للايضاح
* بورصة عمان
* المدير
المدير المالي

نموذج رقم (4-1)

Form No. (1-4)

al-ekbal

To: Jordan Securities Commission Date:01/03/2018 **Subject:** Audited Financial Statements for the fiscal year ended 31/12/2017	السادة هيئة الاوراق المالية التاريخ: 2018/03/01 الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2017/12/31
Attached the Audited Financial Statements of (Al Ekbal Printing & Packaging Company) in English for the fiscal year ended 31/12/2017	مرفق طيه نسخة من البيانات المالية المدققة لشركة (شركة الاقبال للطباعة والتغليف) باللغة الانجليزية عن السنة المالية المنتهية في 2017/12/31
Kindly accept our high appreciation and respect Company's Name Al Ekbal Printing & Packaging Company General Manager's Signature	وتفضلوا بقبول فائق الاحترام،،، اسم شركة شركة الاقبال للطباعة والتغليف توقيع المدير العام

هيئة الاوراق المالية
الدائرة الادارية / الديوان
٤ ، آذار ٢٠١٨
الرقم المتسلسل ٤٤٦٢
رقم الملف
الجهة المختصة الافصاح

شركة الاقبال للطباعة والتغليف
AL-EKBAL PRINTING & PACKAGING CO.

AL EKBAL PRINTING AND PACKAGING
(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2017

AL EKBAL PRINTING AND PACKAGING P.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2017

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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 2017, 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, 2017;
- 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.

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We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the financial statements as a whole, taking into account the Company's structure, accounting processes, controls and business segment.

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 (2.6) 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 (2.6) 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 (7) to the financial statements, management had recognised a provision for slow moving inventory with an amount of JD 233,077 as at 31 December 2017 (2016: JD 211,628).	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, 2017. • Re-calculated the provision as of December 31, 2017.

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 2017 but does not include the financial statements and our auditor's report. The other information is 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.

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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.

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- 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.

PricewaterhouseCoopers

PricewaterhouseCoopers "Jordan" L.L.C.

Certified Public Accountants
pwc
Amman - Jordan

Amman, Jordan
12 February 2018

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Notes	2017	2016
		JD	JD
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,610,857	3,904,363
		3,610,857	3,904,363
Current assets			
Inventories	7	2,923,125	3,483,596
Trade and other receivables	8	1,495,234	1,405,937
Cash on hand and at banks	9	1,134,331	791,555
		5,552,690	5,681,088
Total Assets		9,163,547	9,585,451
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	10	3,500,000	3,500,000
Statutory reserve	11	996,712	996,712
Retained earnings		2,319,278	2,306,283
Re-evaluation of end of service provision		(140,584)	(86,584)
TOTAL EQUITY		6,675,406	6,716,411
LIABILITIES			
Non-current liabilities			
End of services indemnity	13	470,700	405,727
Current liabilities			
Bank overdrafts	14	138,701	504,668
Trade and other payables	15	1,045,738	1,272,852
Due to related parties	17	701,802	616,856
Income tax provision	16	131,200	68,937
		2,017,441	2,463,313
TOTAL LIABILITIES		2,488,141	2,869,040
TOTAL EQUITY AND LIABILITIES		9,163,547	9,585,451

The attached notes from 1 to 24 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 2017

	Notes	2017	2016
		JD	JD
Sales	18	9,733,729	10,214,514
Cost of sales	19	(7,875,954)	(8,312,581)
Gross profit		1,857,775	1,901,933
Selling and Distribution expenses	20	(161,674)	(181,518)
Administrative expenses	21	(750,710)	(787,962)
Foreign currency exchange (loss) gain		(19,036)	4,134
Financing expense		(68,949)	(79,690)
Other income		103,589	111,682
Profit before income tax		960,995	968,579
Income tax expense	16	(148,000)	(170,000)
Profit for the year		812,995	798,579
Other comprehensive income items that will not be reclassified through income statement			
Re-evaluation of end of service provision		(54,000)	(11,974)
Total comprehensive income for the year		758,995	786,605
Earnings per share	23	0.23	0.204

The attached notes from 1 to 24 are an integral part of these financial statements

AL EKBAL PRINTING AND PACKAGING P.S.C.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid-in capital	Statutory reserve	Voluntary reserve	Retained earnings	Re-evaluation end of service provision	Total
	JD	JD	JD	JD	JD	JD
2017						
Balance at 1 January 2017	3,500,000	996,712	-	2,306,283	(86,584)	6,716,411
Total comprehensive income for the year	-	-	-	812,995	-	812,995
Loss on re-evaluation of end of service provision	-	-	-	-	(54,000)	(54,000)
Dividend distribution (Note 12)	-	-	-	(800,000)	-	(800,000)
Balance at 31 December 2017	3,500,000	996,712	-	2,319,278	(140,584)	6,675,406
2016						
Balance at 1 January 2016	5,000,000	996,712	167,564	1,340,140	(74,610)	7,429,806
Total comprehensive income for the year	-	-	-	798,579	-	798,579
Loss re-evaluation of end of service provision	-	-	-	-	(11,974)	(11,974)
Reduction in paid-in capital (Note 10)	(1,500,000)	-	-	-	-	(1,500,000)
Transfer from voluntary reserve to retained earnings	-	-	(167,564)	167,564	-	-
Balance at 31 December 2016	3,500,000	996,712	-	2,306,283	(86,584)	6,716,411

The attached notes from 1 to 24 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 2017

	2017	2016
	JD	JD
Operating activities		
Profit before income tax	960,995	968,579
Adjustments for:		
Interest expense	68,949	79,690
Depreciation	332,925	343,034
Gain on sale of property, plant and equipment	(1,413)	(27,440)
Provision for bad debt	2,500	-
Provision for slow-moving inventory	48,078	48,087
Recovery from provision for slow-moving inventory	(26,629)	(8,744)
Changes in working capital:		
Trade and other receivables	(91,797)	713,920
Inventories	539,022	(754,493)
Amount due to related parties	84,946	(173,095)
Trade and other payables	(261,687)	(189,539)
End of service indemnity	59,700	51,436
Cash from operating activities before income tax paid and end of service indemnity provision paid	1,715,589	1,051,435
Income tax paid	(85,737)	(108,528)
End of service indemnity provision paid	(48,727)	(5,260)
Net cash from operating activities	1,581,125	937,647
Investing activities		
Purchase of property, plant and equipment	(80,006)	(201,083)
Proceeds from disposal of property, plant and equipment	42,000	27,453
Net cash used in investing activities	(38,006)	(173,630)
Financing activities		
Borrowings	-	(177,266)
Interest paid	(68,949)	(79,690)
Dividends paid	(765,428)	-
Paid from paid-in capital reduction	-	(1,402,062)
Net cash used in financing activities	(834,377)	(1,659,018)
Net increase in cash and cash equivalents	708,743	(895,001)
Cash and cash equivalents at 1 January	286,887	1,181,888
Cash and cash equivalents at 31 December	995,630	286,887

	2017	2016
	JD	JD
Non-cash transactions		
Reduction in paid-in capital to trade and other payables (shareholders payable) (note 10,15)	34,573	97,938
Netting Income tax deposits with the provision (Note 15,16)	-	309,973
	34,573	407,011

The notes on pages 1 to 24 are an integral part of these financial statements

(1) GENERAL INFORMATION

Al Ekbal Printing and Packging 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'our, P.O Box 401 Na'our 11710 – Jordanian Hashemite Kingdom.

The financial statements of the Company were authorised for issue by management on 6 February 2018.

(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) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB)

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

2.2.1 New standards, amendments and interpretations adopted by the company
The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:
• Disclosure initiative – amendments to IAS 7.
• Annual Improvements to IFRSs – 2012-2014 Cycle
The adoption of these amendments did not have any impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current or future periods.

2.2.2 New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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:

Title of standard	**IFRS 9 Financial Instruments**
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and introduced a new impairment model.
Impact	The Company has reviewed its financial assets and liabilities and expects no significant impact on the financial statements as a result of the adoption of the new standard on 1 January 2018. The Company's financial assets include: - Accounts receivable and other receivables - Cash and cash equivalents These balances represent debt instruments that are currently classified as held to maturity and are measured at amortized cost and which meet the classification criteria at amortized cost under IFRS 9 Financial Instruments. Accordingly, the Company does not expect the new guidance to affect the classification and measurement of these financial assets. The new standard also introduces extensive disclosure requirements and changes in presentation. The nature and extent of the Company's disclosures about financial instruments are expected to change, particularly in the year of application of the new standard. The Company does not expect to have any impact on the Company's accounting of financial liabilities since the new requirements only affect the accounting of financial liabilities classified at fair value through income statement and the Company has no such financial liabilities. The derecognition rules of IAS 39, Financial Instruments: Recognition and Measurement, have not been changed.
Mandatory application date	Shall be applied for financial years beginning on or after 1 January 2018. The Company will apply the new rules retroactively from 1 January 2018. The comparative figures for 2017 will not be re-adjusted.

Title of standard	IFRS 15 Revenue from Contracts with Customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits a modified retrospective approach for the adoption.
Impact	The management has evaluated the effect of applying the new standard on the Company's financial statements and does not expect any material impact based on the study prepared by the management. The control is not transferred to the customer during the manufacturing period unless it is examined by the quality and delivered to the customer.
Mandatory application date	Is mandatory for financial years beginning on or after 1 January 2018.

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The Standard will primarily affect the accounting of the Company's operating leases. As at the reporting date, the Company has no leases as at 31 December 2017. Therefore, the standard is not expected to have any financial impact on the Company.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the company'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 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).

2.6 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.

2.7 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.

2.8 Impairment of financial assets

The Company reviews the carrying amounts of financial assets at the balance sheet date to determine whether there are indications of impairment in their value individually or in group form. If such indicators exist, the recoverable amount is estimated to determine the impairment loss

The lower amount is determined as follows:

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.

2.9 Cash and cash equivalents

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

2.10 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.

2.11 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.

2.12 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 classified as current liabilities if they are due in one year or less, and as non-current liabilities if they are due in more than one year.

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

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 company'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. The exchange rate of the US dollar is fixed against the Jordanian Dinar, which does not expose the company to the risk of currency conversion. While the company is exposed to certain risks due to its handling of the euro currency.

The following table shows the sensitivity of the income statement to a reasonably possible change in the Jordanian Dinar against the Euro, with all other variables held constant. The exchange rate of the Euro against the Jordanian Dinar is reversed during the year.

	Increase in exchange rate of Euro against JD	Effect on income for the year
	%	JD
As of 31 December 2017		
Euro	+10	(116,136)
As of 31 December 2016		
Euro	+10	(147,637)

The effect of decreases in Euro exchange rate is expected to be equal and opposite to the effect of the shown above.

Gearing ratios were as follows:

	2017	2016
	JD	JD
Total borrowings	1,886,241	2,394,376
Cash on hand and at banks	(1,134,331)	(791,555)
Net debt	751,910	1,602,821
Total equity	6,675,406	6,716,411
Total capital	7,427,316	8,319,232
Gearing ratio	10%	19%

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**

	2017	2016
	JD	JD
Assets as per statement of financial position		
Loans and receivables		
Trade and other receivables		
(Excluding prepayments)	1,451,348	1,347,632
Cash on hand and at banks	1,134,331	791,555
	2,585,679	2,139,187
Liabilities as per statement of financial position		
Financial liabilities at amortized cost		
Bank overdrafts	138,701	504,668
Trade and other payables		
(Excluding statutory liabilities)	985,412	1,104,891
Due to related parties	701,802	616,856
End of services indemnity	470,700	405,727
	2,296,615	2,632,142

(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 2.6). 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 2.8). 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 assumptions used to determine the employees' end of service liabilities include the discount rate, the rate of movement of employees and expected future salary allowances. Any change in these assumptions will affect the amounts of end of service liabilities. The Company determines the appropriate discount rate method at the end of each year. This interest rate should be used to determine the present value of estimated future cash flows expected to settle employees' end of service liabilities.

The actuarial gains or losses on adjustments for experience and changes in actuarial assumptions (re-measurement) are charged and credited to equity in the comprehensive income in the period in which they arise.

Service costs are recognised immediatelt in the statement of comprehensive income.

(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
2017							
Cost							
At 1 January 2017	444,419	3,694,616	6,213,001	165,265	334,648	995,122	11,847,071
Additions	-	3,560	17,489	7,169	1,843	49,945	80,006
Disposal	-	-	-	-	(51,872)	-	(51,872)
At 31 December 2017	444,419	3,698,176	6,230,490	172,434	284,619	1,045,067	11,875,205
Accumulated depreciation							
At 1 January 2017	-	1,091,915	5,556,414	148,317	276,394	869,668	7,942,708
Depreciation charge	-	83,858	192,988	3,479	7,468	45,132	332,925
Disposal	-	-	-	-	(11,285)	-	(11,285)
At 31 December 2017	-	1,175,773	5,749,402	151,796	272,577	914,800	8,264,348
Net book value							
At 31 December 2017	444,419	2,522,403	481,088	20,638	12,042	130,267	3,610,857

* As at 31 December 2017, the company has fully depreciated property and equipment with an amount of JOD 6,345,148 (2016: 5,563,694).

	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

(7) INVENTORIES

	2017	2016
	JD	JD
Raw materials	623,421	972,216
Supplementary materials	444,197	492,733
Finished goods	792,058	435,202
Work in process	406,141	479,368
Goods in transit	16,250	430,822
Spare parts	874,135	884,883
	3,156,202	3,695,224
Provision for slow-moving inventory	(233,077)	(211,628)
	2,923,125	3,483,596

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

	2017	2016
	JD	JD
At 1 January	211,628	172,285
Provided during the year	48,078	48,087
Released provision (Sold goods)	(26,629)	(8,744)
At 31 December	233,077	211,628

(8) TRADE AND OTHER RECEIVABLES

	2017	2016
	JD	JD
Trade receivables	1,424,636	1,318,516
Prepaid expense	39,011	40,020
Refundable deposits	23,105	23,105
Advances to suppliers	4,875	18,285
Other	51,107	56,443
Total trade and other receivables	1,542,734	1,456,369
Allowance for doubtful accounts	(47,500)	(50,432)
	1,495,234	1,405,937

The fair values of trade receivables approximate to their carrying value as of 31 December 2017 and 2016 respectively.

Trade receivables are analyzed as follows:

	2017	2016
	JD	JD
Neither past due nor impaired	1,343,176	1,271,811
Past due not impaired	78,960	41,273
Impaired	2,500	5,432
	1,424,636	1,318,516

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 2017, trade receivables of JD 78,960 (2016: JD 41,273) 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:

	2017	2016
	JD	JD
Less than 2 months after due date	78,960	28,215
Over 2 months but less than 4 months	-	13,058
	78,960	41,273

As at 31 December 2017, trade receivables of JD 2,500 (2016: JD 5,432) were impaired and fully provided for.

There is a concentration risk with respect to trade receivables as the largest trade receivable balance comprises 43% (2016: 46%) 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:

	2017	2016
	JD	JD
At 1 January	50,432	51,502
Written off	(5,432)	(1,070)
Allowance for doubtful debts	2,500	-
At 31 December	47,500	50,432

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

(9) CASH ON HAND AND AT BANKS

	2017	2016
	JD	JD
Deposits at banks*	-	151,290
Cash at banks	1,134,331	640,265
	1,134,331	791,555

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

For cash flow preparation purposes the cash and cash equivalents consist of the following:

	2017	2016
	JD	JD
Cash at banks	1,134,331	791,555
Overdraft	(138,701)	(504,668)
	995,630	286,887

(10) 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.

(11) 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 and 2017, as the statutory reserve balance exceeds 25% of the new paid-in capital.

(12) DIVIDENDS PAID

The General shareholders assembly approved in its meeting held on 6 April 2017 the distribution of JD 800,000 dividends to shareholders.

(13) END OF SERVICE PROVISION

Post-employment benefits

a) A defined benefit plan is a pension plan that is not a defined contribution plan. In accordance with internal companys' bylaws, an employee who works for the company and is not subject to the provisions of the Social Security Law and whose service is terminated for any reason is entitled to receive end of service benefits at the rate of one month's wages for each year of his actual service on the basis of the last wage he received during his employment.

b) An employee who works for the Company and is subject to the provisions of the Social Security Law and ends his service in the Company shall be entitled to receive end of service benefits for the employees who were appointed until March 2015 as follows:

- Ten days salary for each year of service if he works for the company from two to five years.
- Twenty days' salary for each year of service exceeding five years and not exceeding ten years.
- One month salary for each year of service exceeding ten years.

In case of employee resignation, the end of service benefit shall be as follows:

- The resignation of the employee before the termination of three consecutive years of service, is entitled to 25% of the outstanding remuneration.
- The resignation of the employee before the end of ten years of continuous service, entitled to 50% of the outstanding remuneration.
- resignation of the employee after more than ten years, deserves his full bonus.

The liability recognised in the separate statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (Remeasurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the separate statement of comprehensive income.

At the end of the year, if the assumptions differ by 1% from management estimates, and all other variables are held constant, the profit for the year will be affected as follows:

	Increase in assumptions by 1%
	JD
Discount rate	(12,403)
Salary growth rate	(12,443)
Average staff turnover rate	(297)

The effect of the decline in assumptions is equal and opposite in indicating the effect of the increase.

The following table shows movement in the provision recognized in the statement of financial position:

	2017	2016
	JD	JD
At 1 January	405,727	347,577
Current year end of service cost	34,029	29,410
Discount value	25,666	22,026
Revaluation losses on end of service provision	54,000	11,974
Paid during the year	(48,722)	(5,260)
At 31 December	470,700	405,727

The following table shows the amounts recognized in the statement of comprehensive income:

	2017
	JD
Current year end of service cost	34,029
Discount value	25,666
	59,695

The following table shows the significant actuarial assumptions that have been used:

	2017
	%
Discount rate	5,5
Salary growth rate	5
Average staff turnover rate	5

(14) OVERDRAFTS

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 2017was JD 138,701 (2016: JD 504,668), with annual interest rate between 4.25% and 8.5%.

(15) TRADE AND OTHER PAYABLES

	2017	2016
	JD	JD
Trade payables	355,451	361,239
Notes payables	314,352	319,643
Shareholders payable from paid-in capital reduction	153,088	191,119
Advances from customers	103,737	129,543
Sales tax deposits	38,814	144,725
Board of directors rewards	25,000	25,000
Social security deposits	19,622	20,353
Product warranty provision	16,025	16,025
Accrued expenses	9,189	28,669
Accrued vacation	3,629	7,308
Income tax deposits	1,890	2,883
Others	4,941	26,345
	1,045,738	1,272,852

(16) 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:

	2017	2016
	JD	JD
At 1 January	68,937	317,438
Tax paid during the year	(85,737)	(108,528)
Income tax for the year	148,000	170,000
Netting income tax deposits with the provision	-	(309,973)
	131,200	68,937

Reconciliation of accounting profit with tax profit

	2017	2016
	JD	JD
Profit before income tax	960,995	968,579
Deduct: used provision	(3,679)	(14,003)
Add: Non-deductible expenses	99,825	228,734
Taxable profit	1,057,141	1,183,310
Declared tax rate	14%	14%
Income tax expense	148,000	170,000
Effective tax ratio	15.4%	17.6%

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 and 2016 has been submitted by the income and sales tax department which reviewed the companys' records for the year 2015. No final clearance was obtained up to the date of approval of these financial statements.

(17) RELATED PARTIES TRANSACTIONS

Related parties include the principal shareholder (Mayr Melnhof), members of the Board of Directors, senior executive management of the Company and companies controlled or directly or indirectly by those entities.

The following transactions were made with related parties under terms approved by the Board of Directors which appear in the statement of financial position and statement of comprehensive income:

	2017	2016
	JD	JD
Purchases of ready to re-sale goods	1,828,601	1,639,184
Purchases of inventory – (Mayr Melnhof)	319,597	370,857
Board of directors transportation and bonus expenses	49,000	49,000

Year-end balances arising from previous transactions:

	2017	2016
	JD	JD
Due to related parties		
Shareholder account – (Mayr Melnhof)	643,807	571,298
Board of Directors members	57,995	45,558
	701,802	616,856
Key management compensation		
Salaries, wages and other benefits	331,706	449,281
End of services indemnity	95,417	37,202

(18) SALES

	2017	2016
	JD	JD
Local sales	9,258,230	9,723,907
Export sales	475,499	490,607
	9,733,729	10,214,514

(19) COST OF SALES

	2017	2016
	JD	JD
Cost of goods manufactured	6,096,981	6,763,912
Purchases of goods available for sale	2,135,829	1,680,263
Finished goods at 1 January	435,202	303,608
Finished goods at 31 December	(792,058)	(435,202)
Cost of sales	7,875,954	8,312,581

Cost of goods manufactured

The cost of goods manufactured consists of the following:

	2017	2016
	JD	JD
Direct materials used	3,971,778	4,733,348
Direct labor from manufacturing	1,162,185	1,180,698
Manufacturing overhead	588,738	890,463
Depreciation	301,053	302,486
	6,023,754	7,106,995
Work in process at 1 January	479,368	136,285
Work in process at 31 December	(406,141)	(479,368)
	6,096,981	6,763,912

(20) SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	JD	JD
Direct labor from selling & marketing	76,660	99,143
Export expenses	64,938	70,303
Travel	3,001	1,308
Depreciation	2,665	2,571
Subscription fees	2,196	2,383
Telephone	998	880
Fuel	959	2,022
Insurance	61	78
Others	10,196	2,830
	161,674	181,518

Direct labor from selling & marketing

	2017	2016
	JD	JD
Salaries and wages	51,871	47,895
Thirteen and fourteen salaries	7,509	8,070
Social security	7,409	7,762
Health insurance	1,938	1,740
End of Service	1,752	1,770
Hospitalities	624	739
Bonuses	-	25,725
Others	5,557	5,442
	76,660	99,143

(21) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Direct labor from administrative	517,911	529,024
Water and electricity	42,165	44,109
Professional fees	36,186	27,114
Depreciation	29,207	37,977
Board of directors rewards	25,000	25,000
Transportation of the Board of Directors	24,000	24,000
Cleaning	22,304	19,181
Subscription fees	19,553	20,942
Telecommunications	5,824	6,555
Advertising	5,087	6,307
General maintenance	3,714	7,861
Transportation	3,647	10,873
Insurance	3,482	10,486
Expenses of board of directors and general assembly	3,111	2,975
Stationery	2,627	4,869
Rehabilitation and development	2,162	1,861
Imported services tax	1,360	5,174
Fuel	1,315	1,772
Others	2,055	1,882
	750,710	787,962

Direct labor from administrative

	2017	2016
	JD	JD
Salaries and wages	297,839	315,322
Bonuses	68,260	51,865
Thirteen and fourteen salaries	47,285	49,451
Social security	35,641	42,638
Overtime	33,811	33,318
Cafeteria	10,802	9,913
Health insurance	8,831	9,175
End of service	5,172	4,422
Rent	2,333	7,000
Hospitalities	1,727	2,205
Others	6,210	3,715
	517,911	529,024

(22) SEGMENT INFORMATION

	2017			2016		
	Printing and packaging	Printed materials	Total	Printing and packaging	Printed materials	Total
	JD	JD	JD	JD	JD	JD
Sales	7,726,680	2,007,049	9,733,729	8,232,484	1,982,030	10,214,514
Cost of Sales	(6,131,136)	(1,744,818)	(7,875,954)	(6,567,459)	(1,745,122)	(8,312,581)
Segment gross profit	1,595,544	262,231	1,857,775	1,665,025	236,908	1,901,933
Unsegment revenues			103,589			111,682
Unsegment expenses			(1,000,369)			(1,045,036)
Profit before income tax			960,995			968,579
Income tax expenses			(148,000)			(170,000)
Profit for the year			812,995			798,579
Capital expenditures			80,006			201,083
Depreciation and Amortization			332,925			343,034

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 18.

(23) EARNINGS PER SHARE

The details of earnings per share are as follow:

	2017	2016
	JD	JD
Net income attributable to	812,995	798,579
	Shares	Shares
Weighted average number of shares	3,500,000	3,918,033
	JD	JD
Earnings per shares	0.23	0.204

(24) CONTINGENT LIABILITIES AND COMMITMENTS

The Company has contingent liabilities in respect of bank guarantees amounting to JD 1,900 at 31 December 2017 (2016: JD 1,900).