# disclosure

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| **From:** | <Abed Al-Rahman Ghrair <Aghrair@Masafat.jo |
| **Sent:** | 27 أيار، 2020 12:07 م |
| **To:** | disclosure |
| **Cc:** | Financial Manager |
| **Subject:** | ميزانية 2019 مسافات باللغة الانجليزية |
| **Attachments:** | ميزانية مسافات باللغة انجليزية.pdf |

للافصاح
مديرية عمان
التبادل
للتداول
٥/٢٧

السادة هيئة الاوراق المالية المحترمين
ارفق لكم ميزانية شركة مسافات للنقل المتخصص لسنة 2019 باللغة الانجليزية .
وتقبلوا فائق الاحترام و التقدير


**Abed-AL Rahman Ghrair**
Senior Accountant .
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مسافات للنقل المتخصص
MASAFAT Specialized Transport

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٧ أيار ٢٠٢٠
الرقم المتسلسل ٢٠٥
الجهة المختصة الافصاح

مسافات
للنقل المتخصص
MASAFAT
Specialized Transport

الرقم : 2020/MSFT/141م
التاريخ : 2020/05/26م

**عطوفة الدكتور / كمال القضاة المحترم**
**رئيس مجلس ادارة بورصة عمان**
**بورصة عمان**

**تحية واحتراماً وبعد،،،**

نرفق طيه نسخة عن ميزانية الشركة لعام 2019 مدققة حسب الأصول باللغة الانجليزية.

**وتفضلوا بقبول فائق الاحترام والتقدير،،،**

**المهندس مكرم خليل العلمي**

**رئيس مجلس الإدارة**

**شركة مسافات للنقل المتخصص م.ع.م**

MASAFAT
مسافات للنقل المتخصص

تلفون : ٥٨١٤٦٦٧ ٦ ٩٦٢+ - فاكس : ٥٨١٤٢٨٧ ٦ ٩٦٢+ - صندوق بريد ١٤٤٥٠٠ بيادر وادي السير ١١٨١٤ عمان - الاردن
Tel. : + 962 6 581 4667 - Fax : + 962 6 581 4287 - P.O.Box : 144500 Bayader Wadi Sir 11814 Amman - Jordan

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

Consolidated Financial Statements
and Independent Auditor's Report
for the year ended December 31, 2019

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

Index

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## Independent Auditors Report

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

### Report on the Audit of the Financial Statements

### Opinion

We have audited the consolidated financial statements of Masafat for Specialized Transport Company (Public Shareholding Company), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| The adequacy of the allowance for expected credit losses for trade receivables | Scope of audit |
| --- | --- |
| The balance of trade receivables and checks under collection amounted to JD 4,447,289, and the company's management has assessed the expected credit losses allowance for an amount JD 580,449 as at December 31, 2019. | The audit procedures included examining the control procedures used by the company's management on the process of collecting trade receivables, reviewing the ages of receivables and collections in the subsequent period, guarantees related to these receivables, and examining the adequacy of the allowance for expected credit losses for trade receivables through an evaluation of management hypotheses.<br><br>We have assessed the adequacy of the Company's disclosures on significant estimates of the provision for credit losses for trade receivables. |

Other Information

Management is responsible for the other information. The other information comprises the [*information included in the X report, 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 Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate and it evidence regarding, the consolidated financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<u>Report on Other Legal and Regulatory Requirements</u>

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

Talal Abu-Ghazaleh & Co. International

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

**Aziz Abdelkader**
**(License # 867)**

**Amman - January 30, 2020**

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

## Consolidated statement of financial position as at December 31, 2019

| | Notes | 2019 | 2018 |
|---|---|---|---|
| ASSETS | | JD | JD |
| Non-current Assets | | | |
| Property and equipment | 3 | 22,349,669 | 24,627,364 |
| Investments in associates | 4 | 1,474,160 | 1,497,928 |
| Financial assets at fair value through other comprehensive income | 5 | 107,425 | 124,652 |
| Total Non-current Assets | | 23,931,254 | 26,249,944 |
| Current Assets | | | |
| Inventory | 6 | 331,134 | 416,959 |
| Related parties receivables | 7 | 2,706,204 | 2,706,200 |
| Checks under collection - related parties | 7 | 2,201,000 | 2,406,973 |
| Other debit balances | 8 | 673,422 | 774,922 |
| Trade receivables | 9 | 3,866,840 | 2,776,767 |
| Cash and cash equivalents | | 49,966 | 31,899 |
| **Total Current Assets** | | 9,828,566 | 9,113,720 |
| **Total Assets** | | 33,759,820 | 35,363,664 |

The attached notes form part of these financial statements

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

## Consolidated statement of financial position as at December 31, 2019

| | Notes | 2019 | 2018 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | JD | JD |
| Equity | | | |
| Capital | | 18,500,000 | 18,500,000 |
| Statutory reserve | 10 | 1,290,788 | 1,189,507 |
| Voluntary reserve | 11 | 1,156,731 | 1,062,524 |
| Change in fair value of investments in financial assets at fair value through other comprehensive income | | (147,847) | (130,620) |
| Change in fair value of investments in financial assets at fair value through other comprehensive income - associates | | (46,691) | (46,820) |
| Retained earnings | 21 | 1,055,555 | 1,037,731 |
| Total equity before non-controlling interests | | 21,808,536 | 21,612,322 |
| Non-controlling interests | | 1,296 | 1,302 |
| Total equity | | 21,809,832 | 21,613,624 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Lease liability | 12 | 141,192 | 216,331 |
| Loans non-current | 13 | 181,042 | 877,042 |
| Deferred checks non-current | | 30,000 | 249,988 |
| End of service provision | | 4,611 | 21,631 |
| Total Non- Current Liabilities | | 356,845 | 1,364,992 |
| Current Liabilities | | | |
| Trade payables | | 1,591,483 | 1,869,258 |
| Other credit balances | 14 | 1,839,590 | 1,505,049 |
| Deferred checks | | 1,120,934 | 1,832,682 |
| Related parties payables | 7 | 26,674 | 28,872 |
| Lease liability | 12 | 325,073 | 409,226 |
| Loans - current protion | 13 | 696,000 | 770,000 |
| Banks overdraft | 15 | 5,993,389 | 5,969,961 |
| Total Current Liabilities | | 11,593,143 | 12,385,048 |
| Total Liabilities | | 11,949,988 | 13,750,040 |
| TOTAL EQUITY AND LIABILITIES | | 33,759,820 | 35,363,664 |

The attached notes form part of these financial statements

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

## Consolidated statement of comprehensive income for the year ended December 31, 2019

| | Notes | 2019 | 2018 |
|---|---|---|---|
| | | JD | JD |
| Revenues | 16 | 22,542,062 | 21,967,951 |
| Cost of sale | 17 | (20,374,121) | (20,002,873) |
| Fuel station, net | 18 | 104,947 | 152,452 |
| **Gross profit** | | 2,272,888 | 2,117,530 |
| Other revenues, net | 19 | 723,171 | 497,916 |
| Administrative expenses | 20 | (1,251,024) | (1,024,038) |
| Finance cost | | (689,734) | (667,936) |
| Shares of results of associates | 4 | (48,897) | (5,449) |
| **Profit before tax** | | 1,006,404 | 918,023 |
| Income tax expense | 14 | (226,760) | (226,512) |
| National contribution | | (11,338) | - |
| Income tax paid for previous years | | - | (22,839) |
| **Profit** | | 768,306 | 668,672 |
| **Other Comprehensive Income** | | | |
| Change in fair value of investments in financial assets at fair value through other comprehensive income | | (17,227) | (61,096) |
| Change in fair value of investments in financial assets at fair value through other comprehensive income - associates | | 129 | (20,924) |
| **Total Comprehensive Income** | | 751,208 | 586,652 |
| **Profit attributable to:** | | | |
| Shareholders of the parent | | 768,312 | 668,681 |
| Non-controlling interests | | (6) | (9) |
| **Total** | | 768,306 | 668,672 |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the parent | | 751,214 | 586,661 |
| Non-controlling interests | | (6) | (9) |
| **Total** | | 751,208 | 586,652 |
| Weighted average number of shares | | 18,500,000 | 18,500,000 |
| Basic earnings per share | | JD -/042 | JD -/036 |

The attached notes form part of these financial statements

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

## Consolidated statement of changes in equity for the year ended December 31, 2019

| | Capital | Statutory reserve | Voluntary reserve | Accumulated change in fair value of investment in financial assets through other comprehensive income | Accumulated change in fair value of investment in financial assets through other comprehensive income - associates | Retained earnings | Total before non-controlling interests | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance as at December 31, 2017 | 18,500,000 | 1,096,772 | 970,856 | (69,524) | (25,896) | 1,549,695 | 22,021,903 | 1,311 | 22,023,214 |
| Effect of applying IFRS (9) as at January 1, 2018 | - | - | - | - | - | (56,954) | (56,954) | - | (56,954) |
| Effect of applying IFRS (9) associate as at January 1, 2018 | - | - | - | - | - | (14,288) | (14,288) | - | (14,288) |
| **Adjusted balance beginning of year** | 18,500,000 | 1,096,772 | 970,856 | (69,524) | (25,896) | 1,478,453 | 21,950,661 | 1,311 | 21,951,972 |
| Distributed dividends | - | - | - | - | - | (925,000) | (925,000) | - | (925,000) |
| Comprehensive income | - | - | - | (61,096) | (20,924) | 668,681 | 586,661 | (9) | 586,652 |
| Reserves | - | 92,735 | 91,668 | - | - | (184,403) | - | - | - |
| **Balance as at December 31, 2018** | 18,500,000 | 1,189,507 | 1,062,524 | (130,620) | (46,820) | 1,037,731 | 21,612,322 | 1,302 | 21,613,624 |
| Distributed dividends | - | - | - | - | - | (555,000) | (555,000) | - | (555,000) |
| Comprehensive income | - | - | - | - | - | 768,312 | 768,312 | (6) | 768,306 |
| Change in fair value | - | - | - | (17,227) | 129 | - | (17,098) | - | (17,098) |
| Reserves | - | 101,281 | 94,207 | - | - | (195,488) | - | - | - |
| **Balance as at December 31, 2019** | 18,500,000 | 1,290,788 | 1,156,731 | (147,847) | (46,691) | 1,055,555 | 21,808,536 | 1,296 | 21,809,832 |

**The attached notes form part of these financial statements**

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

## Consolidated statement of cash flows for the year ended December 31, 2019

| | 2019 | 2018 |
|---|---|---|
| **Cash Flow From Operating Activities** | JD | JD |
| Profit before tax | 1,006,404 | 918,023 |
| **Adjustments for:** | | |
| Depreciation | 3,345,752 | 3,553,129 |
| Profit loss from sale of property and equipment | (443,447) | (250,565) |
| Slow moving inventory | 36,000 | 27,152 |
| Expected credit losses | 69,960 | 45,000 |
| Shares of results of associates | 48,897 | 5,449 |
| **Change in operating assets and liabilities:** | | |
| Checks on hand | - | 71,750 |
| Inventory | 49,825 | 131,571 |
| Related parties receivables | (4) | (2,195,141) |
| Checks under collection - related parties | 205,973 | (1,713,853) |
| Other debit balances | 101,500 | 112,194 |
| Trade receivables | (1,160,033) | 1,060,492 |
| Deferred checks | (931,736) | 88,000 |
| End of service provision | (17,020) | (2,455) |
| Related parties payables | (2,198) | (5,691) |
| Trade payables | (277,775) | 803,477 |
| Other credit balances | 310,875 | 330,249 |
| | 2,342,973 | 2,978,781 |
| Income tax paid | (214,432) | (233,555) |
| **Net cash flows from operating activities** | **2,128,541** | **2,745,226** |
| **Cash Flows From Investing Activities** | | |
| Change in fair value of investments in financial assets at fair value through other comprehensive income | - | (989) |
| Purchase of property and equipment | (1,406,567) | (2,517,799) |
| Proceeds from sale of property and equipment | 781,957 | 784,862 |
| Investments in associates | (25,000) | 32,594 |
| **Net cash Flows from investing activities** | **(649,610)** | **(1,701,332)** |
| **Cash Flow From Financing Activities** | | |
| Distributed dividends | (555,000) | (925,000) |
| Lease liability | (159,292) | 229,879 |
| Loans | (770,000) | (1,064,213) |
| Banks overdraft | 23,428 | 730,956 |
| **Net cash flows from financing activities** | **(1,460,864)** | **(1,028,378)** |
| **Net change in cash and cash equivalents** | **18,067** | **15,516** |
| Cash and cash equivalents - beginning of year | 31,899 | 16,383 |
| **Cash and cash equivalents - end of year** | **49,966** | **31,899** |

The attached notes form part of these financial statements

Note to consolidated financial statements for the year ended December 31, 2019

## 1. Legal status and activity

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

| Company name | Legal status | Registration date at the Ministry of Industry and Trade | Register No. | Main activities |
|---|---|---|---|---|
| Masafat for Specialized Transport | Public shareholding company | March 6, 2006 | 391 | The practice of specialized transportation for construction materials, ready mix concrete, goods, crude and petroleum products, liquid chemicals, and oils |
| Jordanian Company for crushers and the supply of equipment and construction machinery | Limited liability company | November 29, 1995 | 4195 | Trade in construction supplies, extraction of garvels and sand of all kinds and mining , and management of crushers for the purpose of the company |
| Masafat for Car Leasing | Limited liability company | December1t 18, 2014 | 39044 | Sell and purchase the new and used cars, delivery service for client and rent cars |

- The financial statement have been approved by board of direction in its session held on January 30, 2020 and it requires approval of the General Assembly.

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

### 2-1 Basis for financial statement preparation

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

Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

Functional and presentation currency

The financial statements have been presented in the Jordanian dinar (JD) which is the functional currency of the entity.

### 2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, inventory obsolescence, useful lives of depreciable assets, provisions, any legal cases against the entity.

## 2-3 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

- International Financial Reporting Standard No. (16)

  As of January 1, 2019, the entity adopted the International Financial Reporting Standard No. (16) Lease contracts, which replaces:
  - IAS 17 Leases.
  - IFRIC- 4 Determining whether an Arrangement contains a lease.
  - SIC-15 Operating Leases - Incentives.
  - SIC-27 Evaluating the Substance of Transactions Involving the legal form of a lease.

  The International Financial Reporting Standard No. (16) brings significant changes in accounting requirements and treatments of the operating leases, primarily for lessees, whereby all lease contracts were capitalized as assets and recognize an obligations against them with narrow exceptions to this recognition principle for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). The accounting treatment of the lease contracts has remains largely unchanged, as the lessor will continue to classify the lease contracts as either operating lease or finance lease, using principles similar to those in International Accounting Standard No. (17).

- The entity has chosen to apply this standard with modified retrospective approach (without adjusting the comparative figures) which is allowed by the standard.

- The most important impact of IFRS (16) on lease contracts in terms of:

  - Definition of lease contracts

    What distinguishes this standard is the concept of control, whereby lease and service contracts are classified on the basis of whether the customer has control over the use of an identified asset for a period of time in exchange for a consideration.

  - Lessee's accounting treatments for lease contracts (operating lease)

    What distinguishes this standard is the way the entity account for operating lease contracts as they are outside the financial statements.

    Applying the standard to all lease contracts with the exception for leases where the underlying asset is of low value and for short term leases (i.e. those with a lease term of 12 months or less). the entity does the following:
    - A recognition of the right-of-use assets and liabilities of the lease contracts in the statement of financial position initially at the present value of future lease payments.
    - The depreciation of the right-of-use assets and profits is recognized on the lease liabilities in the income statement.
    - In the statement of cash flows, the payments that reduces lease liability are classified within financing activities and the amounts related to the interest expense of the lease liabilities are classified within operating or financing activities. As for short-term lease contracts or low-value leases (non-capitalized) contracts, they are classified under operating activities.
    - The principle amount of the lease contract within financing activities and profits on lease liabilities within operating activities.

For short-term lease contracts of one year or less, and lease contracts for low-value leased assets are recognized as an expense in the income statement on a straight-line basis.

The International Financial Reporting Standard No. (16) provides for testing the impairment of the right of use assets in accordance with Accounting Standard No. (36) Impairment of Assets, and this is different from the International Accounting Standard No. (17), which required recognition of a provision for onerous lease contracts.

- **Lessee's accounting treatments for lease contracts (finance lease)**

What distinguishes this standard is the residual value guarantees provided by the lessee to the lessor, whereby the expected amount to be paid is recognized as part of the lease liability, while International Accounting Standard No. (17) recognizes the maximum for the guaranteed amount.

Standards and Interpretations issued but not yet effective

| Standard number or interpretation | Description | Effective date |
|---|---|---|
| Accounting Standard No. (1) Presentation of financial statements.<br>Accounting Standard No. (8) Accounting policies, changes in accounting estimates and errors | Definition of material<br>Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. | January 1,2020 |
| International Financial Reporting Standard (17) Insurance Contracts | IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts. | January 1,2022 |
| Amendments to IFRS (3) Business Combinations. | Modifications to the definition of business. In order to be considered business it must be an integrated set of activities and assets and include as a minimum inputs and an objective process that together contribute greatly to the ability to create outputs.<br>It should have the ability to contribute to the creation of outputs rather than the ability to create outputs | January 1,2020 |
| Amendments to the International Financial Reporting Standard No. (10) Consolidated Financial Statements and International Accounting Standard No. (28) Associates and Joint Ventures. | These amendments relate to the sale or contribution of assets between the investor, the associate and / or the joint venture. | Undetermined date |

- Basis of consolidation (deemed appropriate)

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

| Name of subsidiary | Ownership % | |
|---|---|---|
| | 2019 | 2018 |
| Masafat for Car Leasing | 100 | 100 |
| Jordanian Company for crushers and the supply of equipment and construction machinery | 100 | 100 |

  - Control is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
  - Intergroup balances, transactions, income and expenses among the group (the parent and the subsidiaries) shall be eliminated in full.
  - Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.
  - If a parent loses a control of a subsidiary, the parent derecognize the assets and liabilities of the subsidiary and non-controlling interests and other equities, recognize any profit or loss resulted from loss of control in the statement of comprehensive income, recognize any investment retained after loss of control at its fair value.

- Property and equipment

  - Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
  - After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

| Category | Depreciation rate |
|---|---|
| | % |
| Vehicles and pumps | 5_15 |
| Buildings and hangers | 7_10 |
| Fuel staution | 5_25 |
| Electronic and computers hard ware and software | 15 |
| Equipment and tools | 12 |
| Furniture | 10 |

  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.

- On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.
- Amount paid to build up property and equipment are initially carried to projects under construction account. When the project becomes ready for use, it will be transferred to property and equipment caption.

Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- Investments in associates

- An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies, if the entity holds 20 percent or more of the voting power of the investee, it is presumed that the entity has signified influence.
- The entity's investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.
- The investor' share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. The investor's share of those changes is recognized in other comprehensive income of the investor.

- Inventory

- Inventories are measured at the lower of cost and net realizable value.
- Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Inventory cost is determined using the weighted average method.
- Net realizable value is the estimated usage price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the usage.

- Related parties
  - Transactions with related parties represent transfer of resources, services, or obligations between related parties.
  - Terms and conditions relating to related party transactions are approved by management.

- Financial instruments

  Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

  - Financial assets
    - A financial asset is any asset that is:
      (a) Cash;
      (b) An equity instrument of another entity;
      (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
      (d) A contract that will or may be settled in the entity's own equity instruments.
    - Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.
    - Financial assets are classified to three categories as follows:
      - Amortized cost.
      - Fair value through other comprehensive income.
      - Fair value through profit or loss.
    - A financial asset is measured at amortized cost if both of the following conditions are met:
      (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
      (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
    - Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
      - The financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
      - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interests on that principal amount outstanding.
    - All other financial assets (excluding financial assets at amortized cost or at fair value though other comprehensive income) are subsequently measured at fair value in profit or losses.
    - On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investments fair value in other comprehensive income.

### Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

| Financial assets | Subsequent measurement |
|---|---|
| Financial assets at fair value through profit or loss | Are subsequently measured at fair value<br>net gains or losses, including interests revenues or dividends, are recognized in profit or loss |
| Financial asserts at amortized cost | Are subsequently measured at amortized cost using effective interests method.<br>– Amortized cost is reduced by impairment losses.<br>– Interests income, gain and loss of foreign exchange and impairment loss are recognized in profit or loss.<br>– Gain and loss from disposal are recognized in profit or loss. |
| Equity instruments at fair value through other comprehensive income | Are subsequently measured at fair value<br>– Dividends are recognized as income in profit or loss, unless the dividends clearly represent a recovery of part of investment cost.<br>– Other net gains and losses are recognized in other comprehensive income (OCI) and are never reclassified from equity to profit or loss. |
| Debts instruments at their value through other comprehensive income | Are subsequently measured at fair value<br>– Interests income is calculated using effective interests method, gains and losses from foreign exchange, impairment losses are recognized in profit or loss.<br>– Other net gains or losses are recognized in other comprehensive income.<br>– On derecognition accumulated gains and losses in other comprehensive income are reclassified into profit or loss. |

### Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

### Financial liabilities

- A financial liability is any liability that is:
  (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
  (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

Impairment of financial assets

- At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
- The entity recognizers loss allowance for expected credit loss (ECL) on:
  - Financial assets measured at amortized cost.
  - Debt investments measured at FVOCI.
  - Contract assets.
- The entity measures loss allowances at an amount equal to lifetime ECLs.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entity's historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 360 days past due.

- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial assets is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

## Provisions

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.

## End of service indemnity

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

## Revenue recognition

- The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
- Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
- Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

## Dividend revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment is established.

## Definition of a lease (lessee)

The entity assesses at the commencement date of the lease agreement whether the contract is a lease or includes a lease agreement. And if the contract is in whole or in part transfer the right to control the use of a specific asset from one party to another for a specified period of time in exchange for a consideration, the entity recognizes the right-of- use assets and lease liability with the exception of low value and for short term leases (i.e. those with a lease term of 12 months or less) in which the entity recognizes the lease payments as operating expenses on either a straight-line basis over the lease term or another systematic basis is more representative of the time period to depreciate the economic benefits of the leased assets.

## The entity as a lessee

- At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
- Outstanding lease payments include:
  - Fixed payments less any lease incentives receivable.
  - Variable lease payments that depend on an index or rate, initially measured using the index or rate as the commencement date.
  - Amounts expected to be payable by the lessee to the lessor under residual value guarantees.
  - The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
  - Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

- Lease liability is presented as a separate component in the entity's statement of financial position.
- The lease liability is measured subsequently by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.
- The entity shall reassess the lease liability (and makes a similar adjustment to the related right-of-use assets) whenever:
  - There is a change in the lease term, or there are events or change in circumstances that lead to a change in the assessment of an option to purchase the underlying asset, in this case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.
  - Lease payments are changed due to changes in an index, rate, or change in amounts expected to be payable under a residual value guarantee, in which cases the lease liabilities are re-measured by discounting the revised lease payments using a non-variable discount rate (unless the lease payments change due to the change in the floating interest rate, in which case the revised discount rate is used.
  - For lease modification that is not accounted for as a separate lease, in this case the lease liabilities are re-measured based on the revised lease term by discounting the revised lease payments using modified discount rate on the date of modification.
- Right-of-use asset shall comprise an initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee that are subsequently measured less accumulated depreciation and impairment loss.
- When an entity incurs an obligation in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, the provision is recognized and measured under IAS (37) and to the extent that the costs relate to the right-of-use assets, these costs are included in the related right-of-use assets, unless these costs are incurred to produce inventories.
- Right-of-use assets are depreciated over the shortest period between both the lease term and the useful life of the right-of-use asset.
- If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflect that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset over the useful life of the underlying asset. Depreciation begins on the commencement date of the lease.
- The right-of-use assets are presented as a separate component in the consolidated statement of financial position.
- The entity shall apply IAS (36) Impairment of Assets to determine whether the right- of-use asset is impaired and to account for any impairment loss identified as defined in "property and equipment" policy.
- As a practical expedient, IFRS (16) allows the lessee not to separate the non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. A lessee did not apply this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of non-lease components.

The entity is a lessor

- Lease contracts are classified as finance lease when the contract components transfer all risks and ownership benefits to the lessee. As for other types of lease contracts are classified as operating leases. Classification of leases are done at the inception of the lease contract.
- Lease income from operating lease is recognized in income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Assets leased under operating leases are depreciated based on the same depreciation policy adopted by the entity for similar assets.
- Amounts due from lessees under finance leases are recognized as receivables at the amount of the entity's net investment in the leases. Finance lease income is recognized based on a pattern reflecting a constant periodic rate of return on the entity's net investment outstanding in respect of the leases.
- Initial direct costs incurred in negotiating and arranging a finance lease by the entity are included in the initial recognition of the finance lease receivable and reduce the amount of income recognized on a straight-line basis over the lease term.

Borrowing costs

- Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing costs are expensed in the period in which they are incurred.

- Income tax

Income tax is calculated in accordance with laws and regulations applicable in Jordan.

- Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

- Foreign currencies

- In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

- Contingent liabilities

- Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
- Contingent liabilities are not recognized in the financial statements.

## 3. Property and equipment

| 2019 | Lands (*) | Vehicles and pumps (**) | Buildings and hangers | Fuel staution | Electronics and computer hardware and software | Tools | Furniture | Project under porcces | Advance payment to purchase property and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | | JD | JD | JD | JD | JD | JD |
| Cost | | | | | | | | | | |
| Balance - beginning of year | 3,717,441 | 37,144,187 | 1,495,658 | 502,430 | 289,168 | 560,344 | 146,186 | - | 452,628 | 44,308,042 |
| Additions | - | 689,386 | 31,662 | - | 6,896 | - | - | - | 678,623 | 1,406,567 |
| Disposals | - | (2,506,336) | - | - | - | - | - | - | - | (2,506,336) |
| Transfer | - | 1,025,221 | - | - | - | - | - | - | 1,025,221- | - |
| Balance - end of year | 3,717,441 | 36,352,458 | 1,527,320 | 502,430 | 296,064 | 560,344 | 146,186 | - | 106,030 | 43,208,273 |
| Accumulated depreciation | | | | | | | | | | |
| Balance - beginning of year | - | 18,413,116 | 592,445 | 42,399 | 227,032 | 292,648 | 113,038 | - | - | 19,680,678 |
| Depreciation (***) | - | 3,175,347 | 85,247 | 10,049 | 16,198 | 46,336 | 12,575 | - | - | 3,345,752 |
| Disposals | - | (2,167,826) | - | - | - | - | - | - | - | (2,167,826) |
| Balance - end of year | - | 19,420,637 | 677,692 | 52,448 | 243,230 | 338,984 | 125,613 | - | - | 20,858,604 |
| Net | 3,717,441 | 16,931,821 | 849,628 | 449,982 | 52,834 | 221,360 | 20,573 | - | 106,030 | 22,349,669 |
| **2018** | | | | | | | | | | |
| Cost | | | | | | | | | | |
| Balance - beginning of year | 3,717,441 | 37,331,604 | 1,357,758 | 502,430 | 285,160 | 516,349 | 144,326 | 133,017 | 7,176 | 43,995,261 |
| Additions | - | 488,578 | 725 | - | 4,008 | 16,820 | 1,860 | 31,333 | 1,974,475 | 2,517,799 |
| Disposals | - | (2,205,018) | - | - | - | - | - | - | - | (2,205,018) |
| Transfer | - | 1,529,023 | 137,175 | - | - | 27,175 | - | 164,350- | 1,529,023- | - |
| Balance - end of year | 3,717,441 | 37,144,187 | 1,495,658 | 502,430 | 289,168 | 560,344 | 146,186 | - | 452,628 | 44,308,042 |
| Accumulated depreciation | | | | | | | | | | |
| Balance - beginning of year | - | 16,694,774 | 513,691 | 32,350 | 210,119 | 247,999 | 99,337 | - | - | 17,798,270 |
| Depreciation (***) | - | 3,389,063 | 78,754 | 10,049 | 16,913 | 44,649 | 13,701 | - | - | 3,553,129 |
| Disposals | - | (1,670,721) | - | - | - | - | - | - | - | (1,670,721) |
| Balance - end of year | - | 18,413,116 | 592,445 | 42,399 | 227,032 | 292,648 | 113,038 | - | - | 19,680,678 |
| Net | 3,717,441 | 18,731,071 | 903,213 | 460,031 | 62,136 | 267,696 | 33,148 | - | 452,628 | 24,627,364 |

(*) Within lands, a land amounting to JD 662,981 pledged in favor of the Arabic Bank in against bank facilities given to the company from the Arabic Bank as mentioned in note (13), and a land amounting to JD 239,800 pledged in favor of Amman Cairo Bank in against facilities given to the company as stated in note (15) and a land with a cost of JD 1,351,918 pledged in favor of Amman Cairo Bank in return for facilities given to the Company as stated in Note (15).

(**) Within vehicles and pumps there are (61) vehicles their licenses not renewed with a net book value JD 1,449,964 as December 31, 2019.

(***) Within vehicle there vehicles with a net book value JD 3,624,443 as December 31, 2019, pledge in favor of suppliers and leasing companies, and there's right-of-use assets resulting from financial leases with a net book value of JD 1,053,322.

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Transportation cost | 3,198,347 | 3,441,888 |
| Administrative expenses | 108,280 | 72,561 |
| Fuel station costs | 39,125 | 38,680 |
| Total | 3,345,752 | 3,553,129 |

## 4. Investments in associates

| Company name | Country of incorporation | Legal entity | Number of shares | Percentage of ownership | 2019 | 2018 |
|---|---|---|---|---|---|---|
| | | | | % | JD | JD |
| Alquds Ready Mix Concrete Company | Jordan | P.S.C | 532,965 | 7.14 | 769,630 | 763,322 |
| Ready Mix Concrete and construction supplies Co. | Jordan | P.S.C | 127,450 | 0.56 | 304,709 | 326,707 |
| International Cards Co. | Jordan | P.S.C | 163,798 | 1.02 | 213,933 | 218,144 |
| Assas for Concrete Products Co. | Jordan | P.S.C | 250,000 | 2.08 | 160,888 | 189,755 |
| Al Qaswa Machinery and Equipment Company | Jordan | P.S.C | 50,000 | 50 | 25,000 | - |
| Balance - end of year | | | | | 1,474,160 | 1,497,928 |

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 1,497,928 | 1,571,183 |
| Purchases during the year | 25,000 | - |
| Distributed dividend | - | (32,594) |
| Share of results of associates | (48,897) | (5,449) |
| Share of change in fair value of investments in financial assets at fair value through other comprehensive income - associates | 129 | (20,924) |
| Effect of applying IFRS (9) - associate | - | (14,288) |
| **Balance - end of year** | **1,474,160** | **1,497,928** |

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

| | As of December 31, 2019 | | | | |
|---|---|---|---|---|---|
| Company name | Price of share at December 31, 2019 | Total assets | Total liabilities | Revenue | Profit |
| | JD | JD | JD | JD | JD |
| Alquds Ready Mix Concrete Company | 39/- | 13,602,131 | 5,854,011 | 7,508,881 | 162,782 |
| Ready Mix Concrete and construction supplies Co. | 53/- | 62,736,969 | 33,706,506 | 30,953,855 | (3,567,363) |
| Assas for Concrete Products Co. | 16/- | 13,074,177 | 6,019,656 | 6,168,648 | (1,374,570) |
| International Cards Co. (*) | 14/- | 28,784,498 | 15,030,474 | 84,451 | (731,154) |

(*) summary of information represent available information for September 30, 2019.

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 124,652 | 184,759 |
| Purchases during the year | - | 989 |
| Share of change in fair value of financial assets at fair value through other comprehensive income | (17,227) | (61,096) |
| **Balance - end of year** | **107,425** | **124,652** |

## 6. Inventory

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Spare parts (*) | 182,491 | 291,155 |
| Fuel | 148,643 | 116,620 |
| Goods in transit | - | 9,184 |
| Total | 331,134 | 416,959 |

(*) Within the spare part inventory a provision for the slow moving inventory with a cost of JD 86,000.

## 7. Related Parties

(*) Related parties transaction consist of transaction with major shareholders and companies in which the shareholders have control over them. Transaction with related parties are trading in nature.

(**) Related parties receivables consists of the following:

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Ready Mix Concrete and Construction Supplies Company | 2,230,300 | 2,420,539 |
| The Housing Fund Company | 161,734 | - |
| Alquds Ready Mix Concrete Company | 142,299 | 10,197 |
| Assas for Concrete Products Co. | 65,661 | 166,772 |
| Modern Assas for specialized transportation | 52,197 | 22,000 |
| Jerusalem Crushers and Quarrying Co. | 40,322 | 65,322 |
| International Brokerage and Financial Markets Co. | 4,828 | 4,828 |
| Concrete Technology Co. | 4,577 | 15,491 |
| United Ready Mix Concrete Co. | 2,971 | - |
| Al Qaswa Machinery and Equipment Company | 780 | - |
| International Cards Company | 535 | 535 |
| Amman Company for the supply of construction equipment | - | 516 |
| Total | 2,706,204 | 2,706,200 |

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Jordanian Company For Tracking Vehicles | 21,849 | 21,584 |
| Chinese - Arab Company for the Rental and Sale of Heavy Equipment | 3,407 | 3,407 |
| Amman Company for the Supply of Construction Equipment | 1,418 | - |
| United Company for ready-made concrete | - | 3,881 |
| Total | 26,674 | 28,872 |

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Ready Mix Concrete and Construction Supplies Company | 1,190,000 | 1,666,973 |
| The Housing Fund Company | 437,000 | - |
| Assas for Concrete Product Co. | 255,000 | 225,000 |
| Al-Quds Ready Mix Concrete Company | 120,000 | 315,000 |
| Assas Modern for specialized Transportation Co. | 115,000 | 135,000 |
| Jersalem Crushers and Quarring Co. | 69,000 | 44,000 |
| Concrete Technology Company | 15,000 | 6,000 |
| United Ready Mix Concrete Co. | - | 15,000 |
| Total | 2,201,000 | 2,406,973 |

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Revenues | 2,601,252 | 3,697,829 |

## 8. Other debit balances

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Prepaid expenses | 464,292 | 472,822 |
| Guarantees deposits | 79,266 | 122,830 |
| Employees receivables | 48,300 | 51,694 |
| Sales tax deposits | 37,792 | 10,862 |
| Refundable deposits | 29,431 | 99,831 |
| Work advance | 14,341 | 16,883 |
| Total | 673,422 | 774,922 |

## 9. Trade Receivable

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Trade receivables (*) | 2,553,098 | 2,103,281 |
| Checks under collection | 1,818,423 | 1,182,120 |
| Checks on hand | 75,768 | 1,855 |
| Allowance for expected credit losses (**) | (580,449) | (510,489) |
| Net | 3,866,840 | 2,776,767 |

(*) Receivables aging details are as the following:

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| From 1 to 60 days | 1,680,431 | 1,405,800 |
| From 61 to 120 days | 176,598 | 38,285 |
| From 121 to 180 days | 32,208 | 31,724 |
| From 181 to 360 days | 57,434 | 121,937 |
| More than 361 days | 606,427 | 505,535 |
| Total | 2,553,098 | 2,103,281 |

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

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 510,489 | 408,535 |
| Provided during the year | 69,960 | 45,000 |
| Effect of applying of IFRS 9 as at January 1, 2018 | - | 56,954 |
| Balance - end of year | 580,449 | 510,489 |

## 10. Statutory reserve

(Public Shareholding Company)

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.

For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

(Limited Liability Company)

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.

For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Masafat for Specialized Transport | 1,167,953 | 1,073,746 |
| Crushers Jordanian Company | 100,000 | 100,000 |
| Masafat for Car Leasing | 22,835 | 15,761 |
| Total | 1,290,788 | 1,189,507 |

## 11. Voluntary reserve

This reserve is determined in accordance with the Jordanian Companies Law by allocating not more than 20% annually of the profit to this reserve.

## 12. Lease liability

| | | | 2019 | | | 2018 |
|---|---|---|---|---|---|---|
| Grantor | Finance amount | Obligation | Current portion | Non current portion | Total | Total |
| | JD | | JD | JD | JD | JD |
| Tamaluk Company for Finance Leasing | 544,442 | Purchase (31) vehicles to be paid in (24) installments by JD 28,848 first installment due on September 15, 2018 and the last installment due on August 15, 2020 | 181,448 | - | 181,448 | 453,619 |
| Tamaluk Company for Finance Leasing | 232,666 | Purchase (4) vehicles to be paid in (36) installments by JD 7,343 first installment due on February 5, 2019 and the last installment due on August 5, 2022 | 77,556 | 84,018 | 161,574 | - |
| Tamaluk Company for Finance Leasing | 155,930 | Purchase (10) vehicles to be paid in (36) installments by JD 2,600 first installment due .on November 25, 2019 and the last installment due on November 25, 2022 and with first installment of JD 62,372 | 31,186 | 57,174 | 88,360 | - |
| Tamaluk Company for Finance Leasing | 42,625 | Purchase (2) cars to be paid in (24) installments by JD 2,265 first installment due .on September 1, 2018 and the last installment due on August 1, 2020 | 14,208 | - | 14,208 | 35,520 |
| Tamaluk Company for Finance Leasing | 24,850 | Purchase (1) car to be paid in (24) installments by JD 1,323 first installment due on November 15, 2018 and the last installment due on November 15, 2020 | 10,355 | - | 10,355 | 22,781 |
| Tamaluk Company for Finance Leasing | 30,960 | Purchase (1) Car be paid in 24 installment by JD 1,641 the first installment due on September 20, 2018 and the last nstallment due on August 20, 2020 | 10,320 | - | 10,320 | 25,800 |
| Tamaluk Company for Finance Leasing | 385,840 | Purchase (4) Mixers to be paid in (24) installments by JD 14,743 first installment due on April 10, 2017 and the last installment due on March 10, 2019. | - | - | - | 48,026 |
| Tamaluk Company for Finance Leasing | 105,925 | Purchase (5) cars to be paid in (24) installments by JD 3,459 first installment due .on September 1, 2016 and the last installment due on August 1, 2019 | - | - | - | 28,250 |
| Tamaluk Company for Finance Leasing | 55,030 | Purchase (5) cars to be paid in (24) installments by JD 2,293 first installment due .on May 5, 2017 and the last installment due on April 5, 2019 | - | - | - | 9,171 |
| Financial lease department -Jordan Bank | 110,245 | Purchase (4) vehicles and bus to be paid in 36 installment by JD 3,457 the first installment due on February 28, 2016 and the last installment due on January 28, 2019 | - | - | - | 2,390 |
| Total | | | 325,073 | 141,192 | 466,265 | 625,557 |

## 13. Loans

| Banks | Annual intrest rate | 2019 Current portion | 2019 Non current portion | 2019 Total | 2018 |
|---|---|---|---|---|---|
| | % | JD | JD | JD | JD |
| Arab Bank loan | 8.75 | 696,000 | 181,042 | 877,042 | 1,647,042 |
| Total | | 696,000 | 181,042 | 877,042 | 1,647,042 |

## 14. Other credit balances

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Legal case provision | 445,834 | 210,834 |
| Shareholders deposits | 343,430 | 298,058 |
| Income tax provision (*) | 207,462 | 195,134 |
| Saving funds deposits | 172,636 | 209,387 |
| Bonus provision | 151,287 | 144,000 |
| Diesel lost provision | 126,170 | 99,666 |
| Accrued expenses | 112,672 | 126,809 |
| Others deposits | 101,454 | 67,960 |
| Unearned revenue | 78,693 | 75,001 |
| Reward of board of directors | 45,000 | 45,000 |
| Social security deposits | 31,848 | 31,904 |
| National contribution deposits | 11,338 | - |
| Employees payable | 10,737 | 283 |
| Income tax deposits | 1,029 | 1,013 |
| **Total** | **1,839,590** | **1,505,049** |

(*) Income tax provision movement were as follows:

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Balance - beginning of year | 195,134 | 179,338 |
| Provided during the year | 226,760 | 226,512 |
| Paid during the yaer | (195,027) | (164,390) |
| Prepaid payment on income tax | (19,405) | (46,326) |
| Balance - end of year | **207,462** | **195,134** |

- The company did not reach a final settlement with Income and Sales Tax Department for the parent company for 2016, 2017 and 2018 was accepted by sampling system, and for its subsidiaries settlement was not reached for 2018 which may result of a tax obligations.

## 15. Banks overdraft

| Bank | Interest rate | Currency | 2019 | 2018 |
|---|---|---|---|---|
| | % | | JD | JD |
| Arab bank | 8.75 | JD | 2,940,655 | 3,053,292 |
| Amman Cairo Bank | 9.25 | JD | 1,443,869 | 1,442,355 |
| Egyptian Arab land bank | 9.25 | JD | 730,087 | - |
| Housing Bank for Trade and Finance | 9,45 | JD | 477,326 | 488,394 |
| Bank of Jordan | 9.35 | JD | 401,452 | 462,885 |
| City Bank | 8.25 | JD | - | 523,035 |
| Total | | | 5,993,389 | 5,969,961 |

## 16. Revenues

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Transportation revenue | 21,335,436 | 20,955,498 |
| Tourism car rental revenue | 1,206,626 | 1,012,453 |
| Total | 22,542,062 | 21,967,951 |

## 17. Cost of sale

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Machinery lease | 5,594,980 | 5,081,745 |
| Fuel | 5,272,663 | 5,028,403 |
| Depreciation | 3,198,347 | 3,441,888 |
| Salaries, wages and related benefits | 1,583,841 | 1,682,381 |
| Transportation gratuities | 1,130,164 | 1,072,908 |
| Spare parts and consumables | 957,265 | 926,759 |
| License and vehicle insurance | 629,882 | 784,466 |
| Tires | 446,632 | 399,372 |
| Over time | 317,101 | 305,323 |
| Social security | 239,943 | 254,513 |
| Oils and lubricants | 169,258 | 166,832 |
| Health and life insurance | 161,232 | 149,720 |
| Machines repair fees | 149,613 | 167,015 |
| Bonuses and rewards | 105,120 | 125,794 |
| Governmental fees | 95,071 | 67,326 |
| Security | 92,485 | 95,553 |
| Water and electricity | 59,435 | 96,065 |
| Loading and unloading | 51,713 | 17,112 |
| Saving fund | 33,702 | 35,623 |
| Vehicles tracking | 26,145 | 27,366 |
| Work clothes and public safety tools | 16,773 | 23,887 |
| Travel and transportation | 12,336 | 14,007 |
| Rents | 12,000 | 12,000 |
| Supplies | 4,901 | 9,215 |
| Training | 4,395 | 4,206 |
| Accidents and vehicles fines | 3,660 | 4,751 |
| Communication | 2,997 | 2,255 |
| End of service rewards | 1,456 | 4,717 |
| Advertising | 541 | 855 |
| Miscellaneous | 470 | 816 |
| Total | 20,374,121 | 20,002,873 |

## 18. Fuel station, net

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Fuel station revenues | 4,058,237 | 4,534,860 |
| Fuel station costs | (3,953,290) | (4,382,408) |
| Net | 104,947 | 152,452 |

## 19. Other revenue, net

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Profit from sale of property and equipment | 443,447 | 250,565 |
| Rent revenue and other, net | 279,724 | 247,351 |
| Net | 723,171 | 497,916 |

## 20. Administrative expense

| | 2019 | 2018 |
|---|---|---|
| | JD | JD |
| Salaries, wages and related benefits | 312,117 | 243,449 |
| Potential legal liabilities | 235,000 | 135,000 |
| Depreciation | 108,280 | 72,561 |
| Board of directors - transportation fees | 78,000 | 78,000 |
| Expexted credit losses | 69,960 | 45,000 |
| Rewards | 51,850 | 60,660 |
| Subscriptions, stamps and government fees | 47,418 | 42,837 |
| Professional fees | 46,880 | 32,630 |
| Board of directors - rewards | 45,000 | 45,000 |
| Slow moving inventory | 36,000 | 27,152 |
| Bank commissions and fees | 35,481 | 40,086 |
| Rents | 34,593 | 29,400 |
| Electricity and water | 22,785 | 15,013 |
| Social security | 21,934 | 19,929 |
| Collection commission | 21,000 | 21,000 |
| Vehicle expenses and fuel | 18,294 | 17,351 |
| Communication | 14,421 | 27,922 |
| Over time | 11,764 | 12,650 |
| Maintenance | 8,361 | 7,181 |
| Stationery and printing | 7,770 | 11,943 |
| Donations and gifts | 5,166 | 17,099 |
| Savings fund | 4,525 | 4,290 |
| Consumables | 4,197 | 5,128 |
| Health and life insurance | 2,374 | 2,613 |
| Computer supplies | 2,047 | 1,039 |
| Meetings | 1,710 | 1,848 |
| Insurance | 1,666 | 1,345 |
| Other | 952 | - |
| Miscellaneous | 554 | 3,322 |
| Advertising | 491 | 1,592 |
| Travel and transportation | 257 | 295 |
| Non-deductable tax | 177 | - |
| Training | - | 703 |
| **Total** | **1,251,024** | **1,024,038** |

(*) Among the expenses above JD 110,000 represent salaries and rewards of top management of the company.

21. Legal cases

According to the lawyer latter there are legal cases raised from others against the company amounting to JD 717,992 and there are legal cases raised by the company against others amounting to 327,161, and in the opinion of the company management the provisions that were taken are sufficient against any contingent liabilities.

22. Contingent liabilities

At the statement of financial position date the company has the following contingent liabilities:

| | 2019 |
|---|---|
| | JD |
| Guarantees | 278,225 |
| Letter of credits | 512,999 |
| Less: deposits | (79,266) |
| Net | 711,958 |

23. Retained earnings

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

24. Risk management

a) Capital risk:

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

b) Currency risk:

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

c) Interest rate risk:

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

| At December 31, 2019 | Change in interest | | The effect on profit (loss) owner equity |
|---|---|---|---|
| | % | | JD |
| Bank overdraft (included loans) | 0.5 | ± | 36,683 |

d) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors, also adequate provisions for doubtful receivables is taken.

e) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. Investment impairment loss was calculated which its market value have declined

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| Description | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year |
| Financial assets: | JD | JD | JD | JD |
| Investments in associates | - | 1,474,160 | - | 1,497,928 |
| Investment in financial assets at fair value through other comprehensive income | - | 107,425 | - | 124,652 |
| Due form related parties | 2,706,204 | - | 2,706,200 | - |
| Checks under collection - related parties | 2,201,000 | - | 2,406,973 | - |
| Other debit balances | 209,130 | - | 302,100 | - |
| Trade receivables | 3,866,840 | - | 2,776,767 | - |
| Cash and cash equivalents | 49,966 | - | 31,899 | - |
| Total | 9,033,140 | 1,581,585 | 8,223,939 | 1,622,580 |
| Financial liabilities: | | | | |
| Finance leases obligation | 325,073 | 141,192 | 409,226 | 216,331 |
| Loans | 696,000 | 181,042 | 770,000 | 877,042 |
| Deferred checks | 1,120,934 | 30,000 | 1,832,682 | 249,988 |
| Trade payables | 1,591,483 | - | 1,869,258 | - |
| Other credit balances | 830,144 | - | 780,414 | - |
| Due to related parties | 26,674 | - | 28,872 | - |
| Bank overdraft | 5,993,389 | - | 5,969,961 | - |
| Total | 10,583,697 | 352,234 | 11,660,413 | 1,343,361 |

## 25. Fair value of financial instruments

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

| | Levels | | | |
|---|---|---|---|---|
| at as December 31, 2019 | 1 | 2 | 3 | Total |
| Financial assets | JD | JD | JD | JD |
| Investment in financial assets at fair value through other comprehensive income | - | - | 124,652 | 124,652 |

## 26. financial statement for the subsidiary

The consolidated financial statement includes the financial statement of the subsidiaries as of December 31, 2019 as follows:

| Company name | Legal entity | Capital | Ownership percentage | Total assets | Total liabilities | Retained earnings |
|---|---|---|---|---|---|---|
| | | JD | % | JD | JD | JD |
| Jordanian Company for crushers and the supply of equipment and construction machinery | LLC | 100,000 | 99.9 | 296,073 | 1,050 | 2,579 |
| Masafat for Car Leasing | LLC | 500,000 | 100.0 | 1,870,157 | 1,195,343 | 151,979 |

## 27. Reclassification.

Some 2018 balances have been reclassified to conform to the adopted classification in 2019.