نموذج رقم (1-3)

Form No. (1-3)

al-ekbal

To: Jordan Securities Commission Amman Stock Exchange Date : 19/04/2017 Subject: Annual Report for the fiscal year ended 31/12/2016	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2017/04/19 الموضوع : التقرير السنوي للسنة المنتهية في 2016/12/31
Attached the Annual Report of (company's name) for the fiscal year ended at 31/12/2016	مرفق طيه نسخة من التقرير السنوي لشركة (اسم الشركة)عن السنة المالية المنتهية في 2016/12/31م
Kindly accept our highly appreciation and respect Company's Name Al Ekbal Printing & Packaging General Manager's Signature	وتفضلوا بقبول فائق الاحترام،،، اسم شركة شركة الاقبال للطباعة والتغليف توقيع المدير العام

شركة الاقبال للطباعة و التغليف
AL-EKBAL PRINTING & PACKAGING CO.

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٩ نيسان ٢٠١٧
الرقم المتسلسل: 2253
رقم الملف:
الجهة المختصة:

الاقبال
al-ekbal

شركة الإقبال
للطباعة والتغليف
Al - Ekbal Printing & Packaging

22 | 2016 | Annual Report
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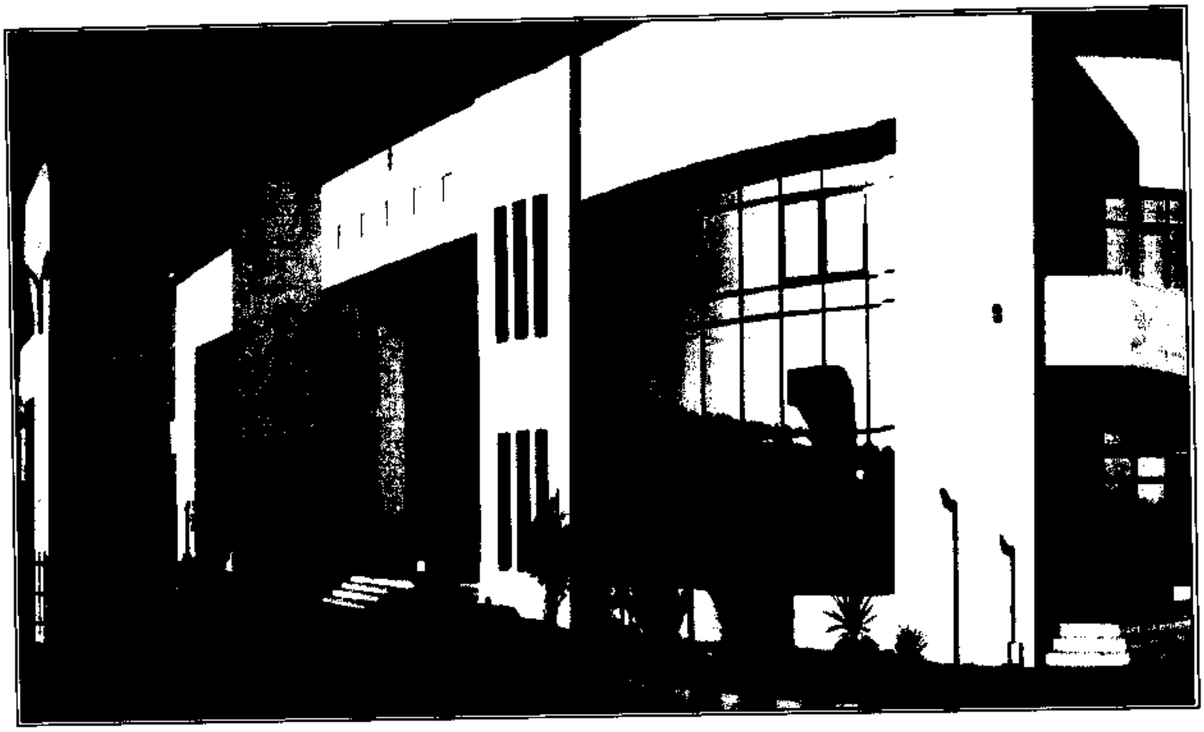
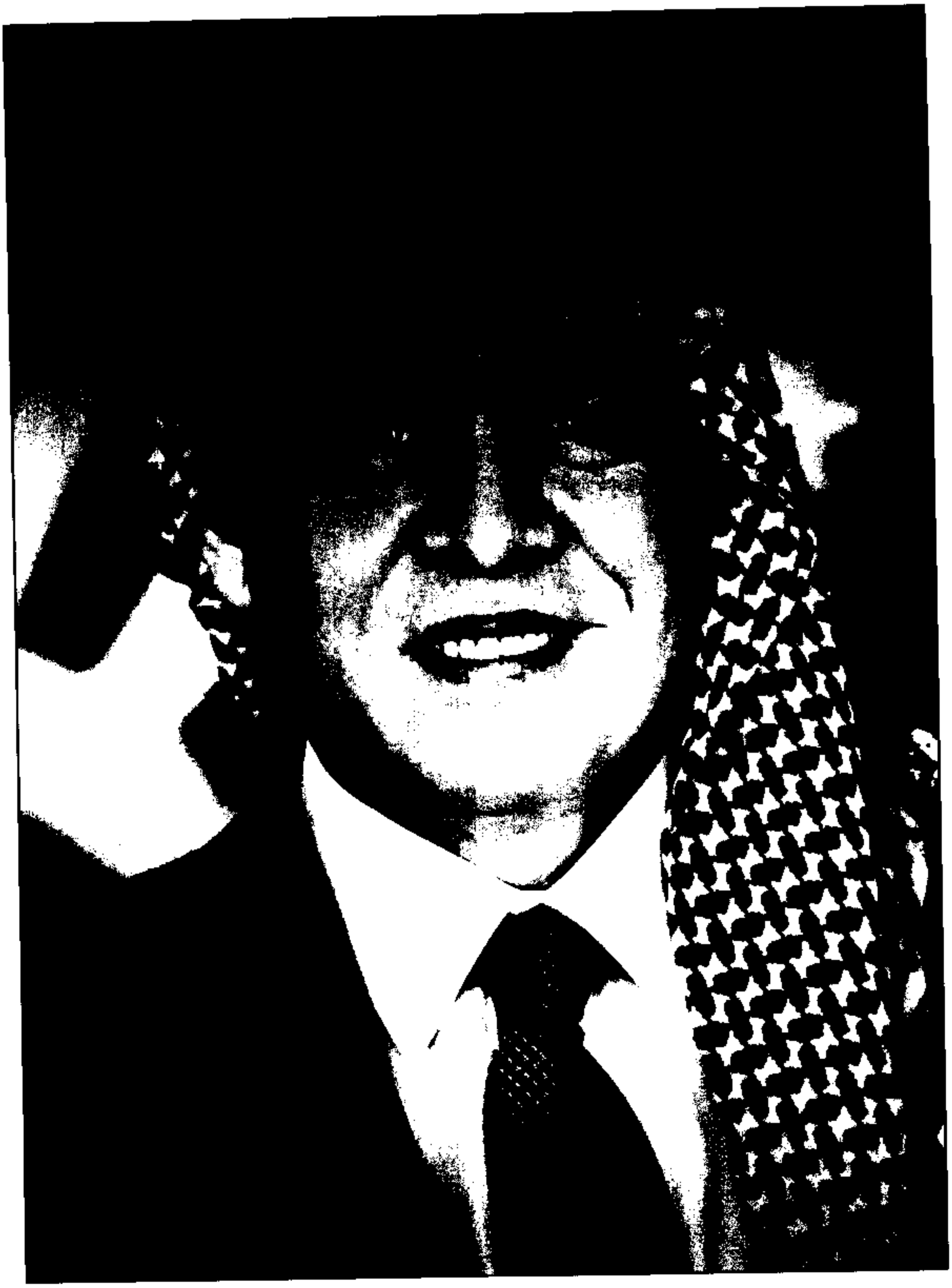
AL-EKBAL PRINTING AND PACKAGING Co.

(Public limited company)



Twenty Second Annual Report of the Board of Directors on the Company's Activities and its Financial Statements for the Year Ended

31.December.2016



His Majesty

King Abdullah II Ibn Al- Hussein

His Royal Highness Crown

Prince Al-Hussein Bin Abdullah II

Table of Contents:

Board of Directors

Mr. David Silhavy — **Chairman**
Representative of Mayr-Melnhof Packaging Austria GmbH

Eng. Adel Ramez Abou Dargham — **Deputy Chairman**
Representative of Neupack Gesellschaft m.b.H

D. Wilhelm Hoermanseder — **Member**
Representative of M Mayr-Melnhof Packaging International GmbH

Mr. Wolfgang Roth — **Member**
Representative of MM Graphia Beteiligungs u. Verwaltungs G.m.b.H

Mr. Anwar Osama Al-Sukkari — **Member**

Board of Directors – Appointments and Resignations:

- Nomination of Mr. Khaireddin Shukri as Vice Chairman of the Board of Directors / Representative of Neupack Gesellschaft m.b.H Successor to Mr. Adel Ramez Abou Dargham based on Board of Director's resolution dated 11-January-2017.

Annual Report of the Board of Directors

The Board of Directors' annual report on the company's activities and its financial position as of Dec. 31 2016 and its plan for 2017

Honorable shareholders,

On behalf of the Board of Directors and myself, I would like to welcome you to the 22nd Annual meeting of your company. It is my pleasure to give you a summary report on the activities and achievements in 2016, and to set out the future plans for the company for next year.

The Company maintained its profitability in 2016, and increased its profit compared to 2015. This was achieved in spite of the challenges that the company had faced during the year 2016. The political, security, and economic conditions in neighboring countries in particular, and the region at large, had a negative impact on the volume of our export sales. Equally in terms of adverse effects, the drop of the Euro exchange rate against the Jordanian Dinar, did affect the company's sales revenue.

The sales revenue of the company in 2016 had amounted to J.D. 10,214,514 compared to J.D. 10,692,928 in 2015. This represents a decrease of 6.8% compared to the previous year. Despite the decline in total sales, the company had achieved 15.4% growth in gross profit which amounted to J.D. 1,901,933 (J.D. 1,648,521 in 2015).

In 2016 the company's net profit after tax had amounted up to J.D. 798,579 compared to 2015 where the net profit after tax was J.D. 511,629. This represents 11.9% return on equity compared to 7% in 2015. The net profit increase is attributed to a combination of factors of which productivity increase, the concentration on producing more viable products, the efficient use of available resources, and the further improvement in production efficiency.

The company will keep the momentum of improving production through the utilization of all the available recourses and through capacity building of its employees, and exploiting the contracts with its clients to the full.

Honorable shareholders,

Peace and God's blessings be upon you,

The Board of Directors of Al Ekbal Printing and Packaging Company is pleased to welcome you all, and would like to thank you for your acceptance of its invitation to attend the Twenty Second Annual General Meeting on the Company's activities, achievements and financial statements for the year ended December 31, 2016.

In compliance with disclosure instructions required by the Securities Commission, we inform the following:

Description of the company's activities, its geographic locations, size of capital investment, and number of employees:

Main activities

The company prints and manufactures packaging products made of paper and cardboard for pharmaceuticals, tobacco, cigarettes, detergents, cosmetics and fast food industries.

Geographical locations and number of employees

Al-Ekbal Printing and Packaging Company is located in the South of the capital Amman, in Na'ur area, Um Al-Basateen Triangle at Madaba Road. All activities are being performed inside the company. There are no other branches inside or outside the Kingdom.

The number of employees is 123.

The company has been established in 27/12/1994. It is registered with the Ministry of Industry and Commerce under the number (264).

Capital Investment

The volume of the capital investment of the company has reached J.D. 9,585,451 while the paid up capital of the company is J.D. 3,500,000.

Brief introduction of the members of the Board of Directors:

Name	Nationality	Date of Birth	Qualifications	Experience	Position
Mr. David Silhavy	Austrian	1978	Master degree in Business Administration (2005)	2005 to date: Mayr-Melnhof Group Vienna 2005-2009: Corporate Treasury Department, 2009 to date: Head of Corporate Treasury Department 2015 to date: Finance Director Packaging Division 09.02.2016 to date: Al Ekbal Printing & Packaging	Treasury Expert Project Manager Head of Department Chairman
Eng. Adel Abou-Dargham (Up to 11-January-2017)	Lebanese	1962	Bachelor degree in Engineering. (1984)	1984-1985: Saudi Technical Plastic Company / KSA. 1985-1990: Hoshan Graphic Arts. 1991-2001: Yousef Kara & Fils for Printing & Packaging. 1.5.2001 to date: Al Ekbal Printing & Packaging / Jordan. 2003-2007: Al Ekbal Printing and Packaging / Jordan. 1.2.2011-11.01.2017: Al Ekbal Printing and Packaging.	Projects Engineer. Maintenance Manager – Technical Sales Manager. Projects Manager. General Manager. Member of Board of Directors. Deputy Chairman, representative of Neupack G.m.b.H
Mr. Khaireddin Shukri (starting from 11-January-2017)	Jordanian	1953	Bachelor degree in Agricultural Sciences. (1977)	1979-2008: GM at Jordan Valley Farm (JOVAC). 1985-1988: Chairman at SHUVAC Agricultural Works. 1991-2008: Chairman at Modern Valley Farms. 2008-2011: Managing Director at DAMCO. 2011-2013: GM at Agri Jordan. 2013-2016: Agricultural consultant (KAFD). 26.11.2016- to date: Al Ekbal Printing & Packaging Deputy GM (From 11.01.2017 Acting GM / Vice Chairman)	General Manager Chairman Chairman Managing Director General Manager Consultant Deputy GM / Acting GM
Mr. Anwar Osama Sukkari	Jordanian	1984	B.A degree in Law. (2007) Master degree in International Commercial Law.	2007-2009: Obeidat and Freihat Law Firm. 2009 to date: Osama Sukkari Law Firm. 23.2.2011 to date: Al Ekbal Printing and Packaging / Jordan.	Lawyer. Lawyer. Member of Board of Directors, representative of Ernst Schausberrger & Co Gesellschaft, and at his own capacity as of 9.February.2016.
Dr. Wilhelm Hoermanseder	Austrian	1954	Ph.D. Engineering	1981-1986: Austrian Investment Co. 1986-1987: Acoplan Consulting Co. 1987-1990: Management trust Holding AG. 1990-1994: Mayr-Melnhof Karton AG 1994-2002: Mayr-Melnhof Karton AG 2002 to present: Mayr-Melnhof Karton AG 7/11/2007-2/2/2011: Al Ekbal Printing & Packaging. 9.02.2016 Date: Al Ekbal Printing & Packaging	Senior Accountant. Consultant. Purchasing Supervisor. Financial Controlling. Deputy CEO. Chairman & CEO. Chairman, representative of Mayr – Melnhof Packaging / Austria Member of the BoD

Mr. Wolfgang Roth	German	1959	Bachelor degree in Engineering – Engines Construction. (1978) Master Degree in Mechanical Engineering (1988)	1988-1992: Robert Bosch GmbH / Germany 1992-1996: FCP-Europa Carton / Germany. 1996-1999: Danapak Faltshachtelsysteme GmbH. 1999-2003: Rovema Verpackungsmaschinen 2003 to date: MMG Beteiligungs-und Verwaltungs 3.2.2011 to date: Al Ekbal Printing and Packaging	Test Engineer. Maintenance Manager. Technical Manager – Business manager. Divisional Technical Coordinator & Risk Engineer. Member of Board of Directors, representative of MM Graphia Beteil. Und Verw. GmbH

Senior Management

Name	Nationality	Date of Birth	Qualifications	Experience	Position
Eng. Adel Abou-Dargham	Lebanese	1962	Bachelor degree in Engineering	Mentioned Above.	General Manager (Up to 11-January-2017)
Mr. Khaireddin Shukri	Jordanian	1953	Bachelor degree in Agricultural Sciences. (1977)	Mentioned Above.	Deputy GM (Starting from 26-November-2016) Acting GM (Starting from 11-January-2017)
Mr. Ibrahim Hasan	Jordanian	1984	Master degree in Accounting. Jordanian Certified Public Accountant (JCPA). Certified Management Accountant (CMA). Certified Internal Auditor (CIA).	2007-2011: PriceWaterHouseCoopers / Jordan. 2012-Jan.2013: KPMG / Jordan. Feb.2013-May.2014: Manaseer Oil & Gas Company. 26.5.2014 to date: Al Ekbal Printing and Packaging.	Senior Auditor – External Audit. Supervisor – Internal Audit & Risk Consulting. Deputy Finance Manager. Finance Manager.
Mr. Fayek Abou Seif	Jordanian	1967	Chemical Engineering Diploma	1989-1993: Arabian Center for Pharmaceuticals & Chemical Industries 1993-1996: Jordanian Industrial Resources Company. 1996 to date: Al Ekbal Printing and Packaging.	Head of Analysis Department. Head of Quality & Control Department. Head of Technical Department.
Eng. Mustafa Shaheen	Jordanian	1972	Bachelor degree in Engineering	1994-2005: International Tobacco and Cigarette Company. 2005 to date:	Senior Electromechanically – Production Engineer. Maintenance Manager.
Mr. Ismael Mteir	Jordanian	1968	Medical Lap Diploma	1992-1994: Arabian Center for Pharmaceuticals & Chemical Industries. 1994-1996: Jordanian Industrial Resources Company. 1998 to date: Al Ekbal Printing and Packaging.	Medical Lab Technician. Controller. Production Manager.
Mr. Abdullah Al Majali	Jordanian	1976	Bachelor degree in Law.	2000 to date: Al Ekbal Printing and Packaging.	Administrative Manager Responsible for shareholders Affairs (2001 to date)
Mr. Yahya Khalaf	Jordanian	1983	Bachelor degree in Electrical & Computer Engineering.	2006-2008: Zarqa Private University. Apr.2008 to date: Al Ekbal Printing and Packaging.	Head of Systems Section. Quality Manager.

Names of major shareholders and number of shares owned by them compared with previous year

Name	Number of shares as in 31.Dec.2016	Percentage %	Number of shares as in 31.Dec.2015	Percentage %
Mayr-Melnhof Packaging Austria GmbH	1.035.624	29.59%	1.474.464	29.49%
Neupack G.m.b.H	700.000	20%	1.000.000	20%
Mayr-Melnhof Packaging International GmbH	1.297.470	37%	1.856.103	37.12%

Competitive position of the company

Despite of the strong competition, the company could maintain its local market share and could keep its major customers in export market. As well, the company could compensate for the decline in export sales by focusing locally on the production of high value-added products, with higher profit margin. On the other hand, the company focused on reducing its cost of production, hence increasing profitability, through increasing production efficiency and better utilization of production capacity.

Company's dependence on local or foreign suppliers and customers

Customer Name	Percentage from Total Sales (Manufacturing Related)
Japan Tobacco International (JTI) Offset	26%
Al Zawrae Industrial Company	23%
Phillip Morris - Jordan	14%

Supplier Name	Percentage from Total Raw materials Purchases (Manufacturing Related)
Stora Enzo	49%
Iggesund Holmen Group	10%

Decisions by the government or international organizations that had material effect on the operations of the company or its competitiveness

There are no decisions made by the government or any other international organization that had a material impact on the performance of the company, its products or its competitiveness.

Government protection and subsidy given to the company or its products according to the laws and regulations

Nothing exists.

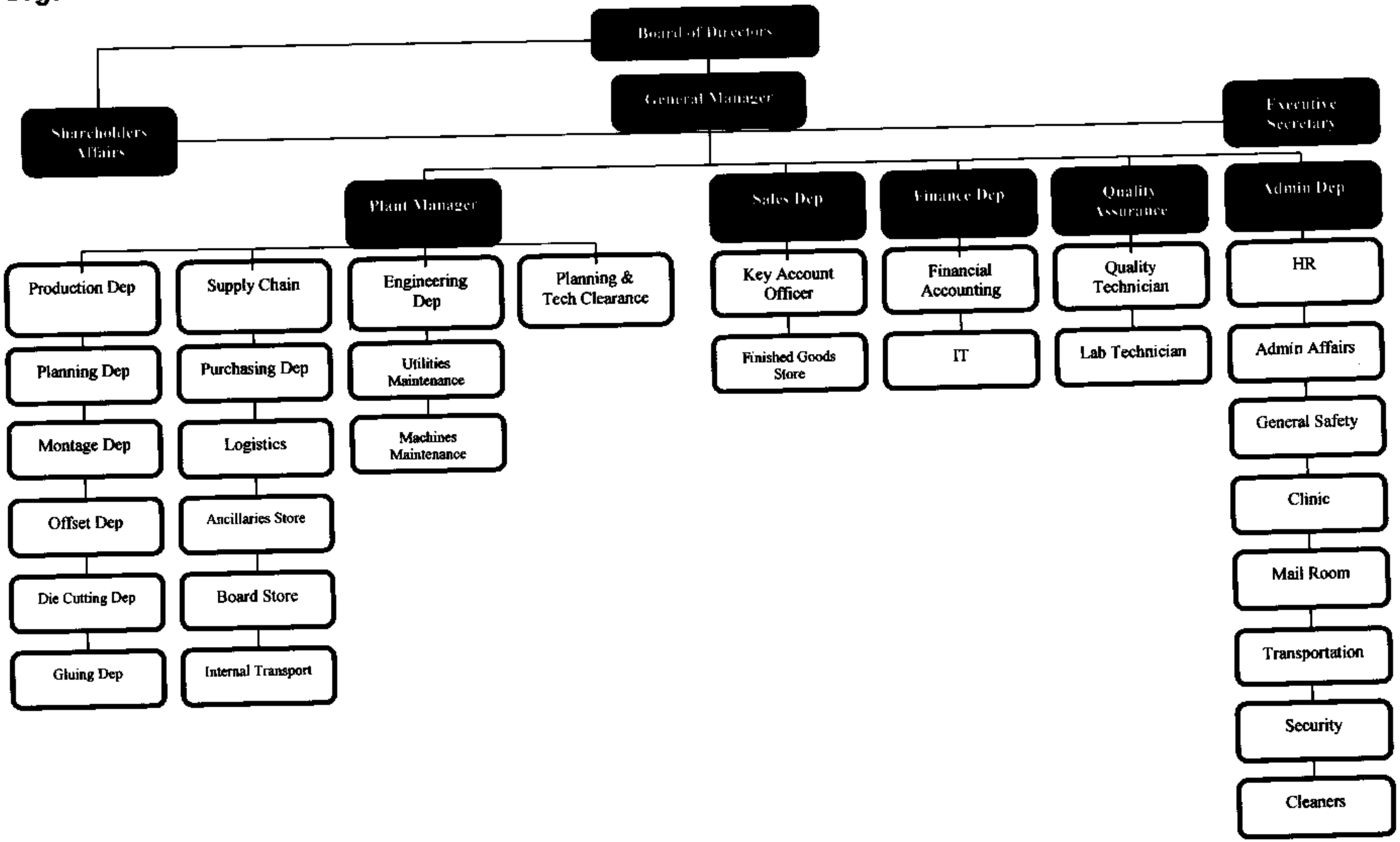
Human Resources

In order to develop the technical and administrative performance, the company offers its employees internal and external training. For this purpose, the company adopted the "Diamond Program" since many years. As well, the company annually adjusts the salaries of its employees to meet the increasing cost of living conditions.

The benefits provided to the employees are:

- Extra two months' salary a year, paid over quarterly equal amounts.
- Occupational safety: The Company makes efforts to ensure the general safety of all employees through educational brochures, sessions and following procedures to avoid injuries or exposing employees to hazards.
- Health care: The Company periodically conducts the necessary medical exams to maintain the health and safety of our employees. In addition, we have a physician available on site daily to meet the employees` healthcare needs.
- The Company provides free medical, life, and cancer insurance for all employees.
- End of service payment: The Company offers a special system for end of service payment.
- Social security: All employees are enrolled in Social Security.
- Offer subsidized meals and maintain a cafeteria with the best equipment to provide meals in a healthy way.
- Training: The Company has established training programs for its personnel, in order to develop their knowledge and their performance, especially in administration and technical fields.
- Provide transportation to all employees through securing transportation vehicles based on working hours.

Organizational Structure:



Number of employees and categories of their qualifications

Qualifications	Number of Employees
Master Degree	5
Bachlor Degree	19
Diploma	8
High School	6
Less than High School	85
Total Number of Employees	**123**

Training programs

Training Course Name	Number of Employees
BRC – The British Retail Consortium	All Departments
ISO 2015	1
Labor Law	1
Social Security Law	1
Management Accounting	1
Income & Sales Tax	1

Risks to the company

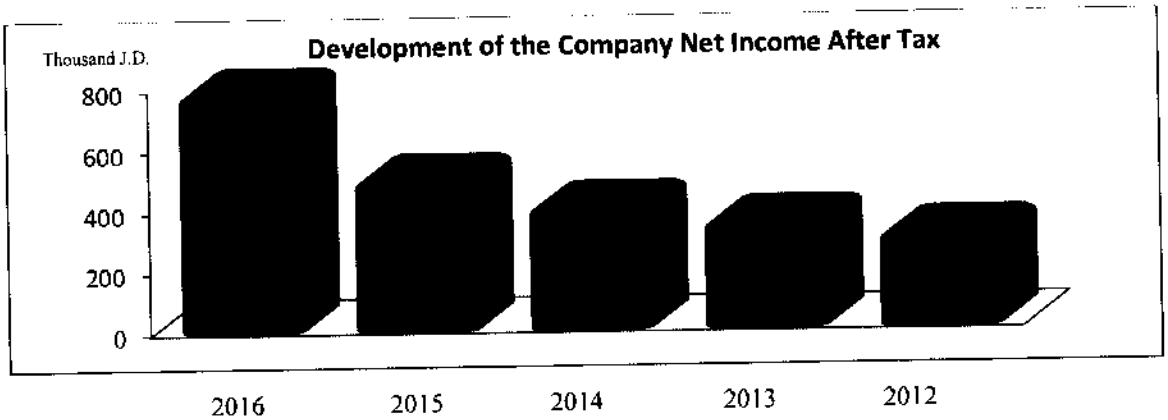
The risks that the company had faced in 2016, and might be exposed to in the future:

- The worsening political and security situation in the region had had a negative impact on the company's export sales and on the ability of the company's expansion in the regional markets.
- The company depends largely on a small clientele base, which possess a considerable risk as the performance of those clients will directly affect the performance of the company. The company will seek to broaden our clients' base and sectors.
- The increases in the raw materials prices possess another risk to the viability of our operations. Minimizing this risk is being carried out in the pricing strategy of the company.
- The company was affected by drop in the Euro exchange rate against the Jordanian Dinar in 2016. This negative impact is expected to continue during 2017.
- Local changes in taxes for tobacco and cigarettes could reflect negatively on cigarette consumption and production, hence on the company's sales.

Achievements of the company during the financial year

- The main achievement during 2016 was the ability to increase the profitability of our operations. The profit before tax has increased from J.D 592,318 to J.D 968,579. The return on assets increased from 5% in 2015 to 8% in 2016. The reason for the positive results are:
  - The full utilization of the resources based on a proper planning.
  - The concentration on items which are economically more viable in our production and marketing operations.
  - Slashing down expenses and cutting down costs and waste throughout the operations.
- The company continued the process of developing its production capabilities, staff capacity building and improving its work environment aiming at competing with leading regional and international companies working within its domain.

Raw Material Warehouse

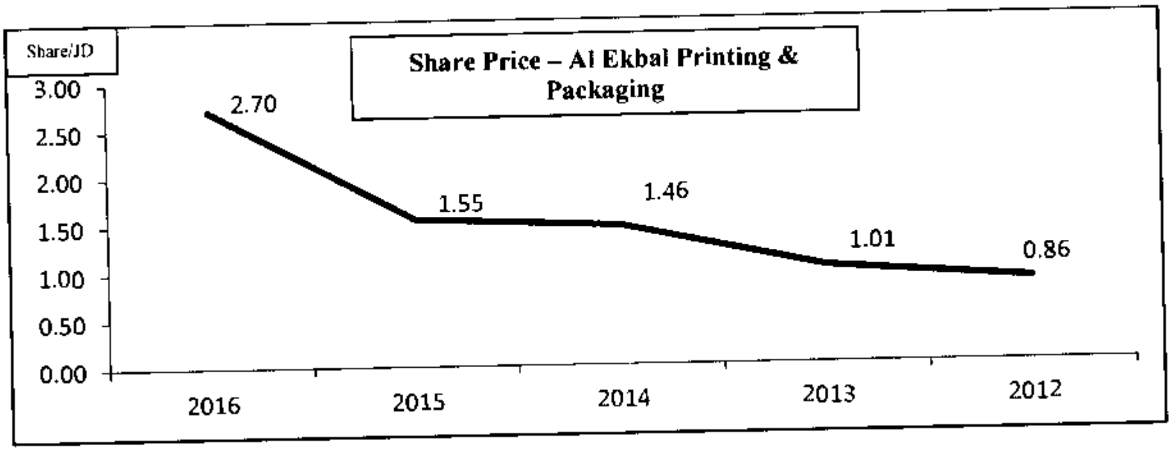


Financial impact of non-recurring activities that occurred during the financial year and not part of the company's core activity

There are no financial impacts of non-recurring activities during the financial year under review, which are not part of the company's core activity.

Description	2016	2015	2014	2013	2012
Net Income After Tax	798,579	511,629	417.507	364.103	320.496
Distributed Profits	-	400,000	-	-	-
Capital Reduction	1.500.000	-	-	-	-
Shareholders' Equity	6,716,411	7,429,806	7.392.787	7.008.710	6.644.607
Share Price	2.7	1.55	1.46	1.01	0.86

Time series of profits and losses, dividends, net equity and share prices



Financial Performance Analysis

Financial Ratios	2016	2015
Return on Equity %	11.9%	6.9%
Return on Assets %	8.3%	4.9%
Equity Ratio %	70%	70%
Debt Ratio %	30%	30%
Current Ratio (Times)	2.29	2.35
Gross Profit %	18.6%	15%
Earnings Before Interest & Taxes – JOD	1,023,073	709,984
Earnings Per Share %	0.204	0.102

Sales & Sectors Analysis

Sales Analysis

	2016 (JOD)	2015 (JOD)
Local Sales	9,723,907	9,946,045
Export Sales	490,607	1,016,883
Total Sales	**10,214,514**	**10,962,928**

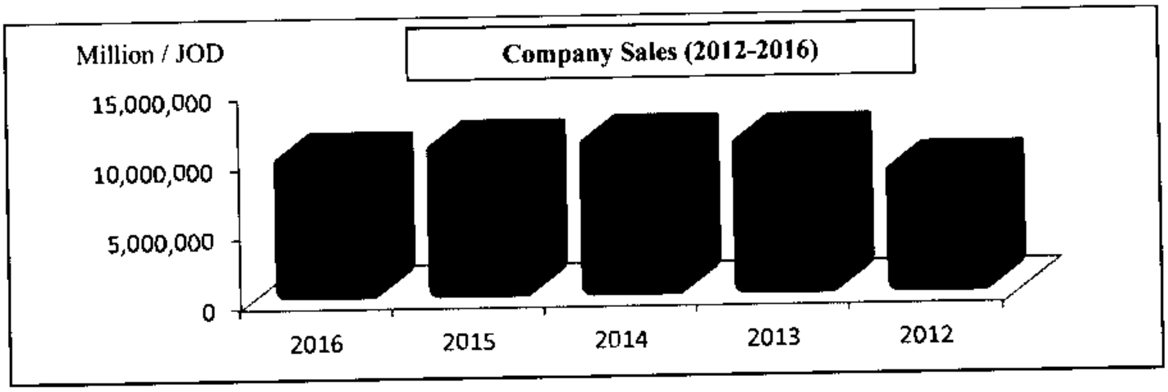
Export sales are mainly exports to the following countries:

- Kingdom of Saudi Arabia.
- Qatar.

Sector analysis

	2016			2015		
	Printing & Packaging	Merchandise Sales*	Total	Printing & Packaging	Merchandise Sales*	Total
Sales	8,232,484	1,982,030	10,214,514	8,495,840	2,467,088	10,962,928
COGS	(6,567,459)	(1,745,122)	(8,312,581)	(7,082,717)	(2,231,690)	(9,314,407)
Gross Profit	**1,665,025**	**236,908**	**1,901,933**	**1,413,123**	**235,398**	**1,648,521**

*Import of gravure products from MM Graphia



Future plan for 2017

The company's future plan for the year 2017 consists of the following main items:

- Targeting the Multinational Companies that are operating in the different industrial sectors through a strategic marketing plan.
- Continue to work to develop and enhance the production efficiency and work procedures in the company.
- Increase the production of special and high quality products to increase the company's market share in different market sectors.
- Enhancing the company's productive capacities in both; quality and quantity with a push towards obtaining global specialty certifications in order to expand in various sectors in the domestic and export markets.

External Auditor Expenses

The external audit service fees amounted to JOD 10.000 (Excluding sales tax) in 2016.

Number of shares owned by members of the Board of Directors and senior management executives and their relatives

Board of Directors:

Name	Position	Nationality	Representative	Representative Nationality	Number of Shares as in 31.Dec.2016	Number of Shares as in 31.Dec.2015
Mayr Melnhof Packaging Austria GmbH	Chairman of Board	Austrian	Mr. David Silhavy	Austrian	1.035.624	1.474.464
Neupack Gesellschaft GmbH	Vice Chairman	Austrian	Eng. Adel Abou Dargham (Up to 11.January.2017)	Lebanese	700.000	1.000.000
Mayr Melnhof Packaging International GmbH	Member of Board of Directors	Austrian	Mr. Wilhelm Hoermanseder	German	1,297,470	1.856.103
Mr. Anwar Sukkari	Member of Board of Directors	Austrian	Mr. Anwar Sukkari	Jordanian	5.000	5.000
MM Graphia Beteil und Verw. GmbH	Member of Board of Directors	German	Mr. Wolfgang Roth	German	5.000	5.000

Senior Management:

Name	Position	Nationality	Number of Shares as in 31.Dec.2016	Number of Shares as in 31.Dec.2015
Eng. Adel Abou Dargham	General Manager	Lebanese	-	-
Mr. Khaireddin Shukri	Deputy GM (Starting from 26 November 2016)	Jordanian	-	-
Mr. Ibrahim Hasan	Finance Manager	Jordanian	-	-
Mr. Fayek Abou Seif	Pre-press & Technical Clearance Manager	Jordanian	-	-
Eng. Mustafa Shahin	Maintenance Manager	Jordanian	-	-
Mr. Ismael Mteir	Production Manager	Jordanian	-	-
Mr. Abdallah Al Majali	Administrative Manager	Jordanian	-	-
Mr. Yahya Khalaf	Quality Manager	Jordanian	-	-

Benefits and rewards for 2016

Chairman and Board Members:

Name	Position	Transportation Allowance (JOD)	Rewards (JOD)	Total Benefits (JOD)
Mr. David Silhavy	Chairman of Board of Directors	4.800	5.000	9.800
Eng. Adel Abou Dargham	Vice Chairman of Board of Directors / General Manager	4.800	5.000	9.800
Mr. Wilhelm Hoermanseder	Member of Board of Directors	4.800	5.000	9.800
Mr. Anwar Sukkari	Member of Board of Directors	4.800	5.000	9.800
Mr. Wolfgang Roth	Member of Board of Directors	4.800	5.000	9.800

Senior Management:

Name	Position	Annual Salary	Rewards	Housing	End of Service	Other Benefits
Eng. Adel Abou Dargham	General Manager	119.000	96.625	7.000	37.202	Vehicle
Mr. Khaireddin Shukri	Deputy GM (Starting from 26 November 2016)	6.125	-	-	-	-
Mr. Ibrahim Hasan	Finance Manager	41.020	5.500	-	-	-
Mr. Fayek Abou Seif	Prepress & Technical Clearance Manager	31.290	1.000	-	-	-
Eng. Mustafa Shahin	Maintenance Manager	35.427	9.400	-	-	-
Mr. Ismael Mteir	Production Manager	31.290	9.400	-	-	-
Mr. Abdallah Al Majali	Administrative Manager	22.260	1.000	-	-	-
Mr. Yahya Khalaf	Quality Manager	23.170	2.000	-	-	2.475

The company has adopted an early settlement program for employee's end of service.

Donations and Grants paid by the company in 2016.

Grants given to the local people of Na'ur area in terms of food and related items.

Contracts, projects or agreements entered into by the company with subsidiaries, affiliates, or with the chairman of the board, directors, general manager or with any other employee of the company or with their relatives

There are no such contracts, projects or agreements the company entered into, except the existing cooperation with MM Graphia, which provides the company with rotogravure printed goods based on the requirements of one tobacco customer who relied on our company as an exclusive local supplier for these goods.

Company´s contribution to environmental protection

- Installation of weather strips to the company's external doors, resulting in savings in energy consumption in heating and cooling systems.
- The company intends to install transparent glass insulators in different sections of the company which provides thermal insulation and thus save energy consumption.
- The use of energy saving lighting units.
- The company sells recyclable production wastes to specialized recycling companies.
- The company cooperates with the Municipality of the Capital for the disposal of scrap after the company separates the scrap for the re-use of part of it.
- Installation of water pumps fitted with electric control system to control the level of water consumption.
- Installing electric doors for warehouses and thermally insulated doors, which reduce energy consumption.
- The use of natural lighting in the new warehouses through appropriate designs.
- The company sells waste, wood, cardboard and used oil materials to recycling companies who convert wastes into usable products.

Company´s contribution to the local society

The company contributes to serving the local society through participations in official and public events in the province of Na'ur, such as the unemployment service center, charity organizations and the committees in Na'ur and cooperates with them, in order to help poor families, in addition to providing job opportunities.

Meetings of the Board of Directors

8 meetings were held in the year of 2016.

Last, but not least, I would like to thank the management, teams, and staff of Al-Ekbal on a job very well done. You have demonstrated to all in the Industrial Sector, the level that could be achieved when high ability and a sense of purpose are combined.
Also, I would like to extend our gratitude to our suppliers and customers for their cooperation and trust. Special thanks go to you, our shareholders, for your faith and belief in the management of the company and your continuous support. Without your inspirational support, we would not have been able to move forward to accomplish the missions, objectives and targets of the company.

David Silhavy
Chairman of the Board

Declarations of the Board of Directors

The Board of Directors of Al-Ekbal Printing & Packaging plc hereby declares that, according to the best of their information and in their opinion, there are no substantial matters that may affect the Company as a going concern during 2016.

The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Name	Position	Signature
Mr. David Silhavy	Chairman	
Mr. Khaireddin Shukri	Deputy of Chairman (Starting From 11.January.2017)	
Dr. Wilhelm Hoermanseder	Member	
Mr. Anwar Al Sukkari	Member	
Mr. Wolfgang Roth	Member	

We, the signatories below declare that all the data and statements in this Annual Report are correct, accurate and complete.

Name	Position	Signature
Mr. David Silhavy	Chairman	
Mr. Khaireddin Shukri	Deputy of Chairman	
Mr. Ibrahim Hasan	Finance Manager	

AL EKBAL PRINTING AND PACKAGING
(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2016

AL EKBAL PRINTING AND PACKAGING P.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2016

Independent Auditor's Report
To the Shareholders of Al Ekbal Printing and Packaging P.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, Al Ekbal Printing and Packaging P.S.C. (the "Company") financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards

What we have audited

Al Ekbal Printing and Packaging Company's financial statements comprise:

the statement of financial position as at December 31, 2016;
the statement of comprehensive income for the year then ended;
the statement of changes in equity for the year then ended;
the statement of cash flows for the year then ended; and
the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matters	Provision for slow-moving inventory

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors are made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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.

Key audit matter	**How our audit addressed the Key audit matter**
Provision for slow-moving inventory As described in the accounting policies number (2.7) Inventory and note number (4) Critical Accounting Estimates And Judgments, the management calculates the provision for slow-moving inventory according to the accounting policies described in note (2.7) and note (4) by comparing the recoverable amount of the inventory with the book value for this inventory. There is a risk of wrong calculation by management for this provision, which may lead to material misstatement in the financial statements which may be caused of incorrect use of estimates. As shown in Note (8) to the financial statements, management had recognised a provision for slow moving inventory with an amount of JD 211,628 as at 31 December 2016.	We have performed the following procedures to assess the reasonableness of the slow-moving inventory provision calculation: • Assessed management's methodology in calculating the provision. • Assessed the key assumptions used, based on our understanding of the company and the nature of the inventory. • Tested some of the relevant company's procedures and internal controls. • Tested the inventory aging report as of December 31, 2016. • Re-calculated the provision as of December 31, 2016.

Other information

The directors are responsible for the other information. The other information comprises all the other information included in the Company's annual report for the year 2016 but does not include the financial statements and our auditor's report thereon. The other information not yet received to the date of this auditor's report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with other identified applicable laws in the Hashemite Kingdom of Jordan, 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 auditor's 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 auditor's 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 audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company 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 to 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith the financial date presented in the Board of Directors' report. We recommended that the General assembly of Shareholders approve these financial statements.

On behalf of PricewaterhouseCoopers "Jordan" L.L.C.

Osama Marouf
License No. (718)

Amman, Jordan
6 March 2017

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,904,363	4,037,587
Project under construction	7	44,155	3,648
		3,948,518	4,041,235
Current assets			
Inventories	8	3,439,441	2,773,538
Trade and other receivables	9	1,405,937	2,429,830
Cash on hand and at banks	10	791,555	1,299,223
		5,636,933	6,502,591
Total Assets		9,585,451	10,543,826
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	11	3,500,000	5,000,000
Statutory reserve	12	996,712	996,712
Voluntary reserve	12	-	167,564
Retained earnings		2,219,699	1,265,530
TOTAL EQUITY		6,716,411	7,429,806
LIABILITIES			
Non-current liabilities			
End of services indemnity		405,727	347,577
		405,727	347,577
Current liabilities			
Bank overdrafts	13	504,668	117,335
Current portion of long term loans	13	-	177,266
Trade and other payables	14	1,272,852	1,364,453
Income tax provision	15	68,937	317,438
Due to related parties	16	616,856	789,951
		2,463,313	2,766,443
TOTAL LIABILITIES		2,869,040	3,114,020
TOTAL EQUITY AND LIABILITIES		9,585,451	10,543,826

General Manager

Financial Manager

The attached notes from 1 to 23 are an integral part of these financial statements

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
Sales	17	10,214,514	10,962,928
Cost of sales	18	(8,312,581)	(9,314,407)
Gross profit		1,901,933	1,648,521
Selling and Distribution expenses	19	(181,518)	(190,449)
Administrative expenses	20	(787,962)	(800,400)
Foreign currency exchange gain (loss)		4,134	(8,701)
Financing expense		(79,690)	(118,520)
Other income		111,682	61,867
Profit before income tax		968,579	592,318
Income tax expense	15	(170,000)	(80,689)
Profit for the year		798,579	511,629
Other comprehensive income items		(11,974)	(74,610)
Total comprehensive income for the year		786,605	437,019
Earnings per share	23	0.204	0.102

The attached notes from 1 to 23 are an integral part of these financial statements

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Paid-in capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
2016					
Balance at 1 January 2016	5,000,000	996,712	167,564	1,265,530	7,429,806
Total comprehensive income for the year	-	-	-	786,605	786,605
Reduction in paid-in capital (Note 11)	(1,500,000)	-	-	-	(1,500,000)
Transfer from voluntary reserve	-	-	(167,564)	167,564	-
Balance at 31 December 2016	3,500,000	996,712	-	2,219,699	6,716,411
2015					
Balance at 1 January 2015	5,000,000	937,480	167,564	1,287,743	7,392,787
Total comprehensive income for the year	-	-	-	437,019	437,019
Dividends distribution (Note 11)	-	-	-	(400,000)	(400,000)
Transfer to statutory reserve	-	59,232	-	(59,232)	-
Balance at 31 December 2015	5,000,000	996,712	167,564	1,265,530	7,429,806

The attached notes from 1 to 23 are an integral part of these financial statements

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	JD	JD
Operating activities		
Profit before income tax	968,579	592,318
Adjustments for:		
Interest expense	79,690	118,520
Depreciation and amortization	343,034	335,795
Gain on sale of property, plant and equipment	(27,440)	-
Provision for slow-moving inventory	39,343	44,000
Changes in working capital:		
Trade and other receivables	713,920	137,665
Inventories	(705,246)	1,146,192
Amount due to related parties	(173,095)	(336,003)
Trade and other payables	(189,539)	370,286
End of service indemnity	51,436	52,001
Cash from operating activities before income tax paid and end of service indemnity provision paid	1,100,682	2,460,774
Income tax paid	(108,528)	-
End of service indemnity provision paid	(5,260)	(197,841)
Net cash from operating activities	986,894	2,262,933
Investing activities		
Purchase of property, plant and equipment	(201,083)	(66,179)
Projects under construction	(49,247)	(96,596)
Proceeds from disposal of property, plant and equipment	27,453	-
Net cash used in investing activities	(222,877)	(162,775)
Financing activities		
Borrowings	(177,266)	(237,557)
Bank overdrafts	387,333	(364,840)
Interest paid	(79,690)	(118,520)
Dividends paid	-	(400,000)
Paid from paid-in capital reduction	(1,402,062)	-
Net cash used in financing activities	(1,271,685)	(1,120,917)
Net increase in cash and cash equivalents	(507,668)	979,241
Cash and cash equivalents at 1 January	1,299,223	319,982
Cash and cash equivalents at 31 December	791,555	1,299,223

	2016	2015
	JD	JD
Non-cash transactions		
Reduction in paid-in capital to trade and other payables (shareholders payable) (note 11,14)	97,938	-
Netting Income tax deposits with the provision (Note 14,15)	309,973	-
	407,011	-

The notes on pages 1 to 23 are an integral part of these financial statements

(1) GENERAL INFORMATION

Al Ekbal Printing and Packaging P.S.C. was established as a Public Shareholding Company on 27 January 1994 with a capital of JD 8,000,000 distributed into 8,000,000 shares at 1 JD per share. It was registered at the Ministry of Industry and Trade under the number (264) in accordance with the Jordanian companies Law.

The General Assembly of the Company decided in its extra ordinary meeting held on 22 April 2006 to approve the recommended decrease in capital of the Company by JD 3,000,000 to become JD 5,000,000 distributed into 5,000,000 shares at 1 JD par value per share. The General Assembly of the Company decided in its extra ordinary meeting held on 11 April 2016 to approve the recommended decrease in capital of the Company by JD 1,500,000 due to the excess of needed, to become JD 3,500,000 distributed into 3,500,000 shares at 1 JD per value per share.

The Company's main objectives are to practice printing and packaging and other related activities. The Company shares are quoted in Amman stock exchange.

The Main location of the company is in Na'ur, P.O Box 401 Na'ur 11710 – Jordanian Hashemite Kingdom.

The financial statements of the Company were authorized for issue by management on 9 February 2017.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Al Ekbal Printing and Packaging P.S.C. have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The financial statements are presented in Jordanian Dinars.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the company

a. The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Amendments to IAS 16 - 'property, plant and equipment' and IAS 38 'Intangible assets' which explains the acceptable methods for calculating depreciation and amortization.

- Amendments to IAS 34 - 'Interim financial reporting' regarding the disclosures in the interim financial statements.

- Amendments to IAS 19 - 'Employee benefits' which requires the use of the discount rate for the currency in which the defined benefit plan obligation will be paid.

- Amendments to IAS 27 - 'Consolidated and separate financial statements' that restores the option of using the equity method in the separate financial statements for investments in subsidiaries, joint ventures and associates.

- Amendments to IAS 1 – 'presentation of financial statements' which outlines some of the requirements of the presentation of financial statements and the disclosure of accounting policies.

- Amendments to IFRS 7 'Financial instruments: Disclosures' which require the disclosure of ongoing service contracts after the sales of financial assets and the disclosure of the offset between the financial assets and financial liabilities that are not stated in IAS 34 – 'Interim financial reporting'.

- Amendments to IFRS 11 'Joint arrangements' that provides specific guidance for the accounting of the share acquired in a joint arrangement.

- Amendments to IFRS 10 - 'Consolidated financial statements' and IAS 28 - 'Investments in associates and joint ventures' which describes the exceptions in the application of consolidated financial statements of investment companies and its subsidiaries.

- Annual Improvements to IFRSs – 2012 - 2014 Cycle.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

- IFRS 16, 'Leases' which will replace IAS 17 'Leases'. The standard requires the lessee to book future lease commitments for all lease contracts including "rights to use assets". The standard is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted if IFRS 15 is also adopted.

- Amendments to IAS 12, 'Income taxes'. Amendments clarify the measurement and accounting of deferred tax assets. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.

- Amendments to IAS 7, 'Statement of cash flows'. The amendment requires additional disclosures about changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Jordanian dinar using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 Property, plant and equipment

Property, plant and printing equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized as a asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	Useful life (years)
Buildings	50
Plant and printing equipment	10
Furniture and decoration	5
Vehicles	6
Elevators and computer machines	6 - 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount and is recognized in the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

2.5 Projects in progress

Project in progress are recognised at cost and it includes the cost of projects and other direct expenses that are measure in accordance to percentage of completion. Upon completion the project in progress, the total cost will be transferred to properties, plant and equipment and the cost will be depreciated.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Impairment of financial assets

Impairment of loans and receivables: A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the statement of comprehensive income.

The impairment amount is recognised in the statement of comprehensive income and any surplus is recognised also in the statement of comprehensive income in the later period as a result of the previous impairment in the financial assets.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts and deposits with banks.

2.11 Borrowings and overdrafts

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

2.12 Provision for employees end of service

The Company started an end of service program from the first of January 2002 for each employee. The employees are considered eligible if they complete the minimum required years in accordance with the Company's laws and regulations and in accordance with IAS 19 (employee benefits). The Company recognized its share within the statement of comprehensive income.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Company.

The Company sells a range of printing products in the market. Sales of goods are recognized when a Company has delivered products to the customer.

2.16 Employee benefits

The Company pays contributions to publicly administered pension insurance plans on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as social security expense when they are due.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company financial statements in the period in which the dividends are approved by the company's general assembly.

2.19 **Income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

a. Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company functional currency.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from loans and bank facilities. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The following is an analysis of interest rate exposure taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on this analysis the impact on profit and loss of a defined interest rate shift (increase/decrease) is calculated. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	Increase in interest rates	Effect on loss for the year
	%	JD
2016 JD	1	(5,047)
2015 JD	1	(2,946)

The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown above.

b. Credit risk

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the Company deals mainly with high rated institutions that have good reputation.

The utilization of credit limits is regularly monitored. No credit limits were exceeded during the reporting period. Concentration risk in receivables is disclosed in note (9) of the financial statements.

c. Liquidity risk

Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient limits on its undrawn committed borrowing facilities.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2016, based on contractual payment dates and current market interest rates:

	Less than 1 year	Over 1 year
	JD	JD
At 31 December 2016		
Bank overdrafts	507,507	-
Trade and other payables	1,272,852	-
Due to related party	616,856	-
End of service indemnity	-	458,472
At 31 December 2015		
Bank overdrafts	118,436	-
Loans	183,913	-
Trade and other payables	1,364,453	-
Due to related party	789,951	-
End of service indemnity	-	392,762

3.2 Capital risk management

The company's objectives when managing capital are safeguarding the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including loans, bank overdrafts, trade payables, other credit balances and amounts due from related parties) less cash on hand and at banks, as shown in the consolidated statement of financial position. Total capital is calculated as equity plus net debt, as shown in the consolidated statement of financial position.

Gearing ratios were as follows:

	2016	2015
	JD	JD
Total borrowings	2,394,376	2,449,005
Cash on hand and at banks	(791,555)	(1,299,223)
Net debt	1,602,821	1,149,782
Total equity	6,716,411	7,429,806
Total capital	8,319,232	8,579,588
Gearing ratio	19%	13%

3.3 **Fair value estimation**

Financial assets include: cash, accounts receivable and some other current assets. Financial liabilities include: due to banks, accounts payable and some other current liabilities and borrowings.

The fair values of financial assets and liabilities instruments are not materially different from their carrying values.

3.4 **Financial instruments by category**

	2016	2015
	JD	JD
Assets as per statement of financial position		
Loans and receivables		
Trade and other receivables		
(Excluding prepayments)	1,347,632	2,040,452
Cash on hand and at banks	791,555	1,299,223
	2,139,187	3,339,675
Liabilities as per statement of financial position		
Financial liabilities at amortized cost	-	177,266
Bank overdrafts	504,668	117,335
Trade and other payables		
(Excluding statutory liabilities)	1,104,891	1,094,781
Due to related parties	616,856	789,951
End of services indemnity	405,727	347,577
	2,632,142	2,526,910

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Provision for slow-moving inventory

The Company establishes a provision for slow-moving and obsolete items in accordance with the accounting policy stated in (Note 2.7). The recoverable amount of the items is compared to the carrying amount to determine the needed provision.

b. Provision for impairment of trade receivables

The Company establishes a provision for impairment of trade receivables, in accordance with the accounting policy stated in (note 2.9). The recoverable amount of the trade receivables is compared to the carrying amount of the receivables to determine the amount of impairment.

c. Income tax

The Company is subject to income tax. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

d. Provision for employee end of services

The company calculates the end of service provision according to the end of service benefits policy and based on the years of service and salaries of employees as at the end of each financial year and based on the actuarial study over the employee's end of service provision.

(5) SEGMENT INFORMATION

The Company is engaged in two business lines printing packaging and printed materials. Accordingly these consolidated financial statements represent the financial position and performance of those two business lines. Geographical segmentation related to the sales of the Company is illustrated in (note 21).

(6) PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Plant and Printing equipment	Furniture and decoration	Vehicles	Elevators and Computer Machines	Total
	JD	JD	JD	JD	JD	JD	JD
2016							
Cost							
At 1 January 2016	444,419	3,652,198	6,363,021	160,400	327,032	947,489	11,894,559
Additions	-	33,678	55,236	4,865	58,916	48,388	201,083
Transfers from projects under construction	-	8,740	-	-	-	-	8,740
Disposal	-	-	(205,256)	-	(51,300)	(755)	(257,311)
At 31 December 2016	444,419	3,694,616	6,213,001	165,265	334,648	995,122	11,847,071
Accumulated depreciation							
At 1 January 2016	-	1,008,645	5,557,600	144,362	317,289	829,076	7,856,972
Depreciation charge	-	83,270	204,059	3,955	10,404	41,346	343,034
Disposal	-	-	(205,245)	-	(51,299)	(754)	(257,298)
At 31 December 2016	-	1,091,915	5,556,414	148,317	276,394	869,668	7,942,708
Net book value							
At 31 December 2016	444,419	2,602,701	656,587	16,948	58,254	125,454	3,904,363

* As at 31 December 2016, the company has fully depreciated property and equipment with an amount of JOD 5,416,301 (2015: 5,650,699).

	Land	Building	Plant and Printing equipment	Furniture and decoration	Vehicles	Elevators and Computer Machines	Total
	JD	JD	JD	JD	JD	JD	JD
2015							
Cost							
At 1 January 2015	444,419	3,123,275	6,347,073	157,224	326,682	926,392	11,325,065
Additions	-	39,027	2,529	3,176	350	21,097	66,179
Transfers from projects under construction	-	489,896	13,419	-	-	-	503,315
At 31 December 2015	444,419	3,652,198	6,363,021	160,400	327,032	947,489	11,894,559
Accumulated depreciation							
At 1 January 2015	-	928,769	5,359,445	139,286	314,441	779,236	7,521,177
Depreciation charge	-	79,876	198,155	5,076	2,848	49,840	335,795
At 31 December 2015	-	1,008,645	5,557,600	144,362	317,289	829,076	7,856,972
Net book value							
At 31 December 2015	444,419	2,643,553	805,421	16,038	9,743	118,413	4,037,587

(7) PROJECTS UNDER CONSTRUCTION

	2016	2015
	JD	JD
At 1 January	3,648	410,367
Additions	52,895	96,596
Transfer to Property, Plant And Equipment	(8,740)	(503,315)
Transfer to expenses	(3,648)	-
At 31 December	44,155	3,648

(8) INVENTORIES

	2016	2015
	JD	JD
Raw materials	972,216	798,225
Supplementary materials	492,733	558,643
Finished goods	435,202	303,608
Work in process	479,368	136,285
Goods in transit	430,822	303,254
Spare parts	840,728	845,808
	3,651,069	2,945,823
Provision for slow-moving inventory	(211,628)	(172,285)
	3,439,441	2,773,538

Movement in the provision for slow-moving inventory is as follows:

	2016	2015
	JD	JD
At 1 January	172,285	139,338
Provided during the year	48,087	44,000
Released provision (Sold goods)	(8,744)	(11,053)
At 31 December	211,628	172,285

(9) TRADE AND OTHER RECEIVABLES

	2016	2015
	JD	JD
Trade receivables	1,318,516	1,980,710
Prepaid expense	40,020	59,546
Income tax	-	309,973
Advances to suppliers	18,285	19,859
Refundable deposits	23,105	23,105
Cheques under collection	-	75,396
Other	56,443	12,743
Total trade and other receivables	1,456,369	2,481,332
Allowance for doubtful accounts	(50,432)	(51,502)
	1,405,937	2,429,830

The fair values of trade receivables approximate to their carrying value as of 31 December 2016 and 2015 respectively.

Trade receivables are analyzed as follows:

	2016	2015
	JD	JD
Neither past due nor impaired	1,271,811	1,921,791
Past due not impaired	41,273	52,417
Impaired	5,432	6,502
	1,318,516	1,980,710

As per the credit policy of the company, customers are extended a credit term between 30 - 120 days in the normal course of business. Trade receivables that are four months past due are not considered impaired. As at 31 December 2016, trade receivables of JD 41,273 (2015: JD 52,417) were past due but not impaired and not provided for in the financial statements. These relate to a number of independent customers for whom there is no recent history of default. The company's management believes that this amount will be collected in full. The ageing analysis of these receivables is as follows:

	2016	2015
	JD	JD
Less than 2 months after due date	28,215	52,260
Over 2 months but less than 4 months	13,058	157
	41,273	52,417

As at 31 December 2016, trade receivables of JD 5,432 (2015: JD 6,502) were impaired and fully provided for.

There is a concentration risk with respect to trade receivables as the largest trade receivable balance comprises 46% (2015: 43%) of the outstanding receivable balances. These balances are not overdue and there is no doubt regarding their collectability.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

Movement in the allowance for doubtful debts is as follows:

	2016	2015
	JD	JD
At 1 January	51,502	51,502
Written off	(1,070)	-
At 31 December	50,432	51,502

The carrying amounts of the trade receivables are denominated in Jordanian dinar.

(10) CASH ON HAND AND AT BANKS

	2016	2015
	JD	JD
Deposits at banks	151,290	750,000
Cash at banks	640,265	549,223
	791,555	1,299,223

* Interest on the deposit is calculated at a rate of 3.35% as of 31 December 2016. The deposit matures in a period of no longer than 3 months.

(11) PAID-IN CAPITAL

The total authorized and paid in capital amounted to JD 5,000,000 divided into 5,000,000 shares with a par value of JD 1 per share.

The General Assembly of the Company decided in its extra ordinary meeting held on 11 April 2016 to approve the recommended decrease in capital of the Company by JD 1,500,000 due to the excess of needed, to become JD 3,500,000 distributed into 3,500,000 shares at 1 JD per value per share.

(12) RESERVE

Statutory reserve

According to the Jordanian Companies Law and the Company's bylaws, the Company should deduct 10% of its annual net profit for the account of the statutory reserve, and continue in deducting the same percentage each year provided that the total deducted amounts for the reserve should not exceed 25% of the relevant the Company's capital. For the purposes of this law, the net profit represents the profits before deducting the income tax provision. This reserve is not available for distribution.

The Company didn't take provision for statutory reserve in 2016, as the statutory reserve balance exceeds 25% of the new paid-in capital. The Company will reduce the statutory reserve balance in 2017 to be in accordance with the Jordanian Companies Law.

Voluntary reserve

The Company decided in it General Assembly meeting held in 11 April 2016 to transfer all the balance of the voluntary reserve account to the retained earnings account as it is no longer needed.

(13) BORROWINGS AND OVERDRAFTS

	2016	2015
	JD	JD
Bank overdrafts	504,668	117,335
Current portion of long term loans	-	177,266
Total borrowings	504,668	294,601

The Company has been granted a loan from Societe General Bank Jordan on 21 June 2012, the purpose of financing is to purchase a new machine. The total finance amount is USD 378,000 at LIBOR rate plus 1.75% and should not be less than 4.5%. This loan shall be settled on sixteen equal consecutive quarterly installments with monthly interest payment. The first installment became due on 31 October 2012. The loan currency is denominated in USD.

The Company has been granted a loan from Societe General Bank Jordan on 4 February 2013 for the purpose of financing new printing machine and building an external Sunshade. The total finance amount is JD 240,000 at 6% annual interest rate. This loan shall be settled on fourteen equal consecutive quarterly installments with monthly interest payment. The first installment became due on 28 February 2013. The loan currency is denominated in JD.

The Company has been granted a loan from Societe General Bank Jordan on 1 April 2013 for the purpose of increasing the financing amount for the new printing machine and the external Sunshade that was obtained earlier during the same year. The total finance amount is JD 60,000 at 6% annual interest rate. This loan shall be settled on thirteen equal consecutive quarterly installments with interest payment. The first installment became due on 30 June 2013. The loan currency is denominated in JD.

The Company has been granted a loan from Societe General Bank Jordan on 1 May 2013 for the purpose of financing purchasing a gluing machine. The total finance amount is JD 292,000 at 6% annual interest rate. This loan shall be settled on fourteen equal consecutive quarterly installments with interest payment. The first installment became due on 30 June 2013. The loan currency is denominated in JD.

Bank overdrafts

The Company obtained a short term facilities from local banks with a limit of JD 2,018,850, the total used of it as at 31 December 2016 was JD 504,668 (2015: JD 117,335), with annual interest rate between 4.25% and 8.5%.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

(14) TRADE AND OTHER PAYABLES

	2016	2015
	JD	JD
Trade payables	361,239	401,661
Notes payables	319,643	317,752
Advances from customers	129,543	116,891
Shareholders payable from paid-in capital reduction	97,938	-
Dividends payable	93,181	94,054
Accrued expenses	28,669	87,861
Board of directors rewards	25,000	25,000
Due to social security	20,353	19,741
Accrued vacation	7,308	8,173
Product warranty provision	16,025	16,025
Due to income tax	2,883	2,099
Sales tax	144,725	247,832
Others	26,345	27,364
	1,272,852	1,364,453

(15) INCOME TAX PROVISION

The income tax provision has been calculated according to the Income Tax Law number 34 for the year 2014 and it later amendments.

Movement on provision for income tax was as follows:

	2016	2015
	JD	JD
At 1 January	317,438	236,749
Tax paid during the year	(108,528)	-
Income tax for the year	170,000	80,689
Netting income tax deposits with the provision	(309,973)	-
	68,937	317,438

Reconciliation of accounting profit with tax profit

The effective tax rate on the Company's operating profit differs from the statutory tax rate as follows:

	2016	2015
	JD	JD
Profit before income tax	968,579	592,318
Deduct: used provision	(14,003)	(211,540)
Non-deductible expenses	228,734	195,563
Taxable profit	1,183,310	576,341
Declared tax rate	14%	14%
Income tax expense	170,000	80,689
Effective tax ratio	14,4%	13.6%

The Company obtained final tax clearance from the Income and Sales Tax Department up to the year 2014.

The income tax return for the year 2015 has been submitted by the income and sales tax department and no final clearance was obtained up to the date of approval of these financial statements.

(16) RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions

The following transactions were carried out with related parties:

	2016	2015
	JD	JD
Purchases of ready to re-sale goods	1,639,184	1,553,518
Purchases of inventory – (Mayr Melnhof)	370,857	432,537
Board of directors transportation and bonus expenses	49,000	49,000

Year-end balances arising from previous transactions:

	2016	2015
	JD	JD
Due to related parties		
Shareholder account – (Mayr Melnhof)	571,298	751,950
Board of Directors members	45,558	38,001
	616,856	789,951
Key management compensation		
Salaries, wages and other benefits	449,281	363,454
End of services indemnity	37,202	39,432

(17) SALES

	2016	2015
	JD	JD
Local sales	9,723,907	9,946,045
Export sales	490,607	1,016,883
	10,214,514	10,962,928

(18) COST OF SALES

	2016	2015
	JD	JD
Cost of goods manufactured	6,763,912	7,040,286
Purchases of goods available for sale	1,680,263	2,091,132
Finished goods at 1 January	303,608	486,597
Finished goods at 31 December	(435,202)	(303,608)
Cost of sales	8,312,581	9,314,407

Cost of goods manufactured

The cost of goods manufactured consists of the following:

	2016	2015
	JD	JD
Direct materials used	4,733,348	4,728,439
Direct labor from manufacturing	1,180,698	1,120,917
Depreciation	302,486	304,475
Manufacturing overhead	890,463	769,712
	7,106,995	6,923,543
Work in process at 1 January	136,285	253,028
Work in process at 31 December	(479,368)	(136,285)
	6,763,912	7,040,286

Manufacturing overhead

	2016	2015
	JD	JD
Spare parts and equipment maintenance	258,498	291,882
Fuel and electricity	183,847	194,519
General maintenance	44,783	44,865
Tools	206,686	36,370
Art	10,492	1,352
Storage	16,778	57,437
Insurance	31,723	34,924
Car expenses	16,073	16,335
Cleaning	16,932	11,952
Water	4,600	3,463
Postal and telephone	3,855	4,544
Pallets	55,383	45,694
Stationery and printing	4,344	3,395
Travel assignments	8,628	9,818
Transport & Porterage	960	257
Property tax	5,098	4,509
Customs clearance fees	1,218	1,761
Subscriptions	7,936	2,160
Others	12,629	4,475
	890,463	769,712

Direct labor from manufacturing

	2016	2015
	JD	JD
Salaries and wages	692,110	658,530
Thirteen and fourteen salaries	114,101	107,485
Overtime	93,530	94, 640
Social security	114,787	104,798
Rehabilitation and development	8,994	13,575
Manufacturing bonuses	17,500	25,793
End of service	23,218	9,613
Health insurance	30,936	31,800
Clothing and work tools	18,525	11,560
Car fuel	23,768	26,129
Transportation	6,487	4,489
Cafeteria	35,297	31,294
Gifts	23	16
Others	1,422	1,195
	1,180,698	1,120,917

(19) SELLING AND DISTRIBUTION EXPENSES

	2016	2015
	JD	JD
Direct labor from selling & marketing	99,143	90,475
Export expenses	70,303	78,852
Fuel	2,022	7,044
Travel	1,308	6,895
Insurance	78	98
Depreciation	2,571	2,560
Telephone	880	1,688
Subscription fees	2,383	2,024
Others	2,830	813
	181,518	190,449

Direct Labor from selling & marketing

	2016	2015
	JD	JD
Salaries and wages	47,895	52,840
Thirteen and fourteen salaries	8,070	8,627
Social security	7,762	8,288
Health insurance	1,740	2,086
Bonuses	25,725	11,813
End of service	1,770	816
Hospitalities	739	1,796
Others	5,442	4,209
	99,143	90,475

(20) ADMINISTRATIVE EXPENSES

	2016 JD	2015 JD
Direct labor from administrative	529,024	534,073
Transportation of the Board of Directors	24,000	24,000
Board of directors rewards	25,000	25,000
Depreciation	37,977	28,760
Subscription fees	20,942	19,157
Water and electricity	44,109	48,970
Telecommunications	6,555	7,752
Transportation	10,873	10,419
Professional fees	27,114	31,104
Rehabilitation and development	1,861	19,098
Stationery	4,869	4,932
Fuel	1,504	2,077
Advertising	6,307	3,316
Insurance	10,486	7,011
Vehicles	268	1,532
Imported services tax	5,174	4,564
Expenses of board of directors and general assembly	2,975	7,165
General maintenance	7,861	2,860
Cleaning	19,181	17,360
Others	1,882	1,250
	787,962	800,400

Direct labor from administrative

	2016 JD	2015 JD
Salaries and wages	315,322	299,972
Overtime	33,318	32,471
End of service	4,422	4,571
Social security	42,638	41,260
Bonuses	51,865	70,300
Thirteen and fourteen salaries	49,451	49,647
Health insurance	9,175	10,017
Hospitalities	2,205	6,285
Rent	7,000	7,000
Cafeteria	9,913	8,952
Others	3,715	3,598
	529,024	534,073

(21) SEGMENT INFORMATION

	2016			2015		
	Printing and packaging	Printed materials	Total	Printing and packaging	Printed materials	Total
	JD	JD	JD	JD	JD	JD
Sales	8,232,484	1,982,030	10,214,514	8,495,840	2,467,088	10,962,928
Cost of Sales	(6,567,459)	(1,745,122)	(8,312,581)	(7,082,717)	(2,231,690)	(9,314,407)
Segment gross profit	1,665,025	236,908	1,901,933	1,413,123	235,398	1,648,521
Unsegment revenues			111,682			61,867
Unsegment expenses			(1,045,036)			(1,118,070)
Profit before income tax			968,579			592,318
Income tax expenses			(170,000)			(80,689)
Profit for the year			798,579			511,629
Capital expenditures			250,330			162,774
Depreciation and Amortization			343,034			335,795

The Company main operations are conducted in Jordan, minor operations are conducted on other Arab countries, therefore, the major transactions related to revenues, assets, and capital expenditures occurred in Jordan, except for export sales as disclosed in note 17.

(22) EARNINGS PER SHARE

The details of earnings per share are as follow:

	2016	2015
	JD	JD
Net income attributable to	798,579	511,629
	Shares	Shares
Weighted average number of shares	3,918,033	5,000,000
	JD	JD
Earnings per shares	0.204	0.102

(23) CONTINGENT LIABILITIES AND COMMITMENTS

The Company has contingent liabilities in respect of bank guarantees amounting to JD 1,900 at 31 December 2016 (2015: JD 1,900).