مسافات
للنقل المتخصص
MASAFAT
Specialized Transport

الرقم : 2019/MSFT/153م
التاريخ : 2019/03/26م

معالي الدكتور /جواد العناني الأكرم
رئيس مجلس ادارة بورصة عمان
عمان – المملكة الأردنية الهاشمية

تحية واحتراماً وبعد،،،

نرفق طيه نسخة عن ميزانية الشركة لعام 2018 مدققة حسب الأصول باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

المهندس مكرم خليل العلمي

رئيس مجلس الإدارة

شركة مسافات للنقل المتخصص م.ع.م

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٧ آذار ٢٠١٩
الرقم المتسلسل: 1461
رقم الملف: 31223
الجهة المختصة:

تلفون : ٥٨١٤٦٦٧ ٦ ٩٦٢+ - فاكس : ٥٨١٤٢٨٧ ٦ ٩٦٢+ - صندوق بريد ١٤٤٥٠٠ بيادر وادي السير ١١٨١٤ عمان - الاردن
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Masafat for Specialized Transport Company
Public Shareholding Company
Amman-The Hashemite Kingdom of Jordan

Consolidated Financial Statements
and Independent Auditor's Report
for the year ended December 31, 2018

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

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Independent Auditors Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of **Masafat for Specialized Transport Company (Public Shareholding Company)**, which comprise the consolidated statement of financial position as at December 31, 2018, 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 consolidated 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, 2018, and of its consolidated financial performance and 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.

Expected credit losses	Scope of audit
The company has applied IFRS (9) expected credit losses requirements as of January 1, 2018 which resulted in a change in the calculation of impairment from the incurred loss modal to the expected credit loss model. The adjustment associated with this change was recognized as part of the opening balances of retained earnings as of January 1, 2018 amounting to JD 65,954.	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 the management, and we have tested key control systems on the modeling process.

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 Consolidated 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 Consolidated Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Talal Abu-Ghazaleh & Co. International

Aziz Abdelkader
(License # 867)

Amman - January 31, 2019

طلال أبوغزاله وشركاه الدولية
Talal Abu-Ghazaleh & Co. Intl.

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

Consolidated statement of financial position as at December 31, 2018

	Notes	2018	2017
ASSETS		JD	JD
Non-current Assets			
Property and equipment	3	24,627,364	26,196,991
Investments in associates	4	1,497,928	1,571,183
Financial assets at fair value through other comprehensive income	5	124,652	184,759
Checks on hand		-	71,750
Total Non-current Assets		26,249,944	28,024,683
Current Assets			
Inventory	6	416,959	575,682
Related parties receivables	7	2,706,200	511,059
Checks under collection - related parties	7	2,406,973	693,120
Other debit balances	8	774,922	887,116
Trade receivables	7	2,776,767	3,939,213
Cash and cash equivalents	10	31,899	16,383
Total Current Assets		9,113,720	6,622,573
Total Assets		35,363,664	34,647,256

The attached notes form part of these financial statements

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

Consolidated statement of financial position as at December 31, 2018

	Notes	2018	2017
EQUITY AND LIABILITIES		JD	JD
Equity			
Capital		18,500,000	18,500,000
Statutory reserve	11	1,189,507	1,096,772
Voluntary reserve	12	1,062,524	970,856
Change in fair value of investments in financial assets at fair value through other comprehensive income		(130,620)	(69,524)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(46,820)	(25,896)
Retained earnings	22	1,037,731	1,549,695
Total equity before non-controlling interests		21,612,322	22,021,903
Non-controlling interests		1,302	1,311
Total equity		21,613,624	22,023,214
Liabilities			
Non- current liabilities			
Finance leases obligation	13	216,331	94,413
Loans -non - current	14	877,042	1,233,407
Deferred checks -non - current		249,988	264,527
End of service provision		21,631	24,086
Total Non- Current Liabilities		1,364,992	1,616,433
Current Liabilities			
Trade payables		1,869,258	1,065,781
Other credit balances	15	1,505,049	1,159,004
Deferred checks		1,832,682	1,730,143
Related parties payables	7	28,872	34,563
Finance lease obligation	13	409,226	301,265
Loans - current protion	14	770,000	1,477,848
Banks overdraft	16	5,969,961	5,239,005
Total Current Liabilities		12,385,048	11,007,609
Total Liabilities		13,750,040	12,624,042
TOTAL EQUITY AND LIABILITIES		35,363,664	34,647,256

The attached notes form part of these financial statements

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

Consolidated statement of comprehensive income for the year ended December 31, 2018

	Notes	2018	2017
		JD	JD
Revenues		21,967,951	21,485,353
Cost	17	(20,002,873)	(18,964,533)
Fuel station, net	18	152,452	115,515
Gross profit		2,117,530	2,636,335
Other revenues, net	19	497,916	140,996
Administrative expenses	20	(1,024,038)	(977,023)
Finance cost		(667,936)	(662,257)
Shares of results of associates	4	(5,449)	11,702
Profit before tax		918,023	1,149,753
Income tax provision	15	(226,512)	(258,352)
Income tax paid for previous years		(22,839)	(14,853)
Profit		668,672	876,548
Other Comprehensive Income			
Change in fair value of investments in financial assets at fair value through other comprehensive income		(61,096)	(6,570)
Change in fair value of investments in financial assets at fair value through other comprehensive income - associates		(20,924)	(2,855)
Total Comprehensive Income		586,652	867,123
Profit attributable to:			
Shareholders of the parent		668,681	876,562
Non-controlling interests		(9)	(14)
Total		668,672	876,548
Total comprehensive income attributable to:			
Shareholders of the parent		586,661	867,137
Non-controlling interests		(9)	(14)
Total		586,652	867,123
Weighted average number of shares		18,500,000	18,500,000
Basic earnings per share		JD -/036	JD -/047

The attached notes form part of these financial statements

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

Consolidated statement of changes in equity for the year ended December 31, 2018

	Capital	Statutory reserve	Voluntary reserve	Accumulated change in fair value of investment in financial assets through other comprehensive income	Accumulated change in fair value of investment in financial assets through other comprehensive income - associates	Retained earnings	Total before non-controlling interests	Non-controlling interests	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as at January 1, 2017	18,500,000	980,401	861,241	(62,954)	(23,041)	1,639,119	21,894,766	1,325	21,896,091
Distributed dividends	-	-	-	-	-	(740,000)	(740,000)		(740,000)
Comprehensive income	-	-	-	(6,570)	(2,855)	876,562	867,137	(14)	867,123
Reserves	-	116,371	109,615	-	-	(225,986)	-	-	-
Balance as at December 31, 2017	18,500,000	1,096,772	970,856	(69,524)	(25,896)	1,549,695	22,021,903	1,311	22,023,214
Effect of applying IFRS (9) as at January 1, 2018	-	-	-	-	-	(56,954)	(56,954)	-	(56,954)
Effect of applying IFRS (9) associate as at January 1, 2018	-	-	-	-	-	(14,288)	(14,288)	-	(14,288)
Adjusted Balances as at January 1, 2018	18,500,000	1,096,772	970,856	(69,524)	(25,896)	1,478,453	21,950,661	1,311	21,951,972
Distributed dividends	-	-	-	-	-	(925,000)	(925,000)	-	(925,000)
Comprehensive income	-	-	-	(61,096)	(20,924)	668,681	586,661	(9)	586,652
Reserves	-	92,735	91,668	-	-	(184,403)	-	-	-
Balance as at December 31, 2018	18,500,000	1,189,507	1,062,524	(130,620)	(46,820)	1,037,731	21,612,322	1,302	21,613,624

The attached notes form part of these financial statements

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

Consolidated statement of cash flows for the year ended December 31, 2018

	2018	2017
Cash Flow From Operating Activities	JD	JD
Profit before tax	918,023	1,149,753
Adjustments for:		
Expected credit losses	3,553,129	3,466,583
(Profit) loss from sale of property and equipment	(250,565)	899
Slow moving inventory	27,152	
Expected credit losses	45,000	40,000
Shares of results of associates	5,449	(11,702)
Change in operating assets and liabilities:		
Checks on hand	71,750	(71,750)
Inventory	131,571	98,905
Related parties receivables	(2,195,141)	1,129,067
Checks under collection - related parties	(1,713,853)	(593,120)
Other debit balances	112,194	468,015
Trade receivables	1,060,492	(1,044,012)
Deferred checks	88,000	(639,700)
End of service provision	(2,455)	24,086
Related parties payables	(5,691)	(6,181)
Trade payables	803,477	(122,470)
Other credit balances	330,249	318,360
	2,978,781	4,206,733
Income tax paid	(233,555)	(310,482)
Net cash flows from operating activities	2,745,226	3,896,251
Cash Flows From Investing Activities		
Change in fair value of investments in financial assets at fair value through other comprehensive income	(989)	(26,948)
Purchase of property and equipment	(2,517,799)	(6,203,843)
Proceeds from sale of property and equipment	784,862	143,192
Investments in associates	32,594	35,413
Net cash Flows from investing activities	(1,701,332)	(6,052,186)
Cash Flow From Financing Activities		
Distributed dividends	(925,000)	(740,000)
Finance lease obligation	229,879	41,467
Loans	(1,064,213)	1,205,603
Banks overdraft	730,956	1,657,039
Net cash flows from financing activities	(1,028,378)	2,164,109
Net change in cash and cash equivalents	15,516	8,174
Cash and cash equivalents - beginning of year	16,383	8,209
Cash and cash equivalents - end of year	31,899	16,383

The attached notes form part of these financial statements

Note to consolidated financial statements for the year ended December 31, 2018

1. Legal status and activity

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

Company name	Legal status	Registration date at the Ministry of Industry and Trade	Rigester No.	Main activities
Masafat for Specialized Transport	Public shareholding company	March 6, 2006	391	The practice of specialiged 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 garvels 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 It 18, 2014	39044	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 31, 2019 and it require approval of the General Assembly.

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

2-1 Basis for financial statement preparation

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.

2-2 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 expected credit losses, inventory obsolescence, useful lives of depreciable assets, provisions, 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 standers no. (9).

  IFRS (9) replaced "incurred losses" model under IAS (39) with "Expected credit losses" impairment model.

  The new impairment model require the entity to calculate the expected credit losses and the changes in expected credit losses at each reporting date, in other words, its no longer require a credit event to have occurred before credit losses are recognized.

  IFES (9) require the entity to recognize expected credit losses on debts instruments measured at mortised cost or at fair value through other comprehensive income, but not for other debts instruments and equity investments which are subsequently measured at fair value through profit or loss.

- International Financial Reporting standards no. (15) "Revenues from contracts with customers"

  International Financial Reporting Standard no. (15) Issued on May 2014, which establishes a comprehensive model for the use of accounting for revenues from customers, IFRS (15) replaces the guidance of current revenue recognition including IAS (18) "revenues" and IAS (11) "construction contracts" and the related interpretations as of January 1, 2018.

  The core principle of IFRS (15) is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard present a five-step model to recognize revenue:

  Step 1: Identify the contract (s) with a customer.
  Step 2: Identify the performance obligations in the contract.
  Step 3: Determine the transaction price
  Step 4: Allocate the transaction price to the performance obligations in the contract.
  Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

  According to IFRS (15) the entity recognizes revenues when (or as) it satisfies a performance obligation by transferring "control" of the promised goods or services based on the specific performance obligation to the customer. More mandatory requirements have been added to the standard to deal with different cases, and also the standard requires comprehensive disclosures.

Standards and Interpretations issued but not yet effective

Standard or Interpretation No.	Description	Effective date
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
IFRS (17) - New	Insurance contracts.	Jan 1, 2021 or after
IFRIC No. (23)	Uncertainty over income tax treatments.	Jan 1, 2019 or after

2-4 Summary of significant accounting policies

- **Basis of consolidation (deemed appropriate)**

  - The consolidated financial statements comprise the financial statements of the parent (Masafat for Specialized Transport Company) and the following subsidiaries which are controlled by the Entity :

Name of subsidiary	Ownership %	
	2018	2017
Masafat for Car Leasing	100	100
Jordanian Company for crushers and the supply of equipment and construction machinery	100	100

  - Control is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
  - Intergroup balances, transactions, income and expenses among the group (the parent and the subsidiaries) 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 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 stautiun	5_25
Electronic and computers hard ware and software	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.
- 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.

- 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, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has signified 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' 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.

- **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, 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 though 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 (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

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 recognizers 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 entitys 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 of 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.
- discount any increase in provision is recognized as a financial cost over time.

End of service indemnity

End of service indemnity is provided for in accordance with Jordanian Labor Laws and Regulations.

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.

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.

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

3. Property and equipment

	Lands (*)	Vehicles and pumps (**)	Buildings and hangers	Fuel staution	Electronics and computer hardware and software	Tools	Furniture	Project under porcces	Advance payment in purchase property and equipment	Total
2018	JD	JD	JD		JD	JD	JD	JD	JD	JD
Cost										
Balance - beginning of year	3,717,441	37,331,604	1,357,758	502,430	285,160	516,349	144,326	133,017	7,176	43,995,261
Additions	-	488,578	725	-	4,008	16,820	1,860	31,333	1,974,475	2,517,799
Disposals	-	(2,205,018)	-	-	-	-	-	-	-	(2,205,018)
Transfer	-	1,529,023	137,175	-	-	27,175	-	(164,350)	(1,529,023)	-
Balance - end of year	3,717,441	37,144,187	1,495,658	502,430	289,168	560,344	146,186	-	452,628	44,308,042
Accumulated depreciation										
Balance - beginning of year	-	16,694,774	513,691	32,350	210,119	247,999	99,337			17,798,270
Depreciation (***)	-	3,389,063	78,751	10,049	16,913	44,649	13,701			3,553,129
Disposals	-	(1,670,721)	-	-	-	-	-			(1,670,721)
Balance - end of year	-	18,413,116	592,445	42,399	227,032	292,648	113,038	-		19,680,678
Net	3,717,441	18,731,071	903,213	460,031	62,136	267,696	33,148	-	452,628	24,627,364
2017										
Cost										
Balance - beginning of year	3,620,086	30,515,427	1,355,008	502,430	282,549	466,247	137,532	-	1,179,148	38,058,427
Additions	97,355	306,878	2,750	-	13,221	50,102	6,794	133,017	5,593,726	6,203,843
Disposals	-	(256,399)	-	-	(10,610)	-	-		-	(267,009)
Transfer	-	6,765,698							(6,765,698)	-
Balance - end of year	3,717,441	37,331,604	1,357,758	502,430	285,160	516,349	144,326	133,017	7,176	43,995,261
Accumulated depreciation										
Balance - beginning of year	-	13,462,820	438,314	22,301	198,620	208,959	86,186	-	-	14,417,200
Depreciation (***)	-	3,306,877	75,377	10,049	22,089	39,040	13,151	-	-	3,466,583
Disposals	-	(74,923)	-	-	(10,590)	-	-	-	-	(85,513)
Balance - end of year	-	16,694,774	513,691	32,350	210,119	247,999	99,337	-	-	17,798,270
Net	3,717,441	20,636,830	844,067	470,080	75,041	268,350	44,989	133,017	7,176	26,196,991

(*) 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 (16), 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 (14), 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 (16) and a land with a cost of JD 1,351,918 pledged in favor of Arab Cairo Bank in return for facilities given to the Company as stated in Note (16) .

(**) Within vehicles and pumps there are Forty-Eight (48) vehicles their licenses not renewed with a net book value JD 654,394 as December 31, 2018.

(***) Within vehicle there vehicles with a net book value JD 3,209,767 as December 31, 2018, pledge in favor of suppliers and leasing companies.

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

	2018	2017
	JD	JD
Transportation cost	3,441,888	3,379,220
Administrative expenses	72,561	48,831
Fuel station costs	38,680	38,532
Total	**3,553,129**	**3,466,583**

4. Investments in associates

Company name	Country of incorporation	Legal entity	Number of shares	Percentage of ownership	2018	2017
				%	JD	JD
Alquds Ready Mix Concrete Company	Jordan	P.S.C	532,965	7.14	763,322	785,802
Ready Mix Concrete and construction supplies Co.	Jordan	P.S.C	127,450	0.56	326,707	345,444
International Cards Co.	Jordan	P.S.C	163,798	1,02	218,144	232,628
Assas for Concrete Products Co.	Jordan	P.S.C	250,000	2.08	189,755	207,309
Total					1,497,928	1,571,183

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

	2018	2017
	JD	JD
Balance - beginning of year	1,571,183	1,597,749
Distributed dividend	(32,594)	(35,413)
Share of results of associates	(5,449)	11,702
Share of change in fair value of investments in financial assets at fair value through other comprehensive income - associates	(20,924)	(2,855)
Effect of applying IFRS (9) - associate	(14,288)	-
Balance - end of year	**1,497,928**	**1,571,183**

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

	As of December 31, 2018				
Company name	Price of share at December 31, 2017	Total assets	Total liabilities	Revenue	Profit
	JD	JD	JD	JD	JD
Alquds Ready Mix Concrete Company	39/-	10,616,784	2,963,702	5,455,230	276,943
Ready Mix Concrete and construction supplies Co.	33/-	66,546,137	33,964,374	33,774,087	86,229
Assas for Concrete Products Co.	16/-	15,061,104	6,621,072	6,247,925	(610,916)
International Cards Co. (*)	14/-	29,231,994	14,310,399	22,737	(758,140)

(*) summary of information represent available information for September 30, 2018.

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

	2018	2017
	JD	JD
Balance - beginning of year	184,759	164,381
Purchases during the year	989	26,948
Share of change in fair value of financial assets at fair value through other comprehensive income	(61,096)	(6,570)
Total	124,652	184,759

6. Inventory

	2018	2017
	JD	JD
Spare parts	291,155	424,095
Fuel	116,620	96,878
Goods in transit	9,184	54,709
Total	416,959	575,682

(*) Within the spare part inventory an allowance for the slow moving inventory with a cost of JD 50,000.

7. 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:

	2018	2017
	JD	JD
Ready Mix Concrete and Construction Supplies Company	2,420,539	106,798
Assas for Concrete Products Co.	166,772	125,887
Jerusalem Crushers and Quarrying Co.	65,322	82,372
Modern Assas for specialized transportation	22,000	-
Concrete Technology Co.	15,491	19,794
Alquds Ready Mix Concrete Company	10,197	121,126
International Brokerage and Financial Markets Co.	4,828	5,817
Cards	535	190
Amman Company for the supply of construction equipment	516	2,976
United Ready Mix Concrete Co.	-	46,099
Total	2,706,200	511,059

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

	2018	2017
	JD	JD
Jordanian Company For Tracking Vehicles	21,584	30,696
Ready Mix Concrete and Construction Supplies Company	3,881	-
Chinese - Arab Company for the Rental and Sale of Heavy Equipment	3,407	3,407
Amman Company for the Supply of Construction Equipment	-	460
Total	28,872	34,563

(****) Check under collections - related parties comprise the following:

	2018	2017
	JD	JD
Ready Mix Concrete and Construction Supplies Company	1,666,973	517,989
Al-Quds Ready Mix Concrete Company	315,000	-
Assas for Concrete Product Co.	225,000	119,131
Assas Modern for specialized Transportation Co.	135,000	-
Jersalem Crushers and Quarring Co.	44,000	35,000
United Ready Mix Concrete Co.	15,000	-
Concrete Technology Company	6,000	21,000
Total	2,406,973	693,120

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

	2018	2017
	JD	JD
Revenues	3,697,829	2,462,995

8. Other debit balances

	2018	2017
	JD	JD
Prepaid expenses	472,822	569,248
Refundable deposits	99,831	29,431
Guarantees deposits	96,530	148,323
Employees receivables	51,694	60,553
Bank margins	26,300	28,774
Work advance	16,883	11,623
Sales tax deposits	10,862	39,164
Total	774,922	887,116

9. Trade Receivable

	2018	2017
	JD	JD
Trade receivables (*)	2,103,281	2,233,658
Checks under collection	1,182,120	1,913,551
Checks on hand	1,855	200,539
Provision for expected credit losses (**)	(510,489)	(408,535)
Net	2,776,767	3,939,213

(*) Receivables aging details are as the following:

	2018	2017
	JD	JD
From 1 to 60 days	1,405,800	1,286,516
From 61 to 120 days	38,285	209,628
From 121 to 180 days	31,724	44,046
From 181 to 360 days	121,936	261,941
More than 361 days	505,536	431,527
Total	2,103,281	2,233,658

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

	2018	2017
	JD	JD
Balance - beginning of year	408,535	368,535
Provided during the year	45,000	40,000
Effect of applying of IFRS 9 as at January 1, 2018	56,954	-
Balance - end of year	510,489	408,535

10. Cash and cash equivalents

	2018	2017
	JD	JD
Current accounts at banks	31,899	14,344
Cash on hand	-	2,039
Total	31,899	16,383

11. Statutory reserve

(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 statuary reserve, and to rebuild it in accordance with the provisions of the law.

(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 statuary reserve, and to rebuild it in accordance with the provisions of the law.

	2018	2017
	JD	JD
Masafat for Specialized Transport	1,073,746	982,078
Crushers Jordanian Company	100,000	100,000
Masafat for Car Leasing	15,761	14,694
Total	1,189,507	1,096,772

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. Finance Leases Obligation:

Grantor	Finance amount	Obligation	2018			2017
			Current portion	Non current portion	Total	Total
	JD		JD	JD	JD	JD
Tamaluk Company for Finance Leasing	544,442	Purchase (31) vehicles to be paid in (24) installments by JD 28,848 first installment due on September 15, 2018 and the last installment due on August 15, 2020	272,171	181,448	453,619	-
Tamaluk Company for Finance Leasing	385,840	Purchase (4) Mixers to be paid in (24) installments by JD 14,743 first installment due on April 10, 2017 and the last installment due on March 10, 2019.	48,026	-	48,026	240,132
Tamaluk Company for Finance Leasing	42,625	Purchase (4) vehicles to be paid in (24) installments by JD 2,265 first installment due on September 1, 2018 and the last installment due on August 1, 2020.	21,312	14,208	35,520	-
Finance leasing department - Bank of Jordan	105,925	Purchase (5) vehicles to be paid in (24) installments by JD 3,459 first installment due on September 30, 2017 and the last installment due on August 31, 2019.	28,250	-	28,250	87,793
Tamaluk Company for Finance Leasing	30,960	Purchase (1) Car be paid in 24 installment by JD 1,641 the first installment due on September 20, 2018 and the last installment due on August 20, 2020	15,480	10,320	25,800	-
Tamaluk Company for Finance Leasing	24,850	Purchase (1) car to be paid in (24) installments by JD 1,323 first installment due on November 15, 2018 and the last installment due on November 15, 2020	12,426	10,355	22,781	-
Tamaluk Company for Finance Leasing	55,030	Purchase (5) vehicles to be paid in (24) installments by JD 2,293 first installment due on May 5, 2017 and the last installment due on April 5, 2019.	9,171	-	9,171	36,686
Jordan Bank loans	110,245	Purchase (4) vehicles and bus to be paid in 36 installment by JD 3,457 the first installment due on February 28, 2016 and the last installment due on January 28, 2019	2,390	-	2,390	31,067
Total			409,226	216,331	625,557	395,678

14. Loans

Banks	Warranty	Annual intrest rate	2018 Current portion	2018 Non current portion	2018 Total	2017 Total
		%	JD	JD	JD	JD
Arab Bank loan	-	8.5	770,000	877,042	1,647,042	2,575,407
Citibank loan	Mortgaging part of the company's land as shown in note (3)	7	-	-	-	135,848
Total			770,000	877,042	1,647,042	2,711,255

15. Other credit balances

	2018	2017
	JD	JD
Shareholders deposits	298,058	264,849
Legal case provision	210,834	75,834
Saving funds deposits	209,387	126,214
Income tax provision (*)	195,134	179,338
Bonuses provision	144,000	180,000
Accrued expenses	126,809	111,969
Diesel lost provision	99,666	55,692
Unearned revenue	75,001	54,976
Others deposits	67,960	29,771
Reward of board of directors	45,000	45,000
Social security deposits	31,904	30,765
Income tax deposits	1,013	1,090
Employees payable	283	3,506
Total	1,505,049	1,159,004

(*) Income tax provision movement were as follows:

	2018	2017
	JD	JD
Balance - beginning of year	179,338	216,615
Provided during the year	226,512	258,352
Paid during the yaer	(164,390)	(215,179)
Prepaid on income tax account	(46,326)	(80,450)
Balance - end of year	**195,134**	**179,338**

- The company did not reach a final settlement with Income and Sales Tax Department for the parent company for 2016 and 2017 and for its subsidiaries for 2015, 2016 and 2017 which result of a tax obligations.

16. Banks overdraft

Bank	Interest rate	Currency	2018	2017
	%		JD	JD
Arab bank	8.75	JD	3,053,292	2,836,263
Amman Cairo Bank	9.75	JD	1,442,355	953,302
City Bank	8.25	JD	523,035	604,040
Housing Bank for Trade and Finance	9.5	JD	488,394	491,871
Bank of Jordan	9.25	JD	462,885	353,529
Total			5,969,961	5,239,005

17. Cost of sale

	2018	2017
	JD	JD
Rental mechanics	5,081,745	5,008,973
Fuel	5,028,403	4,294,314
Deprecation	3,441,888	3,379,220
Salaries, wages and related benefits	1,682,381	1,630,654
Transportation gratuities	1,072,908	1,088,880
Spare parts and consumables	926,759	964,268
License and vehicle insurance	784,466	620,791
Tires	399,372	365,067
Over time	305,323	271,558
Social security	254,513	238,440
Machines repair fees	167,015	193,205
Oils and lubricants	166,832	168,695
Health and life insurance	149,720	144,341
Bonuses and rewards	125,794	142,187
Water and electricity	96,065	85,514
Security	95,553	90,603
Governmental fees	67,326	49,028
Saving fund	35,623	33,462
Vehicles tracking	27,366	29,301
Work clothes and public safety tools	23,887	39,553
Loading and unloading	17,112	28,467
Travel and transportation	14,007	20,493
Rents	12,000	12,000
Supplies	8,729	9,838
Accidents and vehicles fines	4,751	4,058
End of service rewards	4,717	24,086
Training	4,206	14,975
Communication	2,255	4,487
Advertising	855	1,944
Miscellaneous	816	1,703
Cleaning and kitchen materials	486	128
Roads prepartion	-	4,300
Total	20,002,873	18,964,533

18. Fuel station, net

	2018	2017
	JD	JD
Fuel station revenues	4,534,860	3,993,954
Fuel station costs	(4,382,408)	(3,878,439)
Net	152,452	115,515

19. Other revenue, net

	2018	2017
	JD	JD
Profit (loss) from sale of property and equipment	250,565	(899)
Rent revenue and other, net	247,351	141,895
Net	497,916	140,996

20. Administrative Expense

	2018	2017
	JD	JD
Salaries, wages and related benefits	183,449	214,787
Potential legal liabilities	135,000	60,000
Rewards	120,660	151,534
Board of directors - transportation fees	78,000	78,000
Depreciation	72,561	48,831
Board of directors - rewards	45,000	45,000
Expexted credit losses	45,000	40,000
Subscriptions, stamps and government fees	42,837	56,399
Bank commissions and fees	40,086	31,928
Professional fees	32,630	32,698
Rents	29,400	20,942
Communication	27,922	16,638
Slow moving inventory	27,152	-
Collection commission	21,000	21,000
Social security	19,929	22,843
Vehicle expenses and fuel	17,351	14,617
Donations and gifts	17,099	27,925
Electricity and water	15,013	15,470
Over time	12,650	14,638
Stationery and printing	11,943	12,488
Maintenance	7,181	11,576
Consumables	5,128	4,911
Savings fund	4,290	4,757
Miscellaneous	3,322	9,042
Health and life insurance	2,613	6,527
Meetings	1,848	2,715
Advertising	1,592	2,944
Insurance	1,345	1,684
Computer supplies	1,039	2,773
Training	703	272
Travel and transportation	295	4,084
Total	**1,024,038**	**977,023**

(*) Among the expenses above JD 85,000 represent salaries and rewards and top management of the company.

21. Legal cases

According to the lawyer latter there are legal cases raised from others against the company amounting to JD 594,411 and there are legal cases raised by the company against others amounting to 243,380, and in the opinion of the company management the provisions that were taken are sufficient against any contingent liabilities.

22. Contingent liabilities

	2018
	JD
Guarantees	888,016
Promissories	111,260
Less: deposits	(96,530)
Net	902,746

23. Retained earnings

Proposed dividends to be distributed to the shareholders for this year (%3) equivalent to (JD 555,000) and it's subject to the General Assembly approval.

24. Risk management

a) Capital risk:

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

b) Currency risk:

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

c) Interest rate risk:

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

At December 31, 2018	Change in interest		The effect on profit (loss) owner equity
	%		JD
Bank overdraft (included loans)	0,5	±	41,213

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.

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

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:

	2018		2017	
Description	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Financial assets:	JD	JD	JD	JD
Investments in associates	-	1,497,928	-	1,571,183
Investment in financial assets at fair value through other comprehensive income	-	124,652	-	184,759
Checks under collection - related parties	2,406,973	-	693,120	-
Checks on hand	-	-	-	71,750
Due form related parties	2,706,200	-	511,059	-
Other debit balances	302,100	-	317,868	-
Trade receivables	2,776,767	-	3,939,213	-
Cash and cash equivalents	31,899	-	16,383	-
Total	8,223,939	1,622,580	5,477,643	1,827,692
Financial liabilities:				
Finance leases obligation	409,226	216,331	301,265	94,413
Deferred checks	1,832,682	249,988	1,730,143	264,527
Loans	770,000	877,042	1,477,848	1,233,407
Trade payables	1,869,258	-	1,065,781	-
Other credit balances	780,414	-	613,164	-
Due to related parties	28,872	-	34,563	-
Bank overdraft	5,969,961	-	5,239,005	-
Total	11,660,413	1,343,361	10,461,769	1,592,347

25. Fair value of financial instruments

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

at as December 31, 2018	1	2	3	Total
Financial assets	JD	JD	JD	JD
Investment in financial assets at fair value through other comprehensive income	-	-	124,652	124,652

26. financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2018 as follows:

Company name	Legal entity	Paid in capital	Ownership percentage	Total assets	Total liabilities	Retained earnings (accumulated loss)
		JD	%	JD	JD	JD
Jordanian Company for crushers and the supply of equipment and construction machinery	LLC	100,000	99,9	349,609	30,750	8,996
Masafat for Car Leasing	LLC	500,000	100,0	2,156,102	1,535,082	105,259

27. Reclassification.

Some 2017 balances have been reclassified to conform to the adopted classification in 2018.