(*) Within lands, a land amounting to JD 662,981 pledged in favor of the Arabic Bank in return for bank facilities given to the company from the Arabic Bank as mentioned in note (15) and a land amounting to JD 1,365,386 pledged in favor of City Bank in return for loans given to the company as mentioned in note (13) and a land amounting to JD 239,800 pledged in favor of Arab Cairo Bank in return for facilities given to the company as stated in note (15).

(**) 10 cement mixers were purchased in the year 2014 in amount of JD one million through lease financing and 6 locomotive heads through Tamaluk Company for Finance Leasing in the year 2015 in an amount of JD 400,000 through finance leases as mentioned in note (12), in the year 2016, 4 cars and a bus were purchased for an amount of JD 110,245 and two buses were purchased from Tamaluk Company for Finance Leasing for amount of JD 50,431 as stated in note (12).

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

	2016	2015
	JD	JD
Transportation cost	2,788,008	2,577,373
Administrative expenses	49,173	41,500
Fuel station costs	38,561	37,143
Total	2,875,745	2,656,016

4. Investments in associates

Company name	Country of incorporation	Legal entity	Number of share	Percentage of ownership	2016	2015
				%	JD	JD
Alghadi Faray Ma Concrete Company	Jordan	PSC	87,900	7.4	755,800	755,400
Wadi Ma Concrete and construction supplies Co	Jordan	PSC	117,400	1.9	34,400	33,300
International Cards Co	Lebanon	PSC	100,000	1.7	20,200	19,800
Amman Concrete Industries Co	Jordan	PSC	230,000	2.6	220,000	170,000
Total					1,350,749	1,358,800

(*) The following is movement of investment during the year:

	2016	2015
	JD	JD
Balance - beginning of year	1,575,814	1,556,515
Purchases during the year	14,775	-
Distributed dividend	(31,514)	(10,196)
Share of companies results	56,106	27,545
Share of change in fair value of investments in financial assets at fair value through other comprehensive income - associates	(17,430)	1,950
Balance - end of year	1,597,749	1,575,814

(**) Summary of information about associate companies is as follows:

Company name	Price of share at 31 December 2016	Total assets	Total liabilities	Revenue	Profit
	JD	JD	JD	JD	JD
Alquds Ready Mix Concrete Company	30%	11,434,714	3,559,434	4,550,812	512,451
Ready Mix Concrete and construction supplies Co.	100%	61,789,302	15,700,252	42,208,349	4,349,642
Asses for Concrete Products Co.	33%	15,658,371	5,731,436	7,408,212	151,159
International Cares Co. (1)	22%	1,332,655	3,531,049	161,585	315,564

(*) This represent September 30, 2016 summary of information.

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

	2016	2015
	JD	JD
Balance - beginning of year	112,083	44,360
Purchases during the year	108,661	76,814
Disposals	-	(2,500)
Share in the change in financial assets at fair value through other comprehensive income	(56,363)	(6,391)
Total	164,381	112,083

6. Inventory

	2016	2015
	JD	JD
Spare parts	502,930	372,270
Fuels	171,657	56,779
Total	674,587	429,049

7. Trade receivable

	2016	2015
	JD	JD
Trade receivables (*)	2,174,442	3,955,640
Checks under collection	1,824,237	1,133,159
Provision for doubtful debts (**)	(368,533)	(293,535)
Net	3,630,144	4,795,264

(*) Receivables aging details are as following:

	2016	2015
	JD	JD
From 1 to 60 days	1,270,600	2,213,720
From 61 to 120 days	250,566	1,121,303
From 121 to 180 days	88,745	214,870
More than 181 days	534,531	405,750
Total	<u>2,174,442</u>	<u>3,955,640</u>

(**) Allowance movement during the year were as following:

	2016	2015
	JD	JD
Balance - beginning of year	293,535	293,535
Provided during the year	<u>75,000</u>	<u>-</u>
Balance - end of year	<u>368,535</u>	<u>293,535</u>

8. Other debit balances

	2016	2015
	JD	JD
Prepaid expenses	414,425	439,250
Sales tax deposits	129,680	145,200
Guarantees deposits	96,212	84,606
Employees receivables	68,219	53,146
Refundable deposits	29,431	13,897
Work advance	15,943	10,960
Bank margins	3,401	16,931
Income tax deposits	2,700	2,700
Advance payments to suppliers	-	70,129
Others	<u>-</u>	<u>4,627</u>
Total	<u>762,011</u>	<u>844,476</u>

9. Related parties

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

(**) Related parties receivables consists of the following:

	2016	2015
	JD	JD
Ready Mix Concrete and Construction Supplies Company	1,353,279	179,621
Alquds Ready Mix Concrete Company	143,176	73,695
Crushers Company and quarrying Jerusalem	60,781	60,781
Assas for Concrete Products Co.	33,351	158,025
United Ready Mix Concrete Co.	29,676	27,651
Concrete Technology Inc.	13,794	17,115
International Brokerage and Financial Markets	2,666	4,100
Amman Company for the supply of construction equipment	1,189	-
Total	1,638,303	522,956

(***) Related parties payables represent the following:

	2016	2015
	JD	JD
Jordanian Company to Track Vehicles	36,575	27,056
Chinese - Arab Company for the Rental and Sale of Heavy Equipment	3,407	3,407
Amman Company for the Supply of Construction Equipment	662	20,040
Total	40,744	50,503

Major transaction with related parties during the year were as follows:

	2016	2015
	JD	JD
Revenues	1,556,589	1,500,340

10. Cash and cash equivalents

	2016	2015
	JD	JD
Current accounts with banks	4,532	9,741
Cash on hand	3677	1825
Total	8,209	11,566

11. Statutory reserve

	2016	2015
	JD	JD
Masafat for Specialized Transport	872,463	755,267
Crushers Jordanian Company	100,000	100,000
Masafat for Car Leasing	7,938	3100
Total	980,401	858,367

12. Finance Lease Obligation:

Group	Financial	Obligation	2016		2015	
			Carrying amount	Net carrying amount	Carrying amount	Net carrying amount
	JD		JD	JD	JD	JD
Specialized Transport - Jordan	1000	Lease obligation for specialized transport vehicles (JD 1000) less: accumulated depreciation (JD 1000)	1000	-	1000	1000
Crushers Jordanian Company	1000	Lease obligation for crushers (JD 1000) less: accumulated depreciation (JD 1000)	1000	-	1000	1000
Leasing	1000	Lease obligation for car leasing (JD 1000) less: accumulated depreciation (JD 1000)	1000	1000	1000	-
Crushers Jordanian Company	1000	Lease obligation for crushers (JD 1000) less: accumulated depreciation (JD 1000)	1000	-	1000	-
Total			3000	1000	3000	2000

13. Loan

Banks	Maturity	Annual interest rate	2016		2015	
			Current period	Not current period	Total	Total
			JD	JD	JD	JD
Arab Bank Ltd.	-	7	30,000	29,100	1,045,500	-
Commercial Bank	Mortgage portfolio of the company's land as shown in note 15	7	65,000	105,500	490,500	-
Jordan Debt Islamic Bank Ltd.	-	6.75	-	-	-	7,630
Total			1,134,000	401,600	1,305,500	76,300

14. Other credit balances

	2016	2015
	JD	JD
Accrued expenses	257,352	213,769
Income tax provision (*)	216,615	266,924
Shareholders deposits	195,237	229,119
Saving funds deposits	72,655	104,138
Reward of board of directors	45,000	45,000
Others deposits	30,199	28,484
Social security deposits	28,483	24,917
Legal case provision	22,320	-
Unearned revenue	5,472	5,472
Employees payable	3,178	2,229
Income tax deposits	1,410	1,251
Total	977,921	921,343

(*) Income tax provision movement were as follows:

	2016	2015
	JD	JD
Balance - beginning of year	266,924	211,564
Provided during the year	247,846	316,221
Paid during the year	(218,583)	(211,564)
Prepaid payment for income tax	(79,572)	(49,297)
Balance - end of year	216,615	266,924

- The company did not reach to final settlement with Sales and Income Tax department for the company and its subsidiaries for 2015, which results in tax liabilities.

15. Banks overdraft

Bank	Interest rate	Currency	2016	2015
	%	JD	JD	JD
Arab bank	7.5	JD	1,612,513	1,634,544
Amman Cairo Bank	7.25	JD	742,611	251,232
City Bank	7.75	JD	564,817	100,273
Housing Bank for Trade and Finance	8	JD	475,039	467,350
Bank of Jordan	8	JD	186,956	540,355
Total			3,581,966	2,793,942

16. Cost of sale

	2016	2015
	JD	JD
Rental mechanics	5,105,450	5,790,264
Fuels	2,957,832	3,015,149
Deprecation	2,788,008	2,577,373
Salaries, wages and related benefits	1,422,402	1,339,044
Transportation expenses	995,447	950,810
Spare parts and consumables	904,313	766,083
License and vehicle insurance	611,922	569,100
Tires	412,268	386,588
Machines repair fees	319,989	168,431
Over time	219,254	153,158
Social security	200,878	177,726
Bonuses and rewards	148,212	121,687
Health and life insurance	140,187	116,382
Oils and lubricants	137,097	143,811
Security	90,787	50,003
Water and electricity	78,368	59,448
Observation and track vehicles	41,191	41,294
Governmental fees	37,870	49,575
Saving fund	29,135	26,700
Work clothes and public safety tools	29,096	27,878
Loading and unloading	17,628	11,837
Travel and transportation	17,139	18,069
Rents	12,000	12,000
Training	7,145	5,100
Supplies	5,873	4,537
Communication	4,951	8,186
Accidents and vehicles fines	2,519	3,184
Advertising	1,943	1,125
Cleaning and kitchen materials	783	199
Miscellaneous	656	1,813
Total	16,740,343	16,596,554

17. Fuel station, net

	2016	2015
	JD	JD
Fuel station revenues	2,857,507	2,260,541
Fuel station costs	(2,746,715)	(2,216,336)
Net	110,792	44,205

18. Other revenue, net

	2016	2015
	JD	JD
Rent revenue and other, net	101,314	47,413
Gain from sale of property and equipment	1,153	68,825
Currency differences	(1,657)	(15,122)
Net	100,810	101,116

19. Administrative Expense

	2016	2015
	JD	JD
Salaries and wages and related benefits	207,686	236,874
Rewards	145,000	120,259
Transportation of board of directors	78,000	73,950
Doubtful expenses	75,000	-
Potential legal liabilities	60,000	-
Depreciation	49,231	41,500
Professional fees	49,173	37,099
Rewards of board of directors	45,000	45,000
Subscriptions fees and, stamps	33,453	43,856
Bank commissions and fees	29,824	20,945
Donations and gifts	24,322	17,539
Social security	21,780	25,585
Rents	20,274	19,305
Collection commission	18,000	-
Electricity , water	17,101	15,722
Vehicle expenses and fuel	12,114	15,309
Communication	12,004	8,568
Stationery and printing	10,903	10,895
Over time	10,879	11,196
Health insurance	8,881	10,154
Maintenance	8,386	9,712
Training	7,568	1,360
Savings fund	5,513	4,181
Miscellaneous	5,440	2,405
Travel and transportation	4,998	4,251
Advertising	4,684	13,495
Consumables	4,033	2,792
Insurance	2,142	2,124
Meetings	1,826	997
Computer supplies	972	1,484
Total	974,187	797,557

(*) Among the expenses above JD 98,000 represent salaries and rewards to top management of the company.

20. Legal cases

According to the lawyer letter there are legal cases raised from others against the company amounting to JD 123,072, in addition to one legal case with undermined value, and there are legal cases raised by the company against others amounting to 270,188, and there are 2 cases with unspecified value, these cases are still outstanding in the related courts and in the opinion of the company management the provisions that were taken are sufficient against any contingent liabilities.

21. Contingent liabilities

	2016
	JD
Bills	1,394,938
Guarantees	968,126
Promissory	651,732
Less: Deposits	(96,212)
Net	2,918,584

22. Retained earnings

Proposed dividends to be distributed to the shareholders for this year (4%) equivalent to (JD 740,000) and it's subject to the General Assembly approval.

23. Risk management

a) Capital risk:

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

b) Currency risk:

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

c) Interest rate risk:

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

At December 31, 2016	Change in interest	The effect on profit (loss) owner equity
	%	JD
Bank overdraft (included loans)	0.5	± 26,906

d) Credit risk:

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

At December 31, 2016	Change in price	The effect on profit (loss)	The effect on owner equity
	%	JD	JD
Investment in financial assets at fair value through profit or loss	±5	2,237	2,237

e) Other price risk:

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

f) Liquidity risk:

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

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	2016		2015	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
	JD	JD	JD	JD
Financial assets:				
Investments in associates	-	1,597,249	-	1,575,814
Investment in financial assets at fair value through other comprehensive income	-	164,381	-	44,260
Checks on hand	-	-	-	-
Trade receivables	3,630,144	-	4,795,234	-
Other credit balances	347,586	-	405,159	-
Due from related parties	1,638,203	-	522,988	-
Cash and cash equivalents	8,209	-	11,568	-
Total	<u>5,624,242</u>	<u>1,762,130</u>	<u>5,735,014</u>	<u>1,620,174</u>
Financial liabilities:				
Finance lease obligation	351,832	39,814	382,833	276,301
Deferred checks	2,022,779	611,574	849,648	335,478
Loans	1,104,000	407,652	716,362	-
Trade payables	1,168,251	-	2,773,096	-
Other credit balances	622,514	-	648,547	-
Due to related parties	40,744	-	30,505	-
Bank overdraft	3,581,946	-	2,793,942	-
Total	<u>5,923,073</u>	<u>1,053,040</u>	<u>8,435,384</u>	<u>632,779</u>

24. Fair value of financial instruments

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

at as December 31, 2016	1	2	3	Total
	JD	JD	JD	JD
Financial assets				
Investment in financial assets at fair value through other comprehensive income	-	-	164,381	<u>164,381</u>

25. financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2016 as follows:

Company name	Legality	Paid in capital	Ownership percentage	Total assets	Total liabilities	Retained earnings (accumulated loss)
		JP	%	JP	JP	JP
Indraas Company for construction and the supply of equipment and construction machinery	LLC	10,000	100	415,510	478	11,512
Masafahr Car Leasing	LLC	50,000	100	1,223,500	1,233,500	11,500

26. Standards and Interpretations issued but not yet effective

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

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

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

27. Reclassification

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