



نظام الجودة والسلامة للمنتج مطابق  
لواصفات الايزو ٩٠٠١ والحساب العالمية

## الشركة العالمية الحديثة لصناعة الزيوت النباتية المساهمة العامة المحدودة

Date: 13/2/2019

بسم الله الرحمن الرحيم  
الحمد لله رب العالمين  
والصلاة والسلام على  
سيدنا محمد وآله  
الطاهرين

To: Jordan Securities Commission

Amman Stock Exchange



Sub: Annual Report as of 31/12/2018

Attached, Please find the Annual Report of the Universal Modern Industries Co. for edible oil as of 31 Dec 2018.

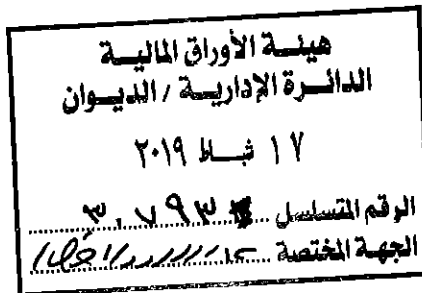
With our high appreciation and respect.

Universal Modern Industries Co. For Edible Oil

General Manager

Universal Modern Industries Co For Edible Oil  
P.O.Box 927139 Amman 11190 Jordan



**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

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**Financial Statements and Independent Auditor's Report**  
**as of December 31, 2018**

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**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

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## Independent Auditors' Report

To the Shareholders of Universal Modern Industries Co. For Edible Oil

E.133182516

(Public Shareholding Company)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Universal Modern Industries Co. For Edible Oil (Public Shareholding Company), which comprise the statement of financial position as of December 31, 2018, 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 of December 31, 2018, 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 (ISAs). 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 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.

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**INDEPENDENT AUDITORS' REPORT (Con't)**  
**Universal Modern Industries Co. For Edible Oil Company**  
**E. 133182516**

**Adequacy of provision for impairment of bank deposits**

The provision for impairment of **bank deposits** is considered a key audit matter because the allowance should be calculated if there are indications of impairment. The management uses a methodology based on accounting estimates that involve material assumptions. Bank deposits amounted to JOD (2,240,044) which represents 19% of total assets as of December 31, 2018.

The nature and characteristics of bank deposits and its risks that requires to use approach to calculate impairment provision accordance with International Financial Reporting Standard IFRS (9) which the accounting treatment has been replaced by the credit loss model incurred in the expected credit loss model ECL. The company applied the general approach which is a three-stages impairment model, the first stage depends on the basis of 12 months, the second and the third stage depend on the receivables lifetime according to the credit rating of International Classification Agencies to calculate the rate of default and best practices in calculating the probability of default.

The Company has recalculated the allowance and the effect of the application of IFRS (9) on retained earnings is taken using the modified approach to the first application and the expected loss of credit portion for the current year is recognized through the income statement.

**Scope of audit to address risks**

The performed audit procedures included understanding the nature of these deposits. We reviewed and understood the deposit agreements, the approach used in calculating the provisions, evaluating the factors affecting the accounting process and discussing these factors with the management and those charged with governance. We discussed the management's opinion on the expected cash flows.

On the other hand, we re-calculated the provisions required to apply the requirements of IFRS (9) and we verify the adequacy of disclosures in accordance with the requirements of IFRS (9).

**Adequacy of provision for impairment of trade receivable**

The provision for impairment of **trade receivable** is considered a key audit matter because the allowance should be calculated if there are indications of impairment. The management uses a methodology based on accounting estimates that involve material assumptions. Trade receivable amounted to JOD (1,404,974) which represents 12% of total assets as of December 31, 2018.

**INDEPENDENT AUDITORS' REPORT (Con't)**  
**Universal Modern Industries Co. For Edible Oil Company**  
**E. 133182516**

The nature and characteristics of the Company's receivables are varied, as the Company sells its products to various sectors such as government departments, public institutions, marketing companies and other customers that requires to use approach to calculate impairment provision accordance with International Financial Reporting Standard IFRS (9) which the accounting treatment has been replaced by the credit loss model incurred in the expected credit loss model ECL. The company applied the general approach which is a three-stages impairment model, the first stage depends on the basis of 12 months, the second and the third stage depend on the trade receivables lifetime according to the credit rating of International Classification Agencies to calculate the rate of default and best practices in calculating the probability of default.

The Company has recalculated the allowance and the effect of the application of IFRS 9 on retained earnings is taken using the modified approach to the first application and the expected loss of credit portion for the current year is recognized through the income statement.

**Scope of audit to address risks**

The performed audit procedures included understanding the nature of these receivables. We understood and reviewed and the Company's policy of calculating provisions, assessing the factors affecting the accounting process and discussing those factors with management and those charged with governance. We discussed the management's opinion on expected cash flows. In addition to, we have selected a sample of these receivables after taking into consideration the risks related to the method of payment and guarantees.

On the other hand, we re-calculated the provisions required to apply the requirements of IFRS (9) and we verify the adequacy of disclosures in accordance with the requirements of IFRS (9).

**Inventory**

The Company's inventory, which is primarily composed of raw materials, goods in process and finished goods, is considered a key audit matter. It should be recorded in accordance with International Financial Reporting Standards at the lower of cost and net realizable value. The value of the inventory is JOD (3,663,516) which represents 31% of total assets as of December 31, 2018. The nature of the company's business requires an inventory reserve to maintain the continuity of the company's business. The process of recording inventories at the lower of cost or net realizable value involves measuring the net realizable value and comparing it with the original inventory cost and recognizing any potential losses when the net realizable decreases under cost.

**INDEPENDENT AUDITORS' REPORT (Con't)**  
**Universal Modern Industries Co. For Edible Oil Company**  
**E. 133182516**

**Scope of audit to address risks**

The performed audit procedures included an understanding the nature of the inventory, the examination of the purchase, pricing and storage, and the measurement of the net realizable value of the inventory and its comparison to the cost of the asset.

We reviewed and understood the Company's pricing policy, net realizable value measurement, provisions calculation and assessing the factors affecting the calculation process. We discussed those factors with management and those charged with governance, and management's opinion of measuring the value of inventory. On the other hand, we compared sample of the cost of inventory with net realizable value.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report for 2018, but does not include the financial statements and our auditors' report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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**INDEPENDENT AUDITORS' REPORT (Con't)**  
**Universal Modern Industries Co. For Edible Oil Company**  
**E. 133182516**

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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**INDEPENDENT AUDITORS' REPORT (Con't)**  
**Universal Modern Industries Co. For Edible Oil Company**  
**E. 133182516**

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.

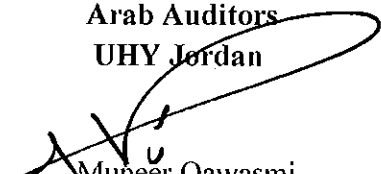
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 year 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.

Arab Auditors  
UHY Jordan

  
Muneer Qawasmi  
License No. (761)

Amman- Jordan  
As of January 15, 2019

**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

**Statement of financial position**  
**as of December 31, 2018 & 2017**

*(In Jordanian Dinar)*

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	4,037,185	5,960,614
Financial assets at fair value through income statement	5	79,635	77,462
Cheques under collection	4-B	494,480	400,000
Accounts receivables ( Net )	6	1,404,974	1,582,153
Inventories	7	3,663,516	2,230,840
Letter of credit and goods in transit		398,126	4,831
Spare parts and others	8	302,883	325,156
Other current assets	9	50,208	47,398
<b>Total current assets</b>		<b>10,431,007</b>	<b>10,628,454</b>
<b>Non-current assets</b>			
Property, plant and equipment (Net)	10	1,234,185	1,148,657
Financial assets at fair value through comprehensive income statement	11	24,000	24,000
<b>Total non-current assets</b>		<b>1,258,185</b>	<b>1,172,657</b>
<b>Total assets</b>		<b>11,689,192</b>	<b>11,801,111</b>
<b><u>Liabilities and shareholders' equity</u></b>			
<b>Current liabilities</b>			
Credit banks	12	88,265	0
Accounts payable		528,431	423,042
Unpaid dividends liabilities		231,974	214,367
Income tax provision	13	75,490	132,728
Other current liabilities	14	414,007	448,763
<b>Total current liabilities</b>		<b>1,338,167</b>	<b>1,218,900</b>
<b><u>Shareholders' equity</u></b>			
Paid up Capital	15	6,000,000	6,000,000
Statutory reserve	16	1,518,451	1,518,451
Voluntary reserve	17	605,772	605,772
Retained earnings		2,226,802	2,457,988
<b>Total shareholders' equity</b>		<b>10,351,025</b>	<b>10,582,211</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,689,192</b>	<b>11,801,111</b>

The accompanying notes from (1) to (33) are an integral part of these statements

**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

**Statement of comprehensive income**  
**for the years ended December 31, 2018 & 2017**

<i>(In Jordanian Dinar)</i>			
	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Net sales	19	12,474,158	13,508,606
Cost of goods sold	20	(10,960,667)	(11,564,503)
<b>Gross profit</b>		<b>1,513,491</b>	<b>1,944,103</b>
Selling and Distribution expenses	21	(235,531)	(208,653)
General and administrative expenses	22	(557,269)	(523,500)
Depreciation		(54,577)	(41,068)
Board of Directors remuneration		(45,000)	(45,000)
Other revenues (Net)	23	157,011	88,882
<b>Profit for the year before income tax</b>		<b>778,125</b>	<b>1,214,764</b>
Income tax provision	13	(105,334)	(160,680)
<b>Profit for the year after tax</b>		<b>672,791</b>	<b>1,054,084</b>
<b>Comprehensive income for the year</b>		<b>672,791</b>	<b>1,054,084</b>
<b>Basic and Diluted EPS ( JOD / Stocks )</b>	24	<b>0.11</b>	<b>0.18</b>

The accompanying notes from(1) to (33) are an integral part of these statements

**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

**Statement of changes in shareholders' equity**  
**for the years ended December 31, 2018 & 2017**

*(In Jordanian Dinar)*

	Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings	Total
<b>Balance as of January 1, 2018</b>	6,000,000	1,518,451	605,772	2,457,988	10,582,211
Effect of applying IFRS (9)				(63,977)	(63,977)
<b>Adjusted balance as of January 1, 2018</b>	6,000,000	1,518,451	605,772	2,394,011	10,518,234
Dividends				(840,000)	(840,000)
Comprehensive income for the year				672,791	672,791
<b>Balance as of December 31, 2018</b>	<b>6,000,000</b>	<b>1,518,451</b>	<b>605,772</b>	<b>2,226,802</b>	<b>10,351,025</b>
<b>Balance as of January 1, 2017</b>	6,000,000	1,518,451	605,772	2,363,904	10,488,127
Dividends				(960,000)	(960,000)
Comprehensive income for the year				1,054,084	1,054,084
<b>Balance as of December 31, 2017</b>	<b>6,000,000</b>	<b>1,518,451</b>	<b>605,772</b>	<b>2,457,988</b>	<b>10,582,211</b>

The accompanying notes from (1) to (33) are an integral part of these statements

**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**  
**Amman - Jordan**

**Statement of cash flows**

**For the years ended December 31, 2018 & 2017**

**(In Jordanian Dinar)**

	<b>2018</b>	<b>2017</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before income tax	778,125	1,214,764
Depreciation	272,601	293,850
Expected credit losses provision	11,889	0
Employees rewards provision	(46,614)	(32,152)
End of service provision	6,865	8,621
Gains ( Losses ) on valuation of financial assets through income	(2,173)	7,400
Capital gains	(6,250)	(5,100)
Adjusted profit before changes in working capital	<b>1,014,443</b>	<b>1,487,383</b>
Change in Accounts receivables	104,676	(18,455)
Change in Cheques under collection	(94,480)	2,939,375
Changes in inventories	(1,432,676)	794,482
Change in Spare parts	22,273	(78,357)
Letter of credit and goods in transit	(393,295)	175,652
Change in Other current assets	(2,810)	2,083
Change in Accounts payable	105,389	(21,186)
Change in Other current liabilities	4,993	247
<b>Net cash flows from operating activities before paid tax</b>	<b>(671,487)</b>	<b>5,281,224</b>
Paid income tax	(162,572)	(206,692)
<b>Net cash flows from operating activities before paid tax</b>	<b>(834,059)</b>	<b>5,074,532</b>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from sale of property and equipment	28,250	5,100
Purchase of property and equipment	(380,129)	(610,619)
<b>Net cash flows used in investing activities</b>	<b>(351,879)</b>	<b>(605,519)</b>
<b><u>Cash flows from financing activities</u></b>		
Credit banks	88,265	0
Dividends paid during the year	(822,393)	(922,166)
<b>Net cash flows used in financing activities</b>	<b>(734,128)</b>	<b>(922,166)</b>
<b>Net decrease/ increase in cash and cash equivalents</b>	<b>(1,920,066)</b>	<b>3,546,847</b>
Cash and cash equivalents at the beginning of the year	5,960,614	2,413,767
<b>Cash and cash equivalents at the end of the year</b>	<b>4,040,548</b>	<b>5,960,614</b>

**The accompanying notes from(1) to (33) are an integral part of these statements**

**Universal Modern Industries Co. For Edible Oil**  
**(Public Shareholding Company)**

**Notes to the Financial Statements**

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**1- General**

Universal Modern Industries Co. For Edible Oil was established in the register of public shareholding companies under No. 204 on April 10, 1989. The Company's registration center is the Hashemite Kingdom of Jordan.

**Company objectives:**

- Establishment of a plant for refining, producing and mining Edible oils for domestic consumption and export.

**2- Summary of significant accounting policies**

**Basis of Preparing Financial Statements:**

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- The financial statements have been prepared under the historical cost except for financial assets (if any) that are presented at fair value in the financial statements.
- The Jordanian Dinar is the currency of the presentation of the financial statements, which represents the Company's main currency.

**Accounting policies**

- The accounting policies adopted during the year are similar to the accounting policies adopted for the financial year ended December 31, 2017 except for IFRS 16 (Leases)

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 require a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to The new standard will be effective on 1 January 2019. Early application is permitted.

**Use of estimates and judgments:**

The preparation of the financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of property, equipment and liabilities and disclose potential liabilities. These estimates and judgments also affect the income, expenses and provisions and in particular require management to make judgments and judgments to estimate the amounts and timing of future cash flows arising from the circumstances of those estimates in the future. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of future changes in the conditions of those provisions.

**Accounting policies**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at bank and cheques under collection with original of maturities of three month or less .

### Accounts receivable:

Accounts receivable are stated at cost less any provision for any uncollectible amounts. If there are any indications of receivables impairment the company estimate the recoverable amount to determine the amount of impairment loss.

### Property Plant and equipment:

- Property, plant and equipment are stated at cost (except land) less any depreciation and any accumulated impairment losses.
- If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount, and the impairment loss shall recognized in the income statement.
- If there are any changes on the useful life of the property, plant and equipment and its depreciation method the changes calculated prospectively.
- The company depreciated property, plant and equipment using straight line method over and estimated useful life at annual rates 4% - 35% as follow :

<u>Asset</u>	<u>Depreciation rates</u>
Buildings	4%-10%
Oil tanks	10%
Machinery and equipment	20%
Solar power	10%
Vehicles	15%
Others	10%-35%

### Inventory and spare parts:

- **Finished goods and spare parts:**  
Finished goods are valued at cost or net realizable value, which is lower .
- **Raw materials:**  
Raw materials and spare parts are valued at cost ,The Company follows FIFO basis to determine the cost of inventory.
- **Goods in process:**  
Goods in process are valued at the cost of the production orders.

### **IFRS (9) Financial Instruments**

- **Investing in financial Instrument**  
Financial assets are recorded at the cost plus any related expenses except financial assets through income statement which classifies as follow :
- **Financial assets at fair value through income statement**  
Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short term market prices fluctuation or the trading profit margins.  
Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of income.

### **Financial assets at fair value through other comprehensive income statement**

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term. These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.

#### **- Other financial assets**

Other financial assets (Account receivable, Notes receivable, Other current assets, Loans and Other credit balances) are stated at amortized cost with effective interest rate.

#### **- Offsetting**

Offsetting between financial assets and financial liabilities and presenting the net amount on the statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

#### **- Impairment of financial assets**

For all debt instruments, the Company has applied the standards general approach and has calculated ECLs based on lifetime expected credit losses, Financial instrument divide for 3 phases as follow:

Stage (1) based on 12 months.

Stage (2 and 3) based on financial instrument lifetime.

The Company assesses at each financial position date whether there is any objective evidence that a financial assets are impaired. If there is any impairment indications the company estimate the recoverable amount to determine the expected impairment loss. If the recoverable less than book value the impairment loss will be recognize in the income statement.

#### **Fair value**

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead. If there is no active market available the financial asset stated at cost less any impairment losses.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss (ECL) approach.

The company amended the financial statements and applying IFRS (9)

#### **IFRS 15 Revenue from Contracts with Customers**

- IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or provide services to a customer.

- The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.



- The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract .
- There was no material impact on the financial statements from the adoption of IFRS ( 15 ) . The accounting policies for revenue recognition are as follows:
- The company's contracts with customers for the sale of equipment/ goods generally include performance obligation(s). The company has concluded that revenue from sale of equipment/goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment / goods. Therefore , the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

#### **Dividends**

Dividends are recognized after the general assembly approved it.

#### **Foreign currencies:**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

### **3- Cash and cash equivalents**

	2018	2017
Cash on hand	4,646	2,818
Cash at banks - Current	30,931	1,182,400
Cash at banks - Deposits *	2,240,044	2,623,265
Cheques under collection 4-A	1,764,927	2,152,131
<b>Total</b>	<b>4,040,548</b>	<b>5,960,614</b>
Expected credit losses provision	(3,363)	0
<b>Total</b>	<b>4,037,185</b>	<b>5,960,614</b>

\* Interest rate on bank deposits reached 5.4% to 6% with different maturities

#### **Expected credit losses provision**

	2018	2017
Effect of applying IFRS (9)	3,938	0
Decrease provision	(575)	0
<b>Total</b>	<b>3,363</b>	<b>0</b>

### **4-Cheques under collection**

	2018	2017
A- Cheques collected during 90 day	1,764,927	2,152,131
B- Cheques collected after 90 day	494,480	400,000
<b>Total</b>	<b>2,259,407</b>	<b>2,552,131</b>

\*Cheques collected during 90 day were classified in cash and cash equivalents and cheques collected after 90 day were classified as cheques under collection .

### **5-Financial assets at fair value through Income statement**

	2018	2017
Financial assets at fair value through income statement	79,635	77,462
<b>Total</b>	<b>79,635</b>	<b>77,462</b>

This item represent stocks listed in Amman Stoch Exchange

**6- Accounts receivables ( Net )**

		2018	2017
Military and civil service consumer corporation	6-A	1,084,128	833,319
Local trade receivables	6-B	476,359	826,445
Other receivables		32,145	37,544
<b>Total</b>		<b>1,592,632</b>	<b>1,697,308</b>
Allowance for doubtful accounts	6-C	(187,658)	(115,155)
<b>Net</b>		<b>1,404,974</b>	<b>1,582,153</b>

According to the management's opinion the balances mentioned above are collectible, and allowance for doubtful debts is sufficient.

**6-A-Military and civil service consumer corporation**

	2018	2017
Receivables during the collection period	450,149	291,858
Receivables exceed collection period (0-30) day	229,489	228,570
Receivables exceed collection period (31-90) day	326,841	139,230
Receivables exceed collection period ( over 90) day	77,649	173,661
<b>Total</b>	<b>1,084,128</b>	<b>833,319</b>

**6-B-Trade receivables**

	2018	2017
Receivables during the collection period	252,253	698,600
Receivables exceed collection period (0-30) day	45,949	7,236
Receivables exceed collection period (31-90) day	2,399	176
Receivables exceed collection period ( over 90) day	57,881	0
High risk receivables	117,877	120,433
<b>Total</b>	<b>476,359</b>	<b>826,445</b>

**6-C-Allowance for doubtful accounts**

	2018	2017
Beginning balance	115,155	115,155
Effect of applying IFRS (9)	60,039	0
Increase in doubtful accounts	12,464	0
<b>Ending balance</b>	<b>187,658</b>	<b>115,155</b>

\*The management review the doubtful accounts and decided to increase it by JD (12,464) and increase the beginning balance JD (60,039) effected by IFRS (9) .

**7-Inventories**

	2018	2017
Raw materials	1,530,750	1,113,161
Goods in process	1,162,206	603,922
Finished goods	970,560	513,757
<b>Total</b>	<b>3,663,516</b>	<b>2,230,840</b>

**8-Spare parts and others**

	2018	2017
Spare parts	366,784	390,467
Diesel , fuel and water	36,099	34,689
Less provision for slow moving items	(100,000)	(100,000)
<b>Total</b>	<b>302,883</b>	<b>325,156</b>

**9-Other current assets**

	2018	2017
Prepaid expenses	29,904	22,985
Refundable deposit	12,971	12,437
Employees accounts	2,415	4,326
Work injuries	4,918	7,650
<b>Total</b>	<b>50,208</b>	<b>47,398</b>

**10- Property , plant and equipment**

**For the year ended in December 31, 2018**

Asset	Lands	Buildings and constructions	Oil tanks	Machinery	Solar energy system	Cars	Computer hardware and software	Project under construction	Total
		4-10%	10%	20%	10%	15%	10%-35%		
Cost as of 01 Jan. 2018	151,173	2,028,445	887,178	6,320,055	464,718	558,405	362,667	27,665	10,800,306
Additions		85,805	4,400	14,914	131,472	114,437	10,713	18,388	380,129
Disposals		(2,500)				(90,779)	(76,847)		(170,126)
Transfers				37,115			4,560	(41,675)	0
Cost as of 31 Dec. 2018	151,173	2,111,750	891,578	6,372,084	596,190	582,063	301,093	4,378	11,010,309
Accumulated Depreciation as of 01 Jan. 2018	0	1,909,074	837,170	6,166,425	46,472	340,121	352,387		9,651,649
Depreciation		17,663	9,190	113,358	53,045	70,985	8,360		272,601
Disposals		(2,500)				(68,779)	(76,847)		(148,126)
Accumulated depreciation as of 31 Dec. 2018	0	1,924,237	846,360	6,279,783	99,517	342,327	283,900	0	9,776,124
<b>Net Book value as of 31 Dec. 2018</b>	<b>151,173</b>	<b>187,513</b>	<b>45,218</b>	<b>92,301</b>	<b>496,673</b>	<b>239,736</b>	<b>17,193</b>	<b>4,378</b>	<b>1,234,185</b>

**For the year ended in 31 Dec. 2017**

Asset	Lands	Buildings and constructions	Oil tanks	Machinery	solar energy system	Cars	Computer hardware and software	Project under construction	Total
Cost as of 01 Jan. 2017	151,173	1,919,162	887,178	6,342,092	0	584,498	357,954	0	10,242,057
Additions		109,283		4,240	464,718		4,713	27,665	610,619
Disposals				(26,277)		(26,093)			(52,370)
Cost as of 31 Dec. 2017	151,173	2,028,445	887,178	6,320,055	464,718	558,405	362,667	27,665	10,800,306
Accumulated Depreciation as of 01 Jan. 2017	0	1,899,300	805,089	6,057,989	0	304,106	343,685		9,410,169
Depreciation		9,774	32,081	134,713	46,472	62,108	8,702		293,850
Disposals				(26,277)		(26,093)			(52,370)
Accumulated depreciation as of 31 Dec. 2017	0	1,909,074	837,170	6,166,425	46,472	340,121	352,387	0	9,651,649
<b>Net Book value as of 31 Dec. 2017</b>	<b>151,173</b>	<b>119,371</b>	<b>50,008</b>	<b>153,630</b>	<b>418,246</b>	<b>218,284</b>	<b>10,280</b>	<b>27,665</b>	<b>1,148,657</b>

<b>11-Financial assets at fair value through comprehensive income statement</b>	<b>2018</b>	<b>2017</b>
Financial assets at fair value through comprehensive income statement	24,000	24,000
<b>Total</b>	<b>24,000</b>	<b>24,000</b>

This item represent investment in (Arab Food Catering Company) , the investment valued at book value because the fair value can not be measured reliably .

<b>12-Credit banks</b>	<b>Facilities type</b>	<b>Interest Rate</b>	<b>Facilities limit</b>	<b>Current balance</b>
Arab Bank	Overdraft	8.75%	1,000,000	88,265
Arab Bank	Letter of credit	8.75%	1,750,000	0
Jordan Kuwait Bank	Overdraft	9.70%	500,000	0
Islamic Bank	Purchases financing	-	1,000,000	0
<b>Total</b>				<b>88,265</b>

<b>13- Income tax provision</b>	<b>2018</b>	<b>2017</b>
Income tax for the year	105,334	160,680
Prior years income tax	4,725	11,022
Down Payments	(34,569)	(38,974)
<b>Total</b>	<b>75,490</b>	<b>132,728</b>

#### Tax status

- The Company has calculated a provision for income tax for the years ended December 31, 2018 and 2017 in accordance with Income Tax Law No. 34 of 2014
- Income tax has been reviewed by the Income Tax Department and adjusted up to 2015 and the income tax returns for the years 2016 and 2017 has been submitted within the specified legal period and has not been reviewed until the date of issuance of the financial statements.

<b>14- Other current liabilities</b>	<b>2018</b>	<b>2017</b>
Accrued expenses	26,555	16,567
Withholding sales tax	17,298	40,781
Employee rewards provision	160,274	206,888
Other provisions	20,166	1,678
Provision against prices decline *	100,000	100,000
End of service provision	44,714	37,849
Board of directors remuneration	45,000	45,000
<b>Total</b>	<b>414,007</b>	<b>448,763</b>

- \* The Board of Director was decided at his meeting held on January 4,2015 to deduct a provision for potential price declines as a result of price constant on oil prices of JD 50,000 from the profit of 2014 and use it in case of need, also the board of director was decided at his meeting held on October 12,2016 increase the provision with JD 50,000 to be come JD 100,000.

#### 15- Capital

The paid up capital and authorized amounted JD (6,000,000) , divided into (6,000,000) share with par value JD (1) per share .

#### **16- Statutory reserve**

In accordance with (Jordan Companies Law) a Public Shareholding Company shall deduct %10, of its annual net profits for the account of the statutory reserve, and shall continue to deduct the same percentage each year provided that the total deducted amounts for the statutory reserve shall not exceed 25% from the company's capital .

#### **17- Voluntary reserve**

This item represents the accumulated amount appropriated at rate of 20% of annual income before taxes, and it used in purpose determined by the Board of Directors.

#### **18- Dividends**

A- The General Assembly decided at their meeting held on 15/2/2018 to distribute JD (840,000) as dividends to the shareholders which represent 14% of the authorized capital.

B- Details of dividends distributed and paid during the period is as follows:

<b><u>Dividends paid</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Dividends for the year	(840,000)	(960,000)
Unpaid dividends during the year	39,691	46,382
Dividends paid for prior years	(22,084)	(8,548)
<b>Total</b>	<b>(822,393)</b>	<b>(922,166)</b>

#### **Profit distribution proposal**

At a meeting of the Board of Directors held on 15/01/2019, the company's directors voted to submit 10% of capital as Profit Distribution Proposal .

#### **19- Net sales**

	<b><u>2018</u></b>	<b><u>2017</u></b>
Local sales	12,452,860	13,508,606
Export sales	21,298	0
<b>Total</b>	<b>12,474,158</b>	<b>13,508,606</b>

#### **20-Cost of goods sold**

	<b><u>2018</u></b>	<b><u>2017</u></b>
Inventory beginning balance	1,113,161	2,136,919
Purchases	11,024,616	9,464,430
Inventory ending balance	(1,530,750)	(1,113,161)
<b>Raw materials used in production</b>	<b>10,607,027</b>	<b>10,488,188</b>
Manufacturing expenses	1,368,727	1,305,591
goods in process - beginning balance	603,922	504,157
goods in process - ending balance	(1,162,206)	(603,922)
<b>Product cost during the year</b>	<b>11,417,470</b>	<b>11,694,014</b>
Finished goods - beginning balance	513,757	384,246
Finished goods - Ending balance	(970,560)	(513,757)
<b>Total</b>	<b>10,960,667</b>	<b>11,564,503</b>

**20-A-Manufacturing expenses**

	2018	2017
Salaries and staff benefit	697,197	657,915
Depreciation	218,024	252,782
Fuel	253,411	182,749
Spare parts and consumables	29,647	58,988
Electricity and water	87,203	81,306
Machinery insurance	6,843	5,634
Vehicles maintenance and fuel	28,090	24,730
Miscellaneous	48,312	41,487
<b>Total</b>	<b>1,368,727</b>	<b>1,305,591</b>

**\* Salaries and staff benefit**

	2018	2017
Salaries and wages	601,390	566,685
Social security contribution	66,432	58,788
Staff training	2,250	6,707
Medical insurance	27,125	25,735
<b>Total</b>	<b>697,197</b>	<b>657,915</b>

**21-Selling and distribution expenses**

	2018	2017
Salaries and staff benefit *	88,413	85,674
Government fees & licenses	53,493	23,111
Freight expenses	3,996	1,896
Vehicles maintenance	52,772	44,609
Guarantee expense	7,384	8,281
Sales commission	4,800	4,800
Rent expenses	3,180	9,180
Samples and donations	9,121	16,614
Postage and telephone	2,354	2,648
Advertising expense	2,289	5,822
Electricity and water	1,970	1,927
Miscellaneous	5,759	4,091
<b>Total</b>	<b>235,531</b>	<b>208,653</b>

**\* Salaries and staff benefit**

	2018	2017
Salaries and wages	72,391	71,581
Social security contribution	8,965	8,714
Staff training	1,250	660
Medical insurance	5,807	4,719
<b>Total</b>	<b>88,413</b>	<b>85,674</b>

**22-General and administrative expenses**

	2018	2017
Salaries and staff benefit *	402,010	408,112
Government fees & licenses	10,790	11,358
Freight expenses	45,907	42,873
Vehicles maintenance	21,276	23,749
Professional fees	19,538	16,500
Rent expenses	3,305	3,305
Postage and telephone	4,440	5,268
Stationary	3,373	3,943
Advertising expense	1,950	1,911
Hospitality and cleaning	5,136	4,347
Expected credit losses provision	11,889	0
Bank interest	25,395	91
Miscellaneous	2,260	2,043
<b>Total</b>	<b>557,269</b>	<b>523,500</b>

**\* Salaries and staff benefit**

	2018	2017
Salaries and wages	361,833	370,141
Social security contribution	32,787	31,122
Staff training	415	600
Medical insurance	6,975	6,249
<b>Total</b>	<b>402,010</b>	<b>408,112</b>

**23- Other revenues (Net)**

	2018	2017
Gains (losses) of financial assets revaluation	2,173	(7,400)
Capital gains	6,250	5,100
Dividends from financial investments	6,905	7,413
Interest revenue	140,833	83,769
Currency exchange	850	0
<b>Total</b>	<b>157,011</b>	<b>88,882</b>

**24- Basic and diluted EPS**

- The calculation of EPS is based on distributable earnings attributable to ordinary shareholders divided by the weighted number of shares listed and issued during the year.
- The diluted EPS is based on basic EPS adjusted to allow for the issuance of shares and the effect of distributions after income tax on assumed transfers for all reduced options and diluted ordinary shares.

The following are the earnings and number of weighted shares used in calculating EPS:

	2018	2017
Profit for the year after tax	672,791	1,054,084
Number of shares weighted	6,000,000	6,000,000
<b>Earnings per share (JD/Share)</b>	<b>0.11</b>	<b>0.18</b>

<b>25- Transactions with related parties</b>			<b>2018</b>	<b>2017</b>
Packing factories Co.	Purchase	Owned by shareholder in UMIC	75,439	62,074
Delta insurance company	Services	Same chairman between UMIC and Delta Insurance	87,215	94,137
<b>Total</b>			<b>162,654</b>	<b>156,211</b>

#### **Top management rewards**

The main employees of the company are the General Manager and the Company's senior managers

	<b>2018</b>	<b>2017</b>
Salaries, wages and bonuses	364,553	355,033

#### **26- Financial Risk Management**

##### **Currency Risk**

Most of the company's transactions are in Jordanian dinar and most of the company's foreign transactions are in US dollar , the company is not highly exposed to foreign currency risk.

##### **Interests Risk**

Risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, bank overdraft and term loans).

##### **Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and investment securities.

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains line of credit from its bank for sudden cash requirements.



The following are the contracted maturities of financial liabilities

	2018		
	For one year	more than one year	Total
Accounts payable	528,431	0	528,431
Income tax provision	75,490	0	75,490
Other current liabilities	404,007	0	404,007
<b>Total</b>	<b>1,007,928</b>	<b>0</b>	<b>1,007,928</b>

	2017		
	For one year	more than one year	Total
Accounts payable	423,042	0	423,042
Income tax provision	132,728	0	132,728
Other current liabilities	448,763	0	448,763
<b>Total</b>	<b>1,004,533</b>	<b>0</b>	<b>1,004,533</b>

## 27- Capital Management

The primary objective of the Company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2018 and 2017.

Capital comprises from paid in capital, statutory reserve, voluntary reserve and retained earnings amounted JD (10,351,025) as of December 31, 2018 (2017: JD 10,582,211).

## 28- The Analysis of maturity assets and liabilities

- The following table show the assets and liabilities according to return expected time

A- The Analysis of assets & liabilities as of 2018

	2018		
	For one year	more than one year	Total
<b>Assets</b>			
Cash and cash equivalents	4,037,185	0	4,037,185
Financial assets at fair value through comprehensive income statement	79,635	0	79,635
Cheques under collection	494,480	0	494,480
Accounts receivables ( Net )	1,404,974	0	1,404,974
Inventories	3,663,516	0	3,663,516
Letter of credit and goods in transit	302,883	0	302,883
Spare parts and others	398,126	0	398,126
Other current assets	50,208	0	50,208
Property, plant and equipment (Net)		1,234,185	1,234,185
Financial assets at fair value through		24,000	24,000
<b>Total</b>	<b>10,431,007</b>	<b>1,258,185</b>	<b>11,689,192</b>
<b>Liabilities</b>			
Credit banks	88,265	0	88,265
Accounts payable	528,431	0	528,431
Unpaid dividends liabilities	231,974	0	231,974
Income tax provision	75,490	0	75,490
Other current liabilities	414,007	0	414,007
<b>Total</b>	<b>1,338,167</b>	<b>0</b>	<b>1,338,167</b>
<b>Net</b>	<b>9,092,840</b>	<b>1,258,185</b>	<b>10,351,025</b>

**B- The analysis of assets and liabilities as of 2017**

	2017		
	For one year	more than one year	Total
<b>Assets</b>			
Cash and cash equivalents	5,960,614	0	5,960,614
Financial assets at fair value through	77,462	0	77,462
Cheques under collection	400,000	0	400,000
Accounts receivables ( Net )	1,582,153	0	1,582,153
Inventories	2,230,840	0	2,230,840
Letter of credit and goods in transit	4,831	0	4,831
Spare parts and others	325,156	0	325,156
Other current assets	47,398	0	47,398
Property, plant and equipment (Net)		1,148,657	1,148,657
Financial assets at fair value through		24,000	24,000
<b>Total</b>	<b>10,628,454</b>	<b>1,172,657</b>	<b>11,801,111</b>
<b>Liabilities</b>			
Accounts payable	423,042	0	423,042
Unpaid dividends liabilities	214,367	0	214,367
Income tax provision	132,728	0	132,728
Other current liabilities	448,763	0	448,763
<b>Total</b>	<b>1,218,900</b>	<b>0</b>	<b>1,218,900</b>
<b>Net</b>	<b>9,409,554</b>	<b>1,172,657</b>	<b>10,582,211</b>

**29-Contingent liabilities**

The contingent liabilities of the Company as of 31 December 2018 are as follows:

- Bank guarantees	586,449
- Insurance cheques issued to shipping companies	39,901
- Goods for others ( Zamzam company )	15,133
<b>Total</b>	<b>641,483</b>

**30-Court Cases Issued by the company**

Lawsuit raised by the company against others amounted JD (124,275) , as of December 31, 2018 those lawsuit are still pending at the specialized court.

**31-Subsequent events**

There are no subsequent events on the date of financial statements or after the preparation of financial statements.

**32-Comparision numbers**

Certain comparative year figures have been reclassified to conform with the presentation of financial statements for the current period .

**33-Financial Statements Approval**

These financial statements have been approved by the Board of Directors' meeting held on 15/01/2019 .