الشركة العالمية الحديثة لصناعة الزيوت النباتية
المساهمة العامة المحدودة

Date: 9/2/2020

To: Jordan Securities Commission

Amman Stock Exchange

Sub: Annual Report as of 31/12/2019

Attached, Please find the Annual Report of the Universal Modern Industries Co. for edible oil as of 31 Dec 2019.

With our high appreciation and respect.

Universal Modern Industries Co. For Edible Oil

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

هيئة الأوراق المالية
الدائرة الادارية / الديوان
١٣ شباط ٢٠٢٠
الرقم المتسلسل ٩٨
الجهة المختصة

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WEB SITE : www.umic.com

Universal Modern Industries Co. For Edible Oil

(Public Shareholding Company)

Amman - Jordan

Financial Statements and Independent Auditor's Report

as of December 31, 2019

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.133192698**

(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, 2019, 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, 2019, 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.

INDEPENDENT AUDITORS' REPORT (Con't)
Universal Modern Industries Co. For Edible Oil Company
E.133192698

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.

Provision for expected credit loss

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 (2,167,444) which represents 18% of total assets as of December 31, 2019.
In addition, trade receivables and cheques under collection are considered a key audit matters, 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 and cheques under collection amounted at (1,500,754) which represents 12% of total assets as of December 31.2019 .

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 good practices in calculating the probability of default.

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 good practices in calculating the probability of default.

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

The Company has recalculated the allowance 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).
In addition, 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 (2,480,573) which represents 21% of total assets as of December 31, 2019.

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.133192698

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 2019, 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.

INDEPENDENT AUDITORS' REPORT (Con't)
Universal Modern Industries Co. For Edible Oil Company
E.133192698

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

INDEPENDENT AUDITORS' REPORT (Con't)
Universal Modern Industries Co. For Edible Oil Company
E.133192698

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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)

UHY Arab Auditors
Public Accountants & Consultants

Amman- Jordan
As of January 15, 2020

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

Statement of financial position
as of December 31, 2019 & 2018

(In Jordanian Dinar)

	Notes	2019	2018
Assets			
Current assets			
Cash and cash equivalents	3	5,936,423	4,037,185
Financial assets at fair value through income statement	5	79,029	79,635
Accounts recivables (Net) & cheques under collection	6	1,500,754	1,899,454
Inventories	7	2,480,573	3,663,516
Letter of credit and goods in transit		277,771	398,126
Spare parts and others	8	296,355	302,883
Other current assets	9	77,786	50,208
Total current assets		**10,648,691**	**10,431,007**
Non-current assets			
Property, plant and equipment (Net)	10	1,366,438	1,234,185
Financial assets at fair value through comprehensive income statement	11	24,000	24,000
Total non-current assets		**1,390,438**	**1,258,185**
Total assets		**12,039,129**	**11,689,192**
Liabilities and shareholders' equity			
Current liabilities			
Credit banks	12	0	88,265
Accounts payable		989,423	528,431
Unpaid dividends liabilities		218,317	231,974
Income tax provision	13	139,487	75,490
Other current liabilities	14	419,003	414,007
Total current liabilities		**1,766,230**	**1,338,167**
Shareholders' equity			
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		2,148,676	2,226,802
Total shareholders' equity		**10,272,899**	**10,351,025**
Total liabilities and shareholders' equity		**12,039,129**	**11,689,192**

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, 2019 & 2018

(In Jordanian Dinar)

	Notes	2019	2018
Net sales	19	12,956,605	12,474,158
Cost of goods sold	20	(10,914,718)	(10,960,667)
Gross profit		**2,041,887**	**1,513,491**
Selling and Distribution expenses	21	(295,548)	(235,531)
General and administrative expenses	22	(566,178)	(545,380)
Depreciation		(62,590)	(54,577)
Expected credit losses provision		(317,459)	(11,889)
Board of Directors remuneration		(45,000)	(45,000)
Other revenues (Net)	23	137,457	157,011
Profit for the year before income tax		**892,569**	**778,125**
Income tax provision	13	(178,777)	(105,334)
National contribution provision		(11,918)	
Profit for the year after tax		**701,874**	**672,791**
Comprehensive income for the year		**701,874**	**672,791**
Basic and Diluted EPS (JOD / Stocks)	24	**0.12**	**0.11**

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, 2019 & 2018

(In Jordanian Dinar)

	Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings	Total
Balance as of January 1, 2018	6,000,000	1,518,451	605,772	2,457,988	10,582,211
Effect of applying IFRS (9)	0	0	0	(63,977)	(63,977)
Adjusted balance as of January 1, 2018	6,000,000	1,518,451	605,772	2,394,011	10,518,234
Dividends	0	0	0	(840,000)	(840,000)
Comprehensive income for the year	0	0	0	672,791	672,791
Balance as of December 31, 2018	**6,000,000**	**1,518,451**	**605,772**	**2,226,802**	**10,351,025**
Dividends	0	0	0	(780,000)	(780,000)
Comprehensive income for the year	0	0	0	701,874	701,874
Balance as of December 31, 2019	**6,000,000**	**1,518,451**	**605,772**	**2,148,676**	**10,272,899**

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

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

Statement of cash flows
For the years ended December 31, 2019 & 2018

(In Jordanian Dinar)

Cash flows from operating activities		**2019**	**2018**
Profit before income tax		892,569	778,125
Depreciation		245,686	272,601
Expected credit losses provision		317,350	11,889
Employees rewards provision		(7,310)	(46,614)
End of service provision		6,647	6,865
Gains (Losses) on valuation of financial assets through income		606	(2,173)
Capital gains		(3,448)	(6,250)
Adjusted profit before changes in working capital		**1,452,100**	**1,014,443**
Change in Accounts receivables		(383,364)	104,676
Change in Cheques under collection		464,605	(94,480)
Changes in inventories		1,182,943	(1,432,676)
Change in Spare parts		6,528	22,273
Letter of credit and goods in transit		120,355	(393,295)
Change in Other current assets		(27,578)	(2,810)
Change in Accounts payable		460,992	105,389
Change in Other current liabilities		(6,259)	4,993
Net cash flows from (used in) operating activities before paid tax		**3,270,322**	**(671,487)**
Paid income tax		(114,780)	(162,572)
Net cash flows from (used in) operating activities after paid tax		**3,155,542**	**(834,059)**
Cash flows from investing activities			
Proceeds from sale of property and equipment		3,448	28,250
Purchase of property and equipment		(377,939)	(380,129)
Net cash flows used in investing activities		**(374,491)**	**(351,879)**
Cash flows from financing activities			
Credit banks		(88,265)	88,265
Dividends paid during the year	18	(793,657)	(822,393)
Net cash flows used in financing activities		**(881,922)**	**(734,128)**
Net increase / decrease in cash and cash equivalents		1,899,129	(1,920,066)
Cash and cash equivalents at the beginning of the yaer		4,040,548	5,960,614
Cash and cash equivalents at the end of the year		**5,939,677**	**4,040,548**

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

Notes to the Financial Statements

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

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 :

Asset	Depreciation rates
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 cos 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.

Definition of default
The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due .

The group has set out the definition of default where a default is considered to have occurred when either or both of the two following events have taken place:

* The obligor is considered unlikely to pay its credit obligations in full .
* The obligor is past due for 90 days or more on any material credit obligation.

Expected life
When measuring ECL, the group must consider the maximum contractual period over which the bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. for certain revolving credit facilities that do not have a fixed maturity , the expected life is estimated based on the period over which the group is exposed to credit risk and where the credit losses would not be mitigated by management actions .

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 a scope of other standards . The new standard establishes a five-step model to account for revenue a rising 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 polices 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.

IFRS 16 leases

IFRS 16 supersedes IAS 17 leases IFRIC 4 determinig whether an arrangement contains a lease , SIC - 15 operating leases - incentives and SIC-27 evaluating the substance of transactions involving the leagal from of a lease. the standerd sets out the principles for the recognition,measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on balance sheet model .

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17 . Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17 . Therefore , IFRS 16 did not have an impact for leases where the company is the lessor.

The company also elected to used the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short - term leases) , and lease contracts for which the underlying asset is of low value ('low - value assets') .

Provisions

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

Income tax

The income tax is calculated according to the taxable income, 1% as national contribution according to the Jordanian income tax law No. (34) for the year 2014.

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		2019	2018
Cash on hand		3,428	4,646
Cash at banks - Current		1,131,781	30,931
Cash at banks - Deposits *		2,167,444	2,240,044
Cheques under collection	4-A	2,637,024	1,764,927
Total		**5,939,677**	**4,040,548**
Expected credit losses provision		(3,254)	(3,363)
Total		**5,936,423**	**4,037,185**

* Interest rate on bank deposits reached 5.75% to 6.25% with different maturities

Expected credit losses provision	2019	2018
Effect of applying IFRS (9)	3,363	3,938
Decrease provision	(109)	(575)
Total	**3,254**	**3,363**

4-Cheques under collection	2019	2018
A- Cheques collected during 90 day	2,637,024	1,764,927
B- Cheques collected after 90 day	29,875	494,480
Total	**2,666,899**	**2,259,407**

*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	2019	2018
Financial assets at fair value through income statement	79,029	79,635
Total	**79,029**	**79,635**

This item represent stocks listed in Amman Stoch Exchange

6- Accounts receivables (Net) & cheques under collection		2019	2018
cheques under collection	4-B	29,875	494,480
Military and civil service consumer corporation	6-A	1,015,227	1,084,128
Local trade receivables	6-B	927,871	476,359
Other receivables		32,898	32,145
Total		2,005,871	2,087,112
Allowance for doubtful accounts	6-C	(505,117)	(187,658)
Net		**1,500,754**	**1,899,454**

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

	2019	2018
Receivables during the collection period	586,709	450,149
Receivables exceed collection period (0-30) day	183,891	229,489
Receivables exceed collection period (31-90) day	234,166	326,841
Receivables exceed collection period (over 90) day	10,461	77,649
Total	**1,015,227**	**1,084,128**

6-B-Trade receivables

	2019	2018
Receivables during the collection period	706,623	252,253
Receivables exceed collection period (0-30) day	48,399	45,949
Receivables exceed collection period (31-90) day	17,489	2,399
Receivables exceed collection period (over 90) day	36,616	57,881
High risk receivables	118,744	117,877
Total	**927,871**	**476,359**

6-C-Allowance for doubtful accounts

	2019	2018
Beginning balance	187,658	115,155
Effect of applying IFRS (9)	0	60,039
Increase in doubtful accounts	317,459	12,464
Ending balance	**505,117**	**187,658**

*The management review the doubtful accounts and decided to increase it by JD (317,459) .

7-Inventories

	2019	2018
Raw materials	1,444,715	1,530,750
Goods in process	465,994	1,162,206
Finished goods	569,864	970,560
Total	**2,480,573**	**3,663,516**

8-Spare parts and others

	2019	2018
Spare parts	365,803	366,784
Diesel , fuel and water	30,552	36,099
Less provision for slow moving items	(100,000)	(100,000)
Total	**296,355**	**302,883**

9-Other current assets

	2019	2018
Prepaid expenses	34,458	29,904
Refundable deposit	12,936	12,971
Employees accounts	21,933	2,415
Work injuries	8,459	4,918
Total	**77,786**	**50,208**

10- Property , plant and equipment

For the year ended in December 31, 2019

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. 2019	151,173	2,111,750	891,578	6,372,084	596,190	582,063	301,093	4,378	11,010,309
Additions	0	6,179	14,480	270,960	13,057	65,266	7,019	978	377,939
Disposals			0	0	0	(26,093)		0	(26,093)
Cost as of 31 Dec. 2019	151,173	2,117,929	906,058	6,643,044	609,247	621,236	308,112	5,356	11,362,155
Accumulated Depreciation as of 01 Jan. 2019	0	1,924,237	846,360	6,279,783	99,517	342,327	283,900	0	9,776,124
Depreciation	0	17,189	9,188	79,742	60,925	71,061	7,581	0	245,686
Disposals	0		0	0	0	(26,093)		0	(26,093)
Accumulated depreciation as of 31 Dec. 2019	0	1,941,426	855,548	6,359,525	160,442	387,295	291,481	0	9,995,717
Net Book value as of 31 Dec. 2019	**151,173**	**176,503**	**50,510**	**283,519**	**448,805**	**233,941**	**16,631**	**5,356**	**1,366,438**

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	0	85,805	4,400	14,914	131,472	114,437	10,713	18,388	380,129
Disposals	0	(2,500)	0	0	0	(90,779)	(76,847)	0	(170,126)
Transfers	0	0	0	37,115	0		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	0	9,651,649
Depreciation	0	17,663	9,190	113,358	53,045	70,985	8,360	0	272,601
Disposals	0	(2,500)	0	0	0	(68,779)	(76,847)	0	(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
Net Book value as of 31 Dec. 2018	**151,173**	**187,513**	**45,218**	**92,301**	**496,673**	**239,736**	**17,193**	**4,378**	**1,234,185**

11-Financial assets at fair value through comprehensive income statement

	2019	2018
Financial assets at fair value through comprehensive income statement	24,000	24,000
Total	**24,000**	**24,000**

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

12-Credit banks	Facilities type	Interest Rate	Facilities limit	Current balance
Arab Bank	Overdraft	9.125%	1,000,000	0
Arab Bank	Letter of credit	9.125%	1,750,000	0
Jordan Kuwait Bank	Overdraft	10%	500,000	0
Islamic Bank	Purchases financing	-	1,000,000	0
Total				**0**

13- Income tax provision

	2019	2018
Income tax for the year	178,777	105,334
Prior years income tax	75,490	4,725
Down Payments	(106,850)	(27,808)
Withholding tax on income from interest on deposits	(7,930)	(6,761)
Total	**139,487**	**75,490**

Tax status

- The Company's accounts has been audited by the Income tax department until 2018.

14- Other current liabilities

	2019	2018
Accrued expenses	15,385	26,555
Withholding sales tax	33,472	17,298
Employee rewards provision	152,964	160,274
Other provisions	8,903	20,166
Provision against prices decline *	100,000	100,000
End of service provision	51,361	44,714
Board of directors remuneration	45,000	45,000
National contribution provision	11,918	0
Total	**419,003**	**414,007**

* 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 25% of annual income before taxes, and it used in purpose determined by the Board of Directors.

18- Dividends

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

	2019	2018
Dividends paid		
Dividends for the year	(780,000)	(840,000)
Unpaid dividends during the year	25,945	39,691
Dividends paid for prior years	(40,171)	(22,084)
Total	**(794,226)**	**(822,393)**

At 15/01/2019 the company's general authority voted to submit 13% of capital as cash dividends , amounted (780,000) JD.

Profit distribution proposal

At a meeting of the Board of Directors held on 15/01/2020, the company's directors voted to submit 12% of capital as Profit Distribution Proposal .

19- Net sales	2019	2018
Local sales	12,956,605	12,452,860
Export sales		21,298
Total	**12,956,605**	**12,474,158**

20-Cost of goods sold		2019	2018
Inventory beginning balance		1,530,750	1,113,161
Purchases		8,419,379	11,024,616
Inventory ending balance		(1,444,715)	(1,530,750)
Raw materials used in production		8,505,414	10,607,027
Manufacturing expenses	20-A	1,312,396	1,368,727
goods in process - beginning balance		1,162,206	603,922
goods in process - ending balance		(465,994)	(1,162,206)
Product cost during the year		10,514,022	11,417,470
Finished goods - beginning balance		970,560	513,757
Finished goods - Ending balance		(569,864)	(970,560)
Total		**10,914,718**	**10,960,667**

20-A-Manufactring expenses

	2019	2018
Salaries and staff benefit	707,972	697,197
Depreciation	183,096	218,024
Fuel	246,660	253,411
Spare parts and consumables	39,687	29,647
Electricity and water	46,255	87,203
Machinery insurance	6,147	6,843
Vehicles maintenance and fuel	25,786	28,090
Miscellaneous	56,793	48,312
Total	**1,312,396**	**1,368,727**

* **Salaries and staff benefit**

	2019	2018
Salaries and wages	602,927	601,390
Social security contribution	66,547	66,432
Staff training	7,450	2,250
Medical insurance	31,048	27,125
Total	**707,972**	**697,197**

21-Selling and distribution expenses

	2019	2018
Salaries and staff benefit *	119,862	88,413
Government fees & licenses	38,830	53,493
Freight expenses	540	3,996
Vehicles maintenance	64,928	52,772
Guarantee expense	10,371	7,384
Sales commission	7,900	4,800
Rent expenses	0	3,180
Samples and donations	9,881	9,121
Postage and telephone	1,897	2,354
Advertising expense	23,634	2,289
Electricity and water	904	1,970
Miscellaneous	16,801	5,759
Total	**295,548**	**235,531**

* **Salaries and staff benefit**

	2019	2018
Salaries and wages	100,698	72,391
Social security contribution	13,559	8,965
Staff training	250	1,250
Medical insurance	5,355	5,807
Total	**119,862**	**88,413**

22-General and administrative expenses

	2019	2018
Salaries and staff benefit *	425,618	402,010
Government fees & licenses	10,878	10,790
Freight expenses	63,484	45,907
Vehicles maintenance	18,002	21,276
Professional fees	19,538	19,538
Rent expenses	3,305	3,305
Postage and telephone	4,657	4,440
Stationary	5,081	3,373
Advertising expense	1,070	1,950
Hospitality and cleaning	5,019	5,136
Bank interest	6,397	25,395
Miscellaneous	3,129	2,260
Total	**566,178**	**545,380**

* **Salaries and staff benefit**	2019	2018
Salaries and wages	379,502	361,833
Social security contribution	34,212	32,787
Staff training	4,107	415
Medical insurance	7,797	6,975
Total	**425,618**	**402,010**

23- Other revenues (Net)

	2019	2018
Gains (losses) of financial assets revaluation	(606)	2,173
Capital gains	3,448	6,250
Dividends from financial investments	13,075	6,905
Interest revenue	116,698	140,833
Currency exchange	4,733	850
Refundable expected credit loss	109	0
Total	**137,457**	**157,011**

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:

	2019	2018
Profit for the year after tax	701,874	672,791
Number of shares weighted	6,000,000	6,000,000
Earnings per share (JD/Share)	**0.12**	**0.11**

25- Transactions with related parties

			2019	2018
Packing factories Co.	Purchase	Owned by shareholder in UMIC	84,356	75,439
Delta insurance company	Services	Same chairman between UMIC and Delta Insurance	82,213	87,215
Total			**166,569**	**162,654**

Top management rewards

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

	2019	2018
Salaries, wages and bonuses	358,755	364,553
Total	**358,755**	**364,553**

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.

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 current year.

Capital comprises from paid in capital, statutory reserve, voluntary reserve and retained earnings amounted JD (10,272,899) as of December 31, 2019 (2018: JD 10,351,025).

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 2019

	2019		
Assets	For one year	more than one year	Total
Cash and cash equivalents	5,936,423	0	5,936,423
Financial assets at fair value through income statement	79,029	0	79,029
Cheques under collection and accounts recivables	1,500,754	0	1,500,754
Inventories	2,480,573	0	2,480,573
Letter of credit and goods in transit	296,355	0	296,355
Spare parts and others	277,771	0	277,771
Other current assets	77,787	0	77,787
Property, plant and equipment (Net)	0	1,366,437	1,366,437
Financial assets at fair value through	0	24,000	24,000
Comprehensive statement	0		0
Total	**10,648,692**	**1,390,437**	**12,039,129**
Liabilities			
Credit banks	0	0	0
Accounts payable	989,423	0	989,423
Unpaid dividends liabilities	218,317	0	218,317
Income tax provision	139,487	0	139,487
Other current liabilities	419,003	0	419,003
Total	**1,766,230**	**0**	**1,766,230**
Net	**8,882,462**	**1,390,437**	**10,272,899**

A- The Analysis of assets & liabilities as of 2018

	2018		
Assets	For one year	more than one year	Total
Cash and cash equivalents	4,037,185	0	4,037,185
Financial assets at fair value through income statement	79,635	0	79,635
Accounts receivables (Net) & cheques under collection	1,899,454	0	1,899,454
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 comprehensive income statement		24,000	24,000
Total	**10,431,007**	**1,258,185**	**11,689,192**
Liabilities			
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
Total	**1,338,167**	**0**	**1,338,167**
Net	**9,092,840**	**1,258,185**	**10,351,025**

29-Contingent liabilities

The contingent liabilities of the Company as of 31 December 2019 are as follows:

- Bank guarantees	513,454
- Insurance cheques issued to shipping companies (Aqaba	39,901
Total	**553,355**

30-Court Cases issued by the company

There are no cases brought against the company , according to the lawyer's book .

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 15/01/2020 .