شركة مصانع الكابلات المتحدة
United Cable Industries Co.

التاريخ : 2018/03/28م.
الإشارة : SHR/45/18

السادة هيئـة الأوراق المـالية المحترمين
عمان - الأردن

الموضوع: البيانات المالية باللغة الانجليزية للعام 2017

تحية طيبة وبعد ،،،

إشـارة إلـى الموضـوع أعـلاه، نرفـق لكـم طيـه البيانـات الماليـة للسـنة الماليـة 2017 باللغة الإنجليزية.

وتفضلوا بقبول فائق الاحترام ،،،،

المدير العـام
يـوسف حجـازي

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل ٣٠٧٤٥٠٢
الجهة المختصة ......

P.O. Box 4970 Amman 11953, Jordan
T.: +962 6 55 4 9292 F.: +962 6 55 4 9393
ucic@uciccables.com

United Cable Industries Company
Public Shareholding Company

Financial Statements as at 31 December 2017
Together with
Independent Auditor's Report

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

United Cable Industries Company
Public Shareholding Company

Contents

Arab Professionals
Member firm within Grant Thornton International Ltd
P.O.Box : 921879 Amman 11192 Jordan
T (962) 6 5151125
F (962) 6 5151124
Email: arabprof@gtijordan.com

Independent Auditor's Report

To The Shareholders of
United Cable Industries Company
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the financial statements of **United Cable Industries Company PLC**, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Following Points are the key audit matters to communicate in our report:

1- Impairment of Accounts Receivable and Notes Receivable

Included in the accompanying financial statements at the end of the year 2017 accounts receivable and notes receivable totaling JOD (7,528,984). As the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

2- Cost of Finished Goods and Work in Process

Included in the accompanying financial statements at the end of the year 2017 finished goods and work in process totaling JOD (15,102,448). As determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

14 February 2018
Amman - Jordan

Ibrahim Hammoudah
(License No. 606)
Arab Professionals

Arab Professionals
Grant Thornton

United Cable Industries Company
Public Shareholding Company
Statement of Financial Position as at 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	3	14,556,760	15,515,098
Projects under construction	4	1,271,495	-
Notes receivable - long term	8	2,667,429	2,862,164
Checks under collection - long term		462,600	-
Total non-current assets		18,958,284	18,377,262
Current assets			
Inventories	5	17,340,546	12,834,797
Spare parts		800,032	638,310
Other current assets	6	360,090	201,126
Accounts receivable	7	3,738,805	2,974,789
Notes receivable - short term	8	631,257	806,000
Checks under collection - short term		4,459,126	3,751,306
Cash and cash equivalents	9	7,841,768	7,522,380
Total current assets		35,171,624	28,728,708
Total assets		**54,129,908**	**47,105,970**
Equity and Liabilities			
Equity	10		
Paid-in capital		40,000,000	40,000,000
Statutory reserve		684,749	572,746
Voluntary reserve		14,418	14,418
Retained earnings		1,211,845	259,090
Total equity		41,911,012	40,846,254
Liabilities			
Non-current liabilities			
Bank facilities – long term	11	836,000	-
Liabilities			
Bank facilities – short term	11	7,368,322	4,256,597
Accounts payable		3,501,364	1,599,987
Other current liabilities	12	513,210	403,132
Total current liabilities		11,382,896	6,259,716
Total liabilities		12,218,896	6,259,716
Total equity and liabilities		**54,129,908**	**47,105,970**

"The attached notes from (1) to (24) are an integral part of these financial statements"

United Cable Industries Company
Public Shareholding Company
Statement of Comprehensive Income for the Year Ended 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Sales	13	31,633,776	21,625,608
Cost of sales	14	(29,660,024)	(20,456,606)
Gross profit		**1,973,752**	**1,169,002**
Administrative expenses	16	(550,112)	(481,952)
Selling and distribution expenses	17	(335,677)	(301,746)
Financing expenses		(199,743)	(245,968)
Interest revenues		185,222	157,084
Other revenues		46,584	5,669
Profit before tax		**1,120,026**	**302,089**
Income tax expense for the year	20	(55,268)	(12,790)
Total comprehensive income for the year		**1,064,758**	**289,299**
Basic and diluted earnings per share	18	**0,027**	**0,007**

"The attached notes from (1) to (24) are an integral part of these financial statements"

United Cable Industries Company
Public Shareholding Company
Statement of Changes in Equity for the Year Ended 31 December 2017

(In Jordanian Dinar)

	Paid - in Capital	Reserves		Retained Earnings	Total
		Statutory	Voluntary		
Balance at 1 January 2017	**40,000,000**	**572,746**	**14,418**	**259,090**	**40,846,254**
Total comprehensive income for the year	-	-	-	1,064,758	**1,064,758**
Statutory reserve	-	112,003	-	(112,003)	-
Balance at 31 December 2017	**40,000,000**	**684,749**	**14,418**	**1,211,845**	**41,911,012**
Balance at 1 January 2016	**40,000,000**	**542,537**	**152,644**	**661,774**	**41,356,955**
Paid dividends	-	-	(138,226)	(661,774)	**(800,000)**
Total comprehensive income for the year	-	-	-	289,299	**289,299**
Statutory reserve	-	30,209	-	(30,209)	-
Balance at 31 December 2016	**40,000,000**	**572,746**	**14,418**	**259,090**	**40,846,254**

"The attached notes from (1) to (24) are an integral part of these financial statements"

United Cable Industries Company
Public Shareholding Company
Statement of Cash Flows for the Year Ended 31 December 2017

(In Jordanian Dinar)

	2017	2016
Operating activities		
Profit for the year before tax	1,120,026	302,089
Depreciation	1,152,828	1,291,896
Changes in working capital		
Checks under collection	(1,170,420)	1,367,887
Accounts receivable	(764,016)	2,659,587
Notes receivable	369,478	902,034
Inventories	(4,505,749)	(12,396)
Spare parts	(161,722)	46,393
Other current assets	(158,964)	76,252
Accounts payable	1,901,377	342,738
Other current liabilities	65,591	76,831
Paid income tax	(10,781)	(38,019)
Net cash flows (used in) from operating activities	(2,162,352)	7,015,292
Investing activities		
Property, plant and equipment	(194,490)	(220,314)
Projects under construction	(1,271,495)	-
Net cash flows used in investing activities	(1,465,985)	(220,314)
Financing activities		
Bank facilities	3,947,725	(4,858,897)
Paid dividends	-	(800,000)
Net cash flows from (used in) financing activities	3,947,725	(5,658,897)
Changes in cash and cash equivalents	**319,388**	**1,136,081**
Cash and cash equivalents, beginning of the year	7,522,380	6,386,299
Cash and cash equivalents, end of the year	**7,841,768**	**7,522,380**

"The attached notes from (1) to (24) are an integral part of these financial statements"

1. General

United Cable Industries Company was established on 5 July 2007 in accordance with Jordanian Companies Law No. (441) as a Public Shareholding Company. The Company head office is in the Hashemite Kingdom of Jordan. Company's main objective is manufacturing cables and related products.

Company's shares are listed in Amman Stock Exchange.

The accompanying financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 14 February 2018.

2. Summary of Significant Accounting Policies

Basis of preparation

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

The financial statements have been prepared on a historical cost basis.

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

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

Adoption of new and revised IFRS standards

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

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

Use of Estimates

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

The main estimates used in the preparation of the financial statements are as follow:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of comprehensive income.
- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable for individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Property, Plant and Equipment

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

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

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

Buildings	2-10%
Machinery and equipment	5%
Production tools	10-20%
Others	10-25%

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

Inventories

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

Accounts Receivable

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

Projects under Construction

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank in current accounts and call deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Accounts Payable and Accruals

Accounts payable and accrued expenses are recognized when goods are received and services are performed.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue Recognition

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

Interest is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis.

Borrowings

Borrowing costs are expensed as incurred.

Foreign Currency

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

Income tax
Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

3. Property, Plant and Equipment

	Lands	Buildings	Machinery & Equipment	Production tools	Others	Total
Cost						
Balance at 1/1/2017	465,403	5,050,142	16,044,277	4,169,450	1,550,464	**27,279,736**
Additions	-	1,100	62,458	67,918	63,014	**194,490**
Disposals	-	-	-	(78,004)	(1,373)	**(79,377)**
Balance at 31/12/2017	465,403	5,051,242	16,106,735	4,159,364	1,612,105	**27,394,849**
Accumulated depreciation						
Balance at 1/1/2017	-	1,193,382	5,421,627	3,962,866	1,186,763	**11,764,638**
Depreciation	-	162,262	803,382	69,680	117,504	**1,152,828**
Disposals	-	-	-	(78,004)	(1,373)	**(79,377)**
Balance at 31/12/2017	-	1,355,644	6,225,009	3,954,542	1,302,894	**12,838,089**
Net book value at 31/12/2017	**465,403**	**3,695,598**	**9,881,726**	**204,822**	**309,211**	**14,556,760**
Cost						
Balance at 1/1/2016	465,403	4,993,063	16,010,864	4,104,536	1,515,645	**27,089,511**
Additions	-	57,079	33,413	64,914	70,164	**225,570**
Disposals	-	-	-	-	(35,345)	**(35,345)**
Balance at 31/12/2016	465,403	5,050,142	16,044,277	4,169,450	1,550,464	**27,279,736**
Accumulated depreciation						
Balance at 1/1/2016	-	1,031,943	4,618,859	3,758,963	1,093,066	**10,502,831**
Depreciation	-	161,439	802,768	203,903	123,786	**1,291,896**
Disposals	-	-	-	-	(30,089)	**(30,089)**
Balance at 31/12/2016	-	1,193,382	5,421,627	3,962,866	1,186,763	**11,764,638**
Net book value at 31/12/2016	**465,403**	**3,856,760**	**10,622,650**	**206,584**	**363,701**	**15,515,098**

4. Projects under Construction

The estimated remaining cost to complete the solar panels project amounted to JOD (1,228,505), and will to be completed in 2018.

5. Inventories

	2017	2016
Finished goods	11,520,227	7,919,074
Raw, packaging materials and consumables	2,238,098	1,640,568
Work in process	3,582,221	3,275,155
	17,340,546	**12,834,797**

6. Other Current Assets

	2017	2016
Letters of credit	94,372	50,314
Refundable deposits	61,426	61,426
Sales tax deposit	97,902	8,614
Prepaid expenses	24,494	27,727
Accrued interest income	39,439	15,667
Employees receivable	14,432	2,693
Income tax deposit	-	13,276
Others	28,025	21,409
	360,090	**201,126**

7. Accounts Receivable

	2017	2016
Accounts receivable	3,910,530	3,146,514
Provision for doubtful accounts	(171,725)	(171,725)
	3,738,805	**2,974,789**

The movements on the provision for doubtful accounts were as follow:

	2017	2016
Balance at beginning of the year	171,725	69,509
Transfers	-	102,216
	171,725	**171,725**

Company's management believes that all past due not impaired accounts receivables are collectable in full.

8. Notes Receivable

	2017	2016
Notes receivable	3,618,454	3,987,932
Provision against impairment in notes receivable	(319,768)	(319,768)
	3,298,686	**3,668,164**

The movement on the provision against impairment in notes receivable were as follow:

	2017	2016
Balance at beginning of the year	319,768	421,984
Transfers	-	(102,216)
	319,768	**319,768**

9. Cash and Cash Equivalents

	2017	2016
Cash on hand	350,631	7,544
Current accounts at banks	2,049,284	2,226,361
Time deposits	5,441,853	5,288,475
	7,841,768	**7,522,380**

Bank deposits mature within (3) months, with an annual interest rate of (3.75%).

10. Equity

Paid in Capital

The Company's authorized, subscribed and paid up capital is JD (40) million divided equally into (40) million shares with par value of JD (1) each for the years ended 2017 and 2016.

Statutory Reserve

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

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

Proposed dividends

The Board of Directors will propose to the General Assembly in its meeting which will be held during 2018 to distribute (3%) cash dividends to shareholders.

11. Bank Facilities

				JOD Equivalent Amount	
Credit Type	**Currency**	**Interest rate**	**Maturity date**	**Facility limit**	**Outstanding balance**
Revolving Loan	USD	4%	2018	14,180,000	3,991,432
Revolving Loan	USD	3.7%	2018	7,090,000	2,962,890
Murabaha Loan	JOD	9.16%	2018 - 2022	2,500,000	1,250,000
					8,204,322

12. Other Current Liabilities

	2017	2016
Shareholders' withholdings	265,261	273,280
Accrued expenses	69,789	55,511
Shareholders' refunds	32,227	32,227
Social security withholdings	27,463	23,433
Sales tax withholdings	78,181	-
Provision for income tax	31,211	-
Others	9,078	18,681
	513,210	**403,132**

13. Segment Information

The Company manufactures and trades electrical wires and cables.

The following is an analysis of the Company's sales based on geographical area:

	2017	2016
Local sales	20,669,583	15,306,164
Foreign sales	10,964,193	6,319,444
	31,633,776	**21,625,608**

14. Cost of Sales

	2017	2016
Beginning finished goods and work in process inventories	11,194,229	10,982,147
Raw materials used in production	29,355,828	16,855,041
Manufacturing expenses (Note 15)	4,212,415	3,813,647
Ending finished goods and work in process inventories	(15,102,448)	(11,194,229)
	29,660,024	**20,456,606**

15. Manufacturing Expenses

	2017	2016
Salaries, benefits and allowances	1,422,564	1,376,010
Depreciation	1,126,482	1,267,271
Electricity	735,913	493,527
Insurance	199,987	182,974
Maintenance	238,128	118,109
Vehicles expenses	12,322	11,490
Consumables	69,143	58,768
Travel and transportation	237,063	185,661
Loading and lifting	77,724	36,587
Hospitality and cleaning	16,249	7,331
Water	16,920	18,431
Quality control	34,984	44,215
Others	24,936	13,273
	4,212,415	**3,813,647**

16. Administrative Expenses

	2017	2016
Salaries, benefits and allowances	272,811	248,172
Rents	40,800	40,800
Professional fees	59,792	35,298
Depreciation	26,346	24,625
Subscription and governmental fees	43,037	32,757
Vehicles expenses	15,255	9,887
Insurance	17,298	13,783
Printing and advertising	2,388	4,337
Telephone and post	5,679	7,905
Travel and transportation	12,908	8,905
Utilities	9,100	6,694
Maintenance	3,914	3,829
Hospitality and cleaning	3,672	3,079
Bank fees	22,231	26,217
End of service and vacations provision	-	5,800
Others	14,881	9,864
	550,112	**481,952**

17. Selling and Distribution Expenses

	2017	2016
Salaries, benefits and allowances	106,588	107,506
Stamps and tenders	56,003	42,712
Bank commissions and expenses	35,405	31,066
Portage and loading	55,535	62,888
Sales commission	2,619	1,567
Exporting expenses	12,711	11,070
Advertisement and promotions	15,340	15,269
Travel and transportation	9,677	4,254
Exhibitions	18,808	1,427
Prices changes	638	3,683
Others	22,353	20,304
	335,677	**301,746**

18. Basic and Diluted Earnings Per Share

	2017	2016
Profit for the year	1,064,758	289,299
Weighted average number of shares	40,000,000	40,000,000
	0,027	**0,007**

19. Executive Management Remuneration

The remuneration of executive management during the years 2017 and 2016 amounted to JOD (136,090) and JOD (192,746) respectively.

20. Income Tax

The movements on provision for the income tax during the year were as follows:

	2017	2016
Balance at beginning of the year credit (debit)	(13,276)	11,953
Income tax expense for the year	55,268	12,790
Paid income tax	(10,781)	(38,019)
Balance at end of the year (debit) credit	**31,211**	**(13,276)**

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax return for the year 2016 has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2017 was calculated in accordance with the Jordanian Income Tax Law.

21. Contingent Liabilities

	2017	2016
Letters of credit	558,338	558,338
Bank guarantees	1,808,852	2,124,170

22. Legalization

The Company appears as a defendant in several labor law suit's, the management and Company's lawyer believe that these cases will have no material effect on the financial position of the Company.

23. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, notes and accounts receivable and checks under collection. Financial liabilities of the Company include loans from financial institutions and accounts payable.

Fair Value

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

Interest Rate Risk

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

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Credit Risk

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

The balance of the largest client amounted to JOD (3,158,612) from the total outstanding receivables as at 31 December 2017, compared to JOD (3,451,590) as at 31 December 2016.

Liquidity Risk

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

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

2017	**Less than one year**	**More than one year**	**Total**
Bank facilities	7,368,322	836,000	**8,204,322**
Accounts payable	3,501,364	-	**3,501,364**
Other current liabilities	513,210	-	**513,210**
	11,382,896	**836,000**	**12,218,896**

2016	**Less than one year**	**More than one year**	**Total**
Bank facilities	4,256,597	-	**4,256,597**
Accounts payable	1,599,987	-	**1,599,987**
Other current liabilities	403,132	-	**403,132**
	6,259,716	**-**	**6,259,716**

24. Capital Management

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

	2017	2016
Total Debt	8,204,322	4,256,597
Total Equity	41,911,012	40,846,254
Debt to Equity ratio	**20%**	**10%**