



الجمهورية الأردنية
Golden List Jordan Customs



شركة إسمنت الشمالية
Northern Cement Co.



هيئة الأوراق المالية
الدائرة الادارية / الديوان

٢٠١٧ حزيران

الرقم التسلسلي ٣٠٨٤
الجهة المختصة ١٠١١٢

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السادة / هيئة الاوراق المالية المحترمين
دائرة الافصاح

الموضوع : البيانات المالية للشركة باللغة الانجليزية

تحية طيبة وبعد ،،،،

اشارة الى الموضوع اعلاه وبناء على تعليمات الافصاح الصادرة من قبلكم نرفق لكم البيانات المالية للشركة باللغة الانجليزية على النحو التالي :-

-البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31

وتفضلوا بقبول فائق الاحترام والتقدير،،،،



* نسخة / مركز ايداع الاوراق المالية
نسخة / بورصة عمان
نسخة / الملف

Northern Cement Company
"Public Shareholding Company"
Amman–The Hashemite Kingdom of Jordan
Financial Statements
31 December 2016
and
Independent Auditors' Report

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan

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Independent auditors report

**To the Shareholders of
Northern Cement Company(P.S)
Report on the Audit of the financial statements**

Opinion

We have audited the financial statements of Northern Cement Company (P.S) which comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, statements 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern Cement Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion:

We conducted our audit in accordance with International Standards on Auditing.

Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) code together with the ethical requirements that are relevant to our audit of the financial statements in Jordan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 consolidated financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

First: Cash and cash equivalent&cheques under collection

The Key audit matter

The cash and cash equivalent reached (1,637,081 JOD) as at 31, December 2016 (2,545,494 JOD: 2015), this item consists of cash and petty cash in addition to JOD and USD accounts at Arab Bank Islamic, International Arab Bank and Housing Bank. The balance of cheques under collection reached (6,010,727 JOD) as at 31, December 2016 (10,547,816 JOD: 2015) and the collection period for these cheques ranges from 30 days to 180 days.

How the matter was addressed in our audit:

We have conducted the auditing procedures of cash and cash equivalent and cheques under collection in compliance with International Standards on Auditing includes reviewing bank reconciliations and documentary examining according to sample method. We also verified the control producers on cash and cash equivalent and cheques under collection, in addition to checking the presentation and disclosures according to the requirements of International Financial Reporting Standards.

Second: Trade account receivables

The Key audit matter

Trade account receivables reached (6,138,629 JOD) as at 31, December 2016 (5,774,015 JOD: 2015) and these receivables were the result of cement selling.

How the matter was addressed in our audit

We have conducted the auditing procedures of trade accounts receivable according to the International Standards on Auditing and according to the sampling method in order to

authenticate goods receipt and the right pricing in accordance with the clients' agreed upon contracts besides verification of collection of receivables.

We have conducted an analytical study on ages of the account receivables and their related information for determining the decline in their value. We also obtained the confirmations of the account receivables according to the selected sample.

Moreover, we verified the presentation and disclosure according to the requirements of the International Financial Reporting Standards.

Three: Inventory and warehouses

The Key audit matter

The value of inventory and warehouses reached (57,549,326 JOD) as at 31, December, 2016 (58,392,468 JOD: 2015), it includes raw materials, packaging, finished goods, spare parts and goods in process.

How the matter was addressed in our audit:

We have conducted the auditing procedures for inventory and warehouses in compliance with International Standards on Auditing including attending the inventory stock taking and getting the necessary documented confirmations of the stock balances from the company.

In relation to the stock taking of raw materials, the company carried out the stock taking through experts in quantitative counting and we have depended on their report.

We verified the control procedures of the inventory and warehouses for being sure that there is no expired or stagnated product.

Moreover, we verified the presentation and disclosure according to the requirements of the International Financial Reporting Standards.

Four: Property, plants and equipments

The Key audit matter

The value of property, plants and equipments reached (34,825,313 JOD) as at 31, December, 2016 (37,216,243 JOD: 2015), it includes buildings, land, roads, machines and equipment.

How the matter was addressed in our audit

We have conducted the auditing procedures of property, plants and equipments according to the International Standards on Auditing including analysis procedure and

verification depreciation in addition to document testing and verifying that there are no indicators of the impairment decline in value of property and equipment.

Moreover, we verified the control procedures of property, plants and equipments besides verifying the presentation and disclosures according to requirements of International Financial Reporting Standards.

Five: Due to related parties

The Key audit matter

The amounts due to related parties reached (27,779,356 JOD) as at 31, December 2016 (39,412,018 JOD :2015), it represents the balance of Northern Region Cement Company (mother company) in Kingdom of Saudi Arabia, it was a result of financing activities without charging any interest and it is paid on monthly basis.

How the matter was addressed in our audit

We have conducted the auditing procedures of amounts due to related parties according to the International Standards on Auditing including conducting procedures of documentary testing, and verifying the policies besides verifying that there is no conflict of interest.

Moreover, we verified the presentation and disclosures according to the requirements of the International Financial Reporting Standards.

Six: Sales

The Key audit matter

Sales reached (63,366,846 JOD) as at 31, December 2016 (72,902,281 JOD:2015) it was the result of selling the cement product in Jordan, which considers the main activity for the company, the credit period ranging from 30 to 180 days.

How the matter was addressed in our audit

We have conducted the auditing procedures of sales according to the International Standards on Auditing including the analytical procedures and comparison with the sales of the year before for identifying the causes of the existing changes. We have performed the documentary testing and comparing the sales with sales tax declaration, in addition to verification of the sales' control procedures. We verified the presentation and disclosures according to the requirements of the International Financial Reporting Standards.

Seven: Cost of sales

The Key audit matter

Cost of sales reached(46,891,471JOD)as at 31,December2016(52,500,821 JOD: 2015), it includes the cost of the inputs of production, in addition to the industrial expenses.

How the matter was addressed in our audit

We have conducted the auditing procedures relating to cost of sales according to the International Standards on Auditing including conducting analytical procedures and comparison with the year before for identifying the causes of the existing changes. We verified the presentation and disclosures according to the requirements of the International Financial Reporting Standards.

Other information:

Management is responsible for the other information, which comprises the information does not included in the financial statements and 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 that we have performed, we conclude that there is a material misstatement of this other information, then 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 and, 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 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.
- 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.

The Report on other legal and regularity requirement

The Company maintains accounting records as required, and it is compatible with the accompanying financial statements and we recommend approving it.

On behalf of
IPB Member of Kreston Int'l

Dr. Reem AL-Araj

License No. (820)



Amman - Jordan

11 Jan 2017

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan
Statement of Financial Position

Assets	Notes	As at 31December	
		2016 Stand alone	2015 Consolidated
Current assets			
Cash and cash equivalent	8	1,637,081	2,545,494
Cheques under collection	9	6,010,727	10,547,816
Trade accounts receivable		4,436,786	6,979,040
Other receivables	10	239,187	845,766
Goods and warehouses	11	57,549,326	58,392,468
Goods in transit and orders		29,736	1,946,263
Prepaid expenses	12	470,106	599,813
Other debit balances	13	884,031	604,869
Total current assets		71,256,980	82,461,529
Non – current assets			
Property, plants and equipments (net)	14	34,825,313	37,216,243
Projects under construction	15	1,618,898	521,085
Total non-current assets		36,444,211	37,737,328
Total assets		107,701,191	120,198,857
Liabilities and Equity			
Current liabilities			
Trade account payables		1,113,994	1,663,412
Due to related parties	16	27,779,356	39,412,018
Income tax provision		939,288	1,182,688
Shareholders deposits		41,592	-
Other credit balances	17	2,373,984	1,187,013
Total current liabilities		32,248,214	43,445,131
Total liabilities		32,248,214	43,445,131
Equity	18		
Subscribed and paid in capital		55,000,000	55,000,000
Statutory reserve		8,987,642	7,645,802
Retained earnings		11,465,335	14,078,063
Non- controlling interests		-	29,861
Total Equity		75,452,977	76,753,726
Total Liabilities & Equity		107,701,191	120,198,857

The notes from page 13 to 38 are an integral part of these financial statements

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan
Statement of Profit or Loss and Other Comprehensive Income

	Note	For the year ended 31 December	
		2016 Stand alone	2015 Consolidated
Sales		63,366,846	72,902,281
Cost of sales	19	(46,891,471)	(52,500,821)
Gross profit		16,475,375	20,401,460
Other revenues		17,313	17,318
Selling and distribution expenses	20	(1,214,338)	(1,912,953)
Administrative and general expenses	21	(1,870,308)	(1,694,116)
Profit on sale of property and equipment		16,605	-
Impairment losses		(6,247)	(127,628)
Profit from continuing operations		13,418,400	16,684,081
Profit for the year before tax		13,418,400	16,684,081
Income tax expense		(939,288)	(1,182,688)
Profit after tax		12,479,112	15,501,393
Other comprehensive income		-	-
Comprehensive income for the year		12,479,112	15,501,393
Non- controlling interests share of loss		-	103,614
Comprehensive income after non-controlling interests share of loss		12,479,112	15,605,007
Weighted average of shares		55,000,000	55,000,000
Earnings per share		0.227	0.282

The notes from page13 to 38 are an integral part of these financial statements

Northern Cement Company
"Public Shareholding Company"
Amman - The Hashemite Kingdom of Jordan
Statement of Changes in Equity

For the year ended 31, December 2016	Capital	Statutory reserve	Non-controlling interests	Retained earnings	Total
Balance as at 1, January 2016	55,000,000	7,645,802	29,861	14,078,063	76,753,726
Comprehensive income					
Profit for the year after tax	-	1,341,840	-	11,137,272	12,479,112
Total comprehensive income	-	1,341,840	-	11,137,272	12,479,112
Transaction with shareholders					
Dividends					
Non-controlling interests	-	-	(29,861)	(13,750,000)	(13,750,000)
Total Transaction with shareholders	-	-	(29,861)	-	(29,861)
Balance as at 31, December 2016	55,000,000	8,987,642	-	11,465,335	75,452,977

The notes from page 13 to 38 are an integral part of these financial statements

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan
Statement of Changes in Equity

For the year ended 31, December 2015	Capital	Statutory reserve	Non-controlling interest	Retained earnings	Total
Balance as at 1, January 2015	55,000,000	5,956,248	133,475	16,662,610	77,752,333
Comprehensive income					
Profit for the year after tax	-	1,689,554	-	13,811,839	15,501,393
Non- controlling interests share of loss	-	-	(103,614)	103,614	-
Total comprehensive income	55,000,000	7,645,802	29,861	30,578,063	93,253,726
Transaction with shareholders					
Dividends	-	-	-	(16,500,000)	(16,500,000)
Total Transaction with shareholders	-	-	-	(16,500,000)	(16,500,000)
Balance as at 31, December 2015	55,000,000	7,645,802	29,861	14,078,063	76,753,726

The notes from page 13 to 38 are an integral part of these financial statements

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan
Statement of Cash Flows

	For the year ended 31 December	
	2016	2015
	Stand alone	Consolidated
Cash Flows from Operating Activities		
Profit for the year	12,479,112	15,501,393
Adjustments		
Loss on sale of property and equipment	5,995	-
(Profit) on sale of property and equipment	(22,600)	-
Depreciation & amortization	2,621,253	2,629,355
Provision for contingent liabilities	-	125,000
Impairment losses	-	127,628
Changes in:		
Trade accounts receivable	2,542,254	135,233
Checks under collecting	4,537,089	1,311,611
Other receivables	606,579	(579,069)
Goods and warehouses	843,142	(22,620,730)
Goods in transit and orders	1,916,527	(1,281,669)
Prepaid expenses and other debit balances	(149,455)	(261,892)
Trade accounts payable	(549,418)	(1,123,194)
Due to related parties	(11,632,662)	24,507,874
Shareholders deposits	11,731	-
Other credit balances	1,186,971	358,741
Paid tax	(1,182,688)	(1,400,835)
Cash generated from operating activities		
Income tax paid	939,288	1,182,688
Net cash from operating activities	14,153,118	18,612,134
Cash flows from investment activities		
Purchase of property and equipment	(625,974)	(778,852)
Projects under construction	(1,097,813)	(323,546)
Proceeds from sale of property and equipment	412,256	-
Net cash flows from investment activities	(1,311,531)	(1,102,398)
Cash flows from financing activities		
Dividends	(13,750,000)	(16,500,000)
Net cash flows from financing activities	(13,750,000)	(16,500,000)
Net (decrease) increase in cash	(908,413)	1,009,736
Cash and cash equivalents at beginning of the year	2,545,494	1,535,758
Cash and cash equivalent at ending of the year	1,637,081	2,545,494

The notes from page 13 to 38 are an integral part of these financial statements

Northern Cement Company
"Public Shareholding Company"
Amman -The Hashemite Kingdom of Jordan
Notes to the Financial Statements

1- Reporting Entity

Northern Cement Company (Public Shareholding) is domiciled in Jordan under the registration number (464) with (55,000,000) JOD capital, the company's registered office is at Amman , and the factory is at Al- Mowaqar. The company primarily involved in clinker industry and grinding, cement industry, implementation of other industrial projects and purchasing lands as necessary in addition to other objectives mentioned in registration record.

2- Standards issued but not yet effective

A. Disclosure initiative (amendments to IAS 7)

Amendments to IAS (7) require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

B. Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)

Amendments to IAS (12) clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

C. Revenue from contracts with customers (IFRS 15)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS (18) Revenue and, IAS (11) construction contracts. IFRS (15) is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

▪ **Sales of goods**

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

▪ **Rendering of services**

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the company sells the services in separate transactions.

▪ **Construction contracts**

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognized, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

D- Financial Instruments IFRS (9)

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets and their cash flow are managed. IFRS 9 contains three principal classification categories for financial assets which are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. IFRS (9) is effective for the annual periods beginning on or after 1 January 2018 with earlier adoption permitted.

E- Leases IFRS (16)

IFRS 16 introduces a single, one-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

3- Basis of accounting

- a. These financial statements have been prepared in accordance with International Financial Reporting Standards. They were authorized for issue by the company's Board of director on 25/01/2017.
- b. These financial statements have been prepared based on going concern assumption and under the historical cost basis (except those financial assets and other items that measured by fair value as at the date of financial statement in compliance with International Standards).
- c. These financial statements have been prepared under the accrual basis of accounting, under this basis the effects of transactions and other events are recognized when they occur and not as cash is received or paid and they are recorded in accounting records and reported in the financial statements of the period to which they related.

4- Functional and presentation currency

These financial statements are presented in JOD which is the company's functional currency all amounts have been rounded to nearest (JOD), unless otherwise indicated.

5- Use of judgments and estimates

- ✓ In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- ✓ Estimates and underlying assumptions are reviewed on an ongoing basis Revisions to estimates are recognized prospectively.

6- Accounting policies

The company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

A-Foreign currency

Foreign currency transactions

- ✓ Transactions in foreign currencies are translated into the respective functional currencies of company at the exchange rates at the dates of the transactions.
- ✓ Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, and qualifying cash flow hedges to the extent that the hedges are effective are recognized in other comprehensive income.

- Foreign operations

- ✓ The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into functional currency at the exchange rates at the dates of the transactions.
- ✓ Foreign currency differences are recognized in other compressive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to net compressive income.

- ✓ When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to net compressive income. When the company disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

B- Discontinued operation

A discontinued operation is a component of the company's business, the operations and cash flows of which can be clearly distinguished from the rest of the company's and which:

- ✓ Represents a separate major line of business or geographic area of operations.
- ✓ Is part of a single co-ordinate plan to dispose off a separate major line of business or geographic area of operations
- ✓ is a subsidiary acquired exclusively with a view to re-sale.
- ✓ Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

C- Revenue

▪ Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

▪ Rendering of services

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The company recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

▪ **Commissions**

If the company acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the company.

▪ **Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, then contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity an expected loss on a contract is recognized immediately in profit or loss.

D- Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

E- Employee benefits

Employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated.

F- Government grants

Government grants including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that:

- a- The entity will comply with a conditions attaching to them.
- b- The grants will be received.

Government grants shall be recognized in profit or loss on systematic basis over the periods in which the entity recognizes as expenses the related cost for which the grants are intended to compensate.

G- Income tax

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods tax expense is recognize in compliance with regulation.

- ✓ Northern Cement Company is classified as industrial company; it's subjected to 14% from net income in compliance with Jordanian Taxation Law for the year 2015 with registration number (16602820).
- ✓ The company is exemptions according to Jordanian Investment Law number (16) for the year 1995, and according to article (8) from Jordanian Investment Law no.(68) for the year 2003 the company has the following exemptions:
 - A. Exemptions from fees and taxes accordance to Jordanian Investment Law number (16) for the year 1995, and in compliance with article (25) from Jordanian Investment Law number (68) for the year 2003.
 - B. Exemptions according to articles (6, 7) from the Jordanian Investment Law number (16) for the year 1995 which exempt the plants, property and equipments, and (15%) of spare parts from all taxes and fees in compliance with current regulation and exempt (50%) of income tax for 10 years starting from the date of actual work.
 - C. Exemption for machines and rolling equipments and spare parts by (52,837,631) JOD from all customs fees and taxes.

H-Inventories

- ✓ Inventories are measured at the lower of cost and net realizable value.
- ✓ The cost of inventory includes the purchase prices and other cost incurred to bring it in use.

I-Property, plant and equipment

- ✓ Items of property, plant and equipment are measured at cost, which includes cost incurred to bring the asset to operation, in addition to capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.
- ✓ If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- ✓ Any gain or loss on disposal of an item of property plant and equipment is recognized in profit or loss.
- ✓ Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.
- ✓ Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.
- ✓ The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:
 - Buildings (4%)
 - Machines and equipments (8%)
 - Vehicles (15%)
 - Furniture and Offices' equipments (15%)
- ✓ Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

G- Intangible assets

- ✓ Expenditure on research activities is recognized in profit or loss as incurred.
- ✓ Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company's intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.
- ✓ Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
- ✓ Other intangible assets, including customer relationships, patents and trademarks that are acquired by the company's and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.
- ✓ Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.
- ✓ Notes to the financial statements Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.
- ✓ Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K-Investments property

- ✓ Investment property comprises non-owner occupied buildings held to earn rentals and for capital appreciation.
- ✓ Investments property is initially recognized at cost plus any expenses attributable directly to it.
- ✓ After initial recognition when using the cost model and in the case of lower recoverable amount of investments than its book value it should be reduced to the recoverable amount and the impairment is recognized through profit and loss. If the fair value for impaired investment property increased, recorded impairment loss is reversed no more than the cost or fair value whichever is less.

L- Noncurrent assets held for sale

- ✓ Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
- ✓ Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on measurement are recognized in profit or loss.
- ✓ Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

M-Financial Instruments

- ✓ Financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
- ✓ Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.
- ✓ The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.
- ✓ The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.
- ✓ The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.
- ✓ Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

- ✓ A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.
- ✓ Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.
- ✓ Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

N-Impairment

- **Financial assets**
 - ✓ Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is an objective evidence of impairment such as Indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security because of financial difficulties.
- **Non-financial assets**
 - ✓ At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

- ✓ The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
- ✓ An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.
- ✓ An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

O-Leases

- ✓ Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
- ✓ Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.
- ✓ Assets held under finance leases are recognized as assets of the company at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the Statement of financial position as a finance lease obligation.
- ✓ Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognized immediately in profit or loss, unless attributable to qualifying assets.

P- Provisions

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

- ✓ The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Q- Operating profit

- ✓ Operating profit is the result generated from the continuing principal revenue producing activities of the company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

R- Fair value measurement

- ✓ Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.
- ✓ A number of the company accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
- ✓ When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- ✓ If there is no quoted price in an active market, then the company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
- ✓ If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

S- Borrowing costs

- ✓ Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.
- ✓ Other borrowing costs are expensed in the period in which they are incurred.

T -Related parties

- ✓ A related party is a person or entity that is related to the entity that is preparing its financial statements.
- ✓ A person is a related party if that person has control or significant influence over the reporting entity; or is a member of the key management personnel. an entity is a related party if this entity and the reporting entity are members of the same group or one entity is an associate or joint venture of the other entity or the entity is controlled by a related person.
- ✓ A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
- ✓ Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Name of party	Type of transaction	2016	2015
Northern Region Cement Co.	Financing	(27,779,356)	(39,412,018)

V- Events after the reporting period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue and there are to kind of events after the reporting period:.

- 1- Those that provide evidence of conditions that existed at the end of the reporting period and an entity shall adjust the amounts recognized in its financial statements
- 2- Those that are indicative of conditions that arose after the reporting period, an entity shall not adjust the amounts recognized in its financial statements.

W-Contingent Liabilities

Contingent liabilities are obligations that could result from a past event and will confirm their presence only by the occurrence or non-occurrence of a future uncertain and not within the control of the company and are not recognized in the records because it is not likely to flow release of economic benefits for the payment of the obligation cannot be measured amount of the obligation reliably.

	2016
Bank guarantees(net)	61,798
Law suits	342,704

U- Investments in subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

X-Investment in associates

- ✓ An associate is an entity over which the company has significant influence and that is neither subsidiary nor an interest in a joint venture.
- ✓ Significant influence is the power to participate in the financial and operating policy decisions of the investment but is not control or joint control over those policies.
- ✓ The investment in an associate is initially recognized at cost and adjusted for the company share of in the net assets of the investment after the date of acquisitions and for any impairment in value (equity method) except when the investment is classified as held for sale in accordance with IFRS 5, non – current assets held for sale and discontinued operation.

Y- Capital management

- ✓ The company policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.
- ✓ Management monitors the return on capital, as well as the level of dividends to ordinary shareholder
- ✓ The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.
- ✓ The company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

Z- Financial risk management

The company has exposure to the following risks arising from financial instruments:

1-credit risk

2-liquidity risk

3-market risk

Risk management framework

- ✓ The company's board of directors has overall responsibility for the establishment and oversight of the company risk management framework. The company risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company activities.
- ✓ The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 receivables from customers and investments in debt securities.
- ✓ The carrying amount of financial assets represents the maximum credit exposure.
- ✓ The company exposure to credit from Trade and other receivables risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.
- ✓ The company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three and six months.
- ✓ The company monitors risk cash and cash equivalents by dealing with banks with good reputation.
- ✓ 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 approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation.
- ✓ **Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the company income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1-Currency risk

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of company companies. Management monitors fluctuation in foreign currencies exchange rates and believes that the company is exposed to currency risk due to transactions in foreign currencies rather than USD since the functional currency of the company JOD has fixed exchange rate with USD.

2-Interest rate risk

Interest rate risk arises from the effects of fluctuations in the levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows.

3-Other risk

The company is exposed to equity price risk, which arises from available-for-sale equity securities as well as from investments measured at fair value through profit or loss.

8- Cash and cash equivalents

	2016 Stand alone	2015 Consolidated
Cash at hand	214,259	114,892
Petty cash	29,952	19,077
Arab Bank / current account	46,999	19,170
Islamic International Arab Bank- USD	128,983	436,004
Islamic International Arab Bank- JOD	1,033,261	285,987
Islamic International Arab Bank- EURO	496	162,498
Housing Bank – JOD	3,061	289,631
Housing Bank – USD	180,070	1,206,959
Jordan Bank	-	11,276
Total	1,637,081	2,545,494

9-Cheques under collection

	2016 Stand alone	2015 Consolidated
Islamic International Arab Bank	6,010,727	10,547,816
Total	6,010,727	10,547,816

10-Other receivables

	2016	2015
	Stand alone	Consolidated
Payments in advance	132,394	700,513
Due from employees	74,919	73,880
Other receivables	31,874	71,373
Total	239,187	845,766

11-Goods and warehouses

	2016	2015
	Stand alone	Consolidated
Raw materials	51,875,371	54,610,205
Finished goods	1,144,280	581,529
Packing materials	407,745	151,270
Spare parts and materials	4,119,432	3,046,850
Oil , grease and water	2,498	2,614
Total	57,549,326	58,392,468

Northern Cement Company
Notes to the financial statements

12-Prepaid expenses

	2016	2015
	Stand alone	Consolidated
Factory's insurance	30,435	30,310
Consulting fees	70,706	121,509
Attorney's fees	208	40,292
Health insurance	157,213	159,768
Donations	14,200	42,602
Maintenance	88,020	101,535
Maintenance of the mill	92,934	30,601
Rent	11,875	60,708
Consumables	4,515	12,488
Total	470,106	599,813

13- Other debit balances

	2016	2015
	Stand alone	Consolidated
Refundable deposits	102,074	102,074
Margin on guarantees	713,252	72,610
Income tax	35,506	156,876
Sale tax	-	243,276
Claims to social security and others	33,199	30,033
Total	884,031	604,869

14- Property, plants and equipments

2016 Stand alone	Lands	Buildings	Machines and equipments	Vehicles	Furniture and Offices' equipments	Total
Cost	JOD	JOD	JOD	JOD	JOD	JOD
Opening balance	750,968	13,823,104	36,291,982	1,275,288	577,711	52,719,053
Additions	164,715	59,381	259,232	105,759	36,887	625,974
Disposals	-	(2,119)	(466,346)	(180,879)	(8,779)	(658,123)
Ending balance	915,683	13,880,366	36,084,868	1,200,168	605,819	52,686,904
Accumulated depreciation						
Opening balance	-	3,675,145	10,467,252	993,327	367,086	15,502,810
Additions	-	669,091	1,755,066	135,514	61,582	2,621,253
Disposals	-	(1,065)	(98,878)	(155,443)	(7,086)	(262,472)
Ending balance	-	4,343,171	12,123,440	973,398	421,582	17,861,591
Net book value	915,683	9,537,195	23,961,428	226,770	184,237	34,825,313
2015 Consolidated	Lands	Buildings	Machines and equipments	Vehicles	Furniture and Offices' equipments	Total
Cost	JOD	JOD	JOD	JOD	JOD	JOD
Opening balance	750,968	13,399,308	36,127,574	1,160,479	538,527	51,976,856
Additions	-	423,796	201,063	114,809	39,184	778,852
Disposals	-	-	(36,655)	-	-	(36,655)
Ending balance	750,968	13,823,104	36,291,982	1,275,288	577,711	52,719,053
Accumulated depreciation						
Opening balance	-	3,025,018	8,746,526	811,530	290,381	12,873,455
Additions	-	650,127	1,720,726	181,797	76,705	2,629,355
Ending balance	-	3,675,145	10,467,252	993,327	367,086	15,502,810
Net book value	750,968	10,147,959	25,824,730	281,961	210,625	37,216,243

15- Projects under construction

This item represents the amounts paid for restructuring the factory and the surrounding areas in addition to purchasing and installation of new machines.

16- Due to related parties

	2016	2015
	Stand alone	Consolidated
Northern Region Cement Co.	27,779,356	39,412,018
Total	27,779,356	39,412,018

17- Other credit balances

	2016	2015
	Stand alone	Consolidated
Accrued expenses	127,667	448,777
Due to taxation department	11,525	6,844
Due to social security	38,423	34,876
Other payables	19,451	11,955
Sale tax	1,269,734	1,341
Employees' benefits	907,184	558,220
Provision for contingent liabilities	-	125,000
Total	2,373,984	1,187,013

18- Equity

▪ Capital

Northern Cement Company is a public shareholding company which is registered in the Ministry of Industry and Trade since 01/07/2010 with (55,000,000) JOD capital.

▪ Statutory reserve

This balance represents 10% of this year and previous years' profit carried forward in compliance with Jordanian Company's Law article (186) and this balance is not attributable to shareholders.

▪ Retained earnings

This balance represents the profit carried forward from this year and previous years after provisions.

19- Cost of sales

	Note	2016 Stand alone	2015 Consolidated
Raw materials		37,200,205	41,819,089
Operational expenses	19-1	7,712,150	8,570,697
Depreciation		2,549,853	2,546,470
Cost of production		47,462,208	52,936,256
Finished and under processing goods		573,543	146,094
Goods available for sale		48,035,751	53,082,350
Finished and under processing goods		(1,144,280)	(581,529)
Total		46,891,471	52,500,821

Northern Cement Company
Notes to the financial statements

19-1- Operational Expenses

	2016	2015
	Stand alone	Consolidated
Wages and salaries	1,726,225	1,712,454
Social security	192,178	173,917
Water and electricity	4,058,491	4,922,018
Maintenance	567,006	576,936
Fuel	47,630	59,880
Mail and phone	9,135	8,523
Health insurance	170,356	149,529
Stationery	3,511	4,970
Car expenses	18,567	25,675
Consumable	6,023	4,581
Transportation	111,405	111,021
Security	47,070	47,305
Hospitality	37,181	41,590
Analysis of samples	23,718	23,636
Miscellaneous	39,475	64,920
Professional uniform	27,414	16,995
Cleaning	177,935	185,656
Rent	5,316	16,451
Traveling	1,760	1,425
Machines' expenses	90,982	92,713
Supporting material	40,958	61,845
Factory insurance	40,080	41,936
Oils and greases	34,755	30,084
Mining expenses	-	15,435
Mining fees	-	6,411
Geological studies	-	9,100
Employees' benefits	234,979	165,691
Total	7,712,150	8,570,697

20-Selling and distribution expenses

	2016	2015
	Stand alone	Consolidated
Wages and salaries	130,597	133,279
Social security	14,372	12,646
Cars' expenses	2,463	3,547
Exhibitions	6,536	10,998
Miscellaneous	6,999	4,460
Mail and phone	4,320	3,433
Hospitality	12,530	14,452
Medical insurance	16,369	12,292
Stationery	1,143	2,729
Advertising	116,894	97,526
Membership	-	82
Traveling	14,162	5,699
Donation	5,866	2,593
Transportation and shipping	720,815	1,395,966
Computer expenses	1,093	866
Others	24,186	3,791
Selling expenses	130,305	197,749
Employees' benefits	5,688	10,845
Total	1,214,338	1,912,953

21- Administrative and general expenses

	2016 Stand alone	2015 Consolidated
Salaries and bonuses	832,813	744,030
Social security	78,685	65,969
Water, electricity and telephone	25,189	30,197
Stationery	9,386	4,542
Cars' expenses	25,305	25,345
Exhibition	13,378	13,028
Traveling	38,811	36,504
Advertising	7,336	20,338
Rents	46,333	28,000
Professional fees	123,960	125,085
Hospitality	20,963	17,515
Health insurance	36,815	29,368
Maintenance	12,804	5,595
Fees and licenses	12,389	10,049
Banks' expenses	440	15,065
Insurance	700	1,466
Computers' expenses	6,916	2,729
Cleaning	22,145	20,799
Donation	140,774	144,094
Law suits	142,773	22,578
Miscellaneous	51,001	52,686
Employees' benefits	149,992	71,249
Depreciaition& amortization	71,400	82,885
Contingent liabilities	-	125,000
Total	1,870,308	1,694,116