Northern Cement Company
"Public Shareholding Company"
Amman–The Hashemite Kingdom of Jordan
ConsolidatedInterim Financial Statements
for the three months ended
31 March 2022
with
Report on Review of Interim Financial Statements

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

Contact

mazars

Report on Review of Interim Financial Statements

To the Shareholders of
Northern Cement Company
Public Shareholding Company

Introduction

We have reviewed the accompanying consolidatedinterim financial statement of Northern Cement Company (P.S) as of March 31, 2022 and consolidated interim statement of profit or loss and other comprehensive income and consolidated interim statement of changes in equity and consolidated interim statements of cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard (34).Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently dose not enables us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statement does not give a true and fair view of the financial position of the entity as at March 31, 2021, and of its financial performance and its cash flows for the three month period then ended in accordance with International Financial Reporting Standards.

On behalf of IPB
Mazars – Jordan
Dr. Reem AL-Araj
License No. (820)

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Amman- Jordan
15 April 2021

Northern Cement Company
"Public Shareholding Company"
ConsolidatedInterimStatement of Financial Position (JOD)

		As at	
Assets	**Notes**	**31/03/2022**	**31/12/2021**
Current assets			
Cash and cash equivalent	5	778,396	1,264,614
Cheques under collection	6	4,665,639	5,310,678
Trade receivables		3,192,574	2,872,091
Due from related parties	7	55,325	53,575
Inventory	8	47,132,043	40,276,884
Orders and inventory in transit		197,068	230,677
Prepaid expenses	9	332,044	342,284
Other debit balances	10	395,458	403,676
Payments in advance		383,912	294,105
		57,132,459	**51,048,584**
Non – current assets			
Property and equipment (net)	11	28,128,309	28,152,681
Projects under construction	12	2,654,734	2,628,052
Investment in associates	13	1,541,096	1,441,313
		32,324,139	**32,222,046**
Total assets		**89,456,598**	**83,270,630**
Liabilities and Equity			
Current liabilities			
Credit bank	14	600,261	140,298
Trade payables		865,108	890,890
Income tax provision	15	1,110,277	1,250,723
National contribution tax provision	15	48,651	52,572
Due to shareholders		42,629	42,646
Other credit balances	16	479,422	957,832
		3,146,348	**3,334,961**
Non – current liabilities			
Due to related parties	17	9,777,726	4,792,196
Employees' benefits		959,059	959,059
		10,736,785	**5,751,255**
Total liabilities		**13,883,133**	**9,086,216**
Equity			
Capital		55,000,000	55,000,000
Statutory reserve		12,095,180	12,095,180
Other equity		(187,266)	(237,571)
Retained profit (loss)		8,665,551	7,326,805
		75,573,465	**74,184,414**
Total Liabilities & Equity		**89,456,598**	**83,270,630**

Financial statements should be read in conjunction with the companying note from page 6-21

Northern Cement Company
"Public Shareholding Company"
ConsolidatedInterim Statement of Profit or Loss and Other Comprehensive Income (JOD)

	Note	For the period ended 31/03/2022	31/03/2021
		JOD	JOD
Continuing operations			
Revenues		8,914,282	9,032,269
Cost of revenues	18	(6,866,273)	(6,495,556)
Gross profit		**2,048,009**	**2,536,713**
Selling and distribution expenses	19	(73,573)	(118,498)
Administrative expenses	20	(373,133)	(326,218)
Operating profit (loss)		**1,601,303**	**2,091,997**
Other income		5,416	7,281
Share of profit of associates	13	49,478	104,651
Profit (loss) before taxes		**1,656,197**	**2,203,929**
Income tax expense	15	(300,846)	(374,668)
National contribution tax expense	15	(16,605)	(22,040)
Profit for the year after taxes		**1,338,746**	**1,807,221**
Other comprehensive income			
Share of OCI of associates	13	50,305	(86,783)
Comprehensive income for the year		**1,389,051**	**1,720,438**
Weighted average of shares		55,000,000	55,000,000
Earnings per share		**0.024**	**0,033**

Financial statements should be read in conjunction with the companying note from page 6-21

Northern Cement Company
"Public Shareholding Company"
ConsolidatedInterimStatement of Changes in Equity (JOD)

For the period ended 31March2022	Capital	Statutory reserve	Other equity	Retained profit	Total equity
As at 1 January 2021	55,000,000	12,095,180	(237,571)	7,326,805	74,184,414
Profit for the period	-	-	-	1,338,746	1,338,746
Other comprehensive income	-	-	50,305	-	50,305
Total comprehensive income	-	-	50,305	1,338,746	1,389,051
As at 31 March 2022	55,000,000	12,095,180	(187,266)	8,665,551	75,573,465

For the period ended 31March 2020	Capital	Statutory reserve	Other equity	Retained profit	Total equity
As at 1 January 2021	55,000,000	11,264,704	52,836	5,921,938	72,239,478
Profit for the period	-	-	-	1,807,221	1,807,221
Other comprehensive income	-	-	(86,783)	-	(86,783)
Total comprehensive income	-	-	(86,783)	1,807,221	1,720,438
As at 31 March 2021	55,000,000	11,264,704	(33,947)	7,729,159	73,959,916

Financial statements should be read in conjunction with the companying note from page 6-21

Northern Cement Company
"Public Shareholding Company"
ConsolidatedInterimStatement of Cash Flows (JOD)

	Note	For the period ended 31/03/2022	For the period ended 31/03/2021
Operating activities			
Profitfor the yearbeforetaxes		1,656,197	2,203,929
Adjustments			
Depreciation	11	323,257	312,164
Share of (profit) of associates	13	(49,478)	(104,651)
Working capital adjustments			
Trade receivables		(320,483)	199,619
Cheques under collection		645,039	252,945
Orders and inventory in transit		33,609	37,214
Inventory		(6,855,159)	2,289,167
Other debit balances and prepaid expenses		18,458	(86,926)
Payments in advance		(89,807)	(99,984)
Trade payables		(25,782)	(2,842,511)
Other credit balances		(478,410)	289,154
Paid Income tax		(461,818)	(342,804)
Net cash flows from operating activities		**(5,604,377)**	**2,107,316**
Investing activities			
Purchase of property and equipment	11	(298,885)	(21,326)
Projects under construction	12	(26,682)	(100,308)
Net cash flows from investing activities		**(325,567)**	**(121,634)**
Financing activities			
Credit bank		459,963	158,652
Due from related parties		4,985,530	(901)
Due to related parties		(1,750)	(935,426)
Loans		(17)	(242)
Net cash flows from financing activities		**5,443,726**	**(777,917)**
Net increase(decrease)in cash and cash equivalent		(486,218)	1,207,765
Cash and cash equivalents at 1 January		1,264,614	1,055,589
Cash and cash equivalent at 31 March	5	**778,396**	**2,263,354**

Financial statements should be read in conjunction with the companying note from page 6-21

1- Reporting Entity

Northern Cement Company is a public shareholding which was established in 01/07/2010, and was registered at controller records under the no. (464), with authorized and paid up capital of (55,000,000) JOD capital.The company's head office is at Amman – 3rd Circle, and the factory is at South Amman- Al mowaqar.

The company is 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.

Subsidiaries:

White Stars for Mining Investments

White Stars for Mining Investments is a limited liability company owned 100% by the Cement company, with paid up capital (10,000) JD. It was establishedin11/01/2018 and was registered at controller records undertheno. (50156).The company is primarily involved in export and grinding and crashing all kinds of martials needed for cement industry, grinding Carbon and Bozollana (except mining), White Clinker export and Clinker industry..

2- Significant accounting policies

2.1 Basis of preparation

- These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
- 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).
- These financial statements are presented in JOD, all values are rounded to nearest (JOD), except when otherwise indicated.
- The financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation

- The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 31 March 2021.
- Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.
- Control is achieved when the group has power over the investee or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns (generally, there is a presumption that a majority of voting rights results in control).
- Profit or loss and each component of OCI are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

- When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

3-Accounting policies

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

A- 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.

B- Investment in associates

- ✓ An associate is an entity over which the company has significant influence and that is neither subsidiary not 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 company's investment in an associate is accounted for using equity method. Under this method, the investment in an associate is initially recognized at cost. The carrying amount of
- ✓ the investment is adjusted to recognize changes in the company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.
- ✓ At each reporting date, the company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the company calculates the impairment as the difference between the recoverable amount of the associate and carrying value, and then recognizes the loss in the statement of profit or loss.

C- Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

D-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. The fair value measurement based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of principal market, the most advantageous market to asset or liability.
- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

– Level 2 - Valuation techniques for which the lowest level input that is significant the fair value measurement is directly or indirectly observable.

– Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

E- Revenue from contracts with customers

- Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.
- The company shall account for a contract with a customer only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- The company can identify each party's rights regarding the goods or services to be transferred.
- The company can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance (risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract).
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

- When a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation.

F- Taxes

- 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 recognizing in compliance with regulations.
- 1% of taxable profit will be deducted as national contribution tax
- Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

G-Foreign currency

Transactions and balances

- ✓ Transactions in foreign currencies are translated into the respective functional currency spot rate of company at exchange rates at the dates of the transactions.
- ✓ Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of at the exchange rate at the reporting date.
- ✓ Differences arising on translation of monetary items are recognized in profit or loss except those that are designated as part of the hedging which will be recognized in other comprehensive income.
- ✓ Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into JOD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

H- Dividends

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the company. As per the corporate laws of Jordan, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

I- Property, plant and equipment

- Items of property, plant and equipment are measured at cost, the cost of replacing parts of the plant and equipment, and borrowing cost for long term construction projects if the recognition criteria are met, less accumulated depreciation and any accumulated impairment losses such cost includes.
- 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 all other repair and maintains costs are recognized in profit or loss as incurred.
- 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.
- Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

J- Leases

Lessee

- IFRS (16) shall be applied to all leases that convey the right to control the use of an identified asset for a period of time in exchange of consideration, all lease contracts shall be capitalized with recognizing assets and liabilities against it, except short term lease and lease for which the underlying assets is of low value, whereas the lease payment shall be recognized as anexpense on either straight line basis over lease term or another systematic basis.
- At the commencement date, a lessee shall recognize a right-of-use asset and a lease liability.
- At the commencement date, a lessee shall measure the right-of-use asset at cost which includes:
- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct cost incurred by the lessee.
- An estimate of cost to be incurred by the lessee 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.

- 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.
- The lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.
- A lessee 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.

Lessor

- A lessor shall classify each of its leases as either an operating lease or a finance lease.
- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.
- At the commencement date, a lessor shall recognize assets held under a finance lease in its statement of financial position and present them as receivables at an amount equal to the net investment in the lease.
- A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

K- Borrowing costs

- Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.
- All other borrowing costs are expensed in the period in which they occur.
- Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

L- Financial Instruments- initial recognition and subsequent measurement

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

1- Financial assets

- Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

- In orderfor a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

  For purposes of subsequent measurement, financial assets are classified as follow:

- **Financial assets at amortized cost**

  Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains on losses are recognized in profit or loss when the asset is derecognized, modified or impaired. Financial assets at amortized cost includes trade receivables, loans to other parties ....etc

2- Financial liabilities

- Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.
- All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts ....etc.
- The subsequent measurement of financial liabilities depends on their classification. Loans and borrowings are subsequently measured at amortized cost using the effective interest ratemethod. Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.
- Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of profit or loss.

M- Inventory and Warehouses

- Inventories are valued at the lower of cost and net realizable value.
- Costs incurred in bringing each product to its present location and condition are accounted for purchase price and other cost incurred to bring it in use excluding borrowing cost
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

N- Impairment of non-financial assets

- The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generated units fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generated units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

- A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

O-Cash and cash equivalent

Cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and cash equivalent with a maturity of three months or less, which are not subject to an insignificant risk of changes in value.

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 an outflow of resources embodying economic benefits 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.
- The expense relating to a provision is presented in the statement of profit or loss
- If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Q- 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.

4. Other information.

4.1 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 two kinds 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.

There are no subsequent events to mention .

4.2 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.

Bank guarantees (net)	100,750

4.4 Significant estimates and judgments:

- The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual result. Management also needs to exercise judgment in applying the accounting policies.
- Estimates and judgments are continually evaluated, they are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

- The areas involving significant estimates or judgments are:

1- The company has tested theimpairment of trade receivable, pursuant to the company estimates there is no impairment on its value.

2- Estimated useful life of property & equipment. (Note11).

4.5 Financial risk management

The company may expose to different kinds of financial risk, company's board and management oversees these risks and 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.

The company may expose to the following risks:

A- Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument21.

Will fluctuate because of changes in market prices; it comprises three types of risk:

- **Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of change in market interest rates. The company's exposure to the risk of changes in market interest rate primary to the company's long term obligations with floating interest rate

The company manages its interest rate risk by monitoring fluctuations in interest rate so it will not exceed a certain level.

- **Foreign currency risk:-**

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities when revenue or expense is denominated in a foreign currency, and company's net investment in foreign subsidiaries

The company manages its foreign currency by monitoring fluctuations in foreign currency exchange. The risk from transaction in USD is limited as the price is fixed against JOD.

B- Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss.An impairment analysis is performed at each reporting date to measure expected credit losses.The company is exposed to credit risk from its operating activities (Primarily trade receivables) and from its financing activities including deposits in banks.

The company manages credit risk by putting credit limit for each client, and monitoring uncollectable receivables in addition the company tests its receivables for impairment in its value.

C- Liquidity risk

Liquidity risk is the risk that the company may be unable to close out market position and to meet its short term obligations when due.

The company monitors its risk of shortage of funds using liquidity planning tool.

5- Cash and cash equivalents

	31/03/2022	31/12/2021
check at hand	4,370	111,602
Cash at hand	6,381	19,359
Petty cash	36,368	29,277
Arab Bank / current account	24,020	26,303
Islamic International Arab Bank- USD	185	185
Islamic International Arab Bank- JOD	84,998	11,094
Islamic International Arab Bank- EURO	496	496
Safwa Islamic Bank- USD	7,120	96,883
Safwa Islamic Bank – Saving JOD	226,656	591,419
Safwa Islamic Bank – Saving USD	387,802	377,996
Total	**778,396**	**1,264,614**

6-Cheques under collection

	31/03/2022	31/12/2021
Safwa Islamic Bank	2,092,648	5,310,678
Islamic International Arab Bank	2,572,991	-
Total	**3,901,551**	**5,310,678**

7- Due from related party

	31/03/2022	31/12/2021	Nature of relation	Nature of transaction
Sarah Zamzam Co.	55,325	53,575	Associate	Financing
Total	**55,325**	**53,575**		

8-Inventory

	31/03/2022	31/12/2021
Raw materials	40,880,334	34,212,717
Finished goods	1,104,328	1,027,132
Packing materials	373,325	298,398
Spare parts and maintenance	4,772,094	4,736,625
Oil , grease and water	1,962	2,012
Total	**47,132,043**	**40,276,884**

9-Prepaid expenses

	31/03/2022	31/12/2021
Factory's insurance	52,548	72,676
Consulting and subscription	56,088	35,394
Professional fees	40,913	42,708
Health insurance	111,466	164,328
Donations	8,874	17,750
Rent	62,155	9,428
Total	**332,044**	**342,284**

10- Other debit balances

	31/03/2022	31/12/2021
Refundable deposits	102,074	102,074
Margin on guarantees	16,886	16,886
Due from tax	130,227	129,692
Claims to social security and others	38,574	32,710
Due from employee	107,697	122,314
Total	**395,458**	**403,676**

11- Property and equipment

	Lands	Buildings	Machines and equipment	Vehicles	Furniture and decorations	Total
Depreciation rate	-	%10- %4	%10-%5	%15	%15-%9	
Cost						
At 1 January 2021	1,232,286	14,345,084	38,078,662	1,471,020	722,671	55,849,723
Additions	-	104,178	594,818	30,220	30,557	759,773
At 31 December 2021	1,232,286	14,449,262	38,673,480	1,501,240	753,228	56,609,496
Additions	-	-	183,812	99,074	15,999	298,885
At 31 March 2022	1,232,286	14,449,262	38,857,292	1,600,314	769,227	56,908,381
Deprecation						
At 1 January 2021	-	7,114,544	18,220,878	1,227,328	617,748	27,180,498
Additions	-	694,507	475,090	75,531	31,189	1,276,317
At 31 December 2021	-	7,809,051	18,695,968	1,302,859	648,937	28,456,815
Additions	-	171,519	123,744	20,481	7,513	323,257
At 31 March 2022	-	7,980,570	18,819,712	1,323,340	656,450	28,780,072
Net book value						
At 31 December 2021	1,232,286	6,640,211	19,977,512	198,381	104,291	28,152,681
At 31 March 2022	1,232,286	6,468,692	20,037,580	276,974	112,777	28,128,309

12- Projects under construction

	31/03/2022	31/12/2021
Balance at 1 January	2,628,052	2,347,002
Additions	120,746	2,264,832
(Disposals)	(94,064)	(1,983,782)
Balance at 31 December	**2,654,734**	**2,628,052**

13-Investment in associates

	Umm Qasr 31/03/2022	Sarah Zamzam 31/03/2022
Current assets	9,257,998	211
Non- current assets	8,715,163	170,400
Current liability	10,482,762	84,580
Equity	**7,490,398**	**86,031**
Share %	20%	50%
Company's share in equity	1,498,080	43,016
Carrying amount of investments in assoc.	**1,498,080**	**43,016**

	Umm Qasr 31/03/2022	Sarah Zamzam 31/03/2022
Revenue	6,576,983	-
Cost of sales	(6,209,641)	-
Administrative expenses	(113,172)	(2,712)
Profit for the year	**254,170**	**(2,712)**
Other comprehensive income		
Exchange differences	251,523	-
Total Other comprehensive income	**505,693**	**(2,712)**
Company's share of profit for the year	**50,834**	**(1,356)**
Company's share of other comprehensive income	**50,305**	**-**

14- Credit bank

	31/03/2022	31/12/2021
Safwa Islamic Bank–JOD	600,261	140,298
Total	**600,261**	**140,298**

15- Taxes

-Income tax

	31/03/2022	31/12/2021
Balance at 1 January	1,250,723	980,749
Income tax expense	300,846	1,514,361
Paid income tax	(441,292)	(1,244,387)
Total	**1,110,277**	**1,250,723**

-National contribution tax

	31/03/2022	31/12/2021
Balance at 1 January	52,572	55,862
National contribution tax expense	16,605	87,757
Paid national contribution tax	(20,526)	(91,047)
Total	**48,651**	**52,572**

- Northern Cement Company is classifiedas industrial company asthe main activity of the company is limited to the cement industry, so it is subjected to 14% from net income incompliance with Jordanian Taxation Law no. (68) for the year 2015.Tax registration number is (16602820) and sales tax registration number is (16602820).

- In compliance with Tax Law 38 for 2018, National Contribution Tax was inforced with 1% of taxable income

- As per to article (22) from Jordanian Investment LawNo. (16) for the year 1995 and article (8) from Jordanian Investment Law No. (68) for the year 2003, the company was exemptedfrom 50% of income tax for 10 years starting at date of actual work.

16- Other credit balances

	31/03/2022	31/12/2021
Accrued expenses	31,461	11,203
Employees' tax	10,614	8,561
Due to social security	50,378	43,346
Other payables	624	1,168
Due to sale tax	386,345	893,554
Total	**479,422**	**957,832**

17- Due to related parties

	31/03/2022	31/12/2021	Nature of relation	Type of transaction
Northern Region Cement - KSA	9,777,726	4,792,196	Mother Co.	Financing
Total	**9,777,726**	**4,792,196**		

18- Cost of revenue

	Note	31/03/2022	31/03/2021
Raw materials		4,934,888	5,066,982
Operational expenses	18-1	1,692,945	1,545,264
Depreciation		315,636	303,351
Cost of production		**6,943,469**	**6,915,597**
Goods / opening balance		1,027,132	1,017,345
Goods available for sale		**7,970,601**	**7,932,942**
Goods / ending balance		(1,104,328)	(1,437,386)
Total		**6,866,273**	**6,495,556**

18-1 Operational Expenses

	31/03/2022	31/03/2021
Wages and salaries	439,164	372,443
Social security	58,290	51,096
Water and electricity	789,415	790,700
Maintenance	142,967	104,213
Fuel	22,276	19,874
Mail and phone	1,447	1,834
Health insurance	46,359	44,407
Stationery	1,329	584
Car expenses	3,848	5,031
Transportation	33,406	28,462
Security	14,790	14,185
Hospitality	3,622	980
Analysis of samples	11,316	12,050
Miscellaneous	7,647	2,226
Uniform	10,085	6,662
Cleaning	68,126	48,127
Machines' expenses	19,309	31,889
Factory insurance	19,549	10,501
Total	**1,692,945**	**1,545,264**

19-Selling and distribution expenses

	31/03/2022	31/03/2021
Wages and salaries	30,338	27,419
Social security	4,493	4,037
Cars' expenses	1,390	1,705
Miscellaneous	855	2,028
Mail and phone	485	406
Transportation	3,232	2,217
studies	1,500	-
Medical insurance	3,720	3,570
Advertising	5,467	12,390
Transportation and shipping	4,039	52,873
Selling expenses	17,733	10,371
Tax non-deductible	321	1,482
Total	**73,573**	**118,498**

20- Administrative and general expenses

	31/03/2022	31/03/2021
Salaries and bonuses	184,383	167,776
Social security	23,599	21,098
Water, electricity and telephone	7,255	6,086
Stationery	316	264
Cars' expenses	7,955	4,532
Exhibitions andconferences	3,649	-
Traveling	2,206	-
Rents	12,500	12,500
Professional fees	34,700	22,839
Hospitality	1,681	1,021
Health insurance	10,483	9,892
Maintenance	1,596	1,870
Fees and licenses	3,059	775
Transportation	15,574	13,934
Insurance	619	1,314
Computers' expenses	1,917	2,756
Cleaning	10,067	9,590
Donations	11,535	14,765
Subscriptions	23,608	23,838
Miscellaneous	8,811	2,555
Depreciation	7,620	8,813
Total	**373,133**	**326,218**