



P.O. Box 6899 Amman 11118 Jordan

الشركة الأردنية لصناعة الأنابيب (م.م)

JORDAN PIPES MANUFACTURING CO.LTD.

الإشارة : ١٩٧/٢/١٥/٢

التاريخ : ٢٠١٧/٥/١٠

السادة بورصة عمان المحترمين

تحية واحترام ،،،

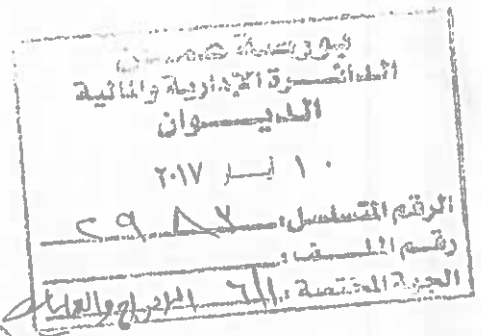
بناء على طلبكم نرفق لكم طيه الآتي :

١. نسخة من البيانات المالية المرحلية للشركة كما في ٢٠١٧/٣/٣١ باللغة الانجليزية .
٢. نسخة من البيانات المالية عن السنة المالية المنتهية في ٢٠١٦/١٢/٣١ باللغة الانجليزية .

واقبلوا فائق الاحترام ،،،

المدير العام

خير ابو صعيلىك



THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA-THE HASHEMITE KINGDOM OF JORDAN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQHA -THE HASHEMITE KINGDOM OF JORDAN

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Independent Auditors' Report

To the Shareholders of

THE JORDAN PIPELINE INDUSTRY COMPANY

Public Shareholding Company

ZARQHA-THE HASHEMITE KINGDOM OF JORDAN

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of THE PIPELINE INDUSTRY JORDAN COMPANY, which comprise the statement of financial position as at December 31,2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory note

According to the Board decision No.(4) dated 29/10/2016 the depreciation of equipment was decreased with the rate of 50% which equal (JD44,601/-) because they are not used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.

[Description of key audit matter Annex No.(1)]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Report on Other Legal and Regulatory Requirements

The company maintains proper books of accounts and the audited financial statements are in agreement with the records of the company, and we recommend the General A simply to approve it.

Professional Controllers



Jamal Hammoudeh (JCPA, ACPA)

(License #478)



Amman 31, January 2017



Annex no (١)

The following annex represent some key audit matter

1- Valuation of trade receivables

- Description of the key audit matter

The company has significant trade receivables with customers amounting to [JD 1,222,614/-] at [31.12.2016]. A provision was recognised against this amount during the year of [JD 639,600/-] leaving a new carrying value of [JD 583,014/-]. Due to a decline in performance and outlook of the industry, a number of companies in this industry are under financial stress and, therefore, there is a risk over the recoverability of these balances.

- How the matter was addressed in our audit

Our audit procedures included testing the company's controls over the receivables collection processes; testing the receipt of cash after the year end; and testing the adequacy of the company's provisions against trade receivables by assessing the Directors' assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry. We have also considered the adequacy of the company's disclosures about the degree of estimation involved in arriving at the provision.

We found that the quantum of provision recognised and the related disclosures were appropriate.

2- Inventory valuation and provisions and spare parts

- Description of the key audit matter

The recoverability of inventory is subject to risk due to changes in level of demand and stock holdings. A significant proportion of the company's inventory balances is manufactured to meet specific customer requirements; also the risk of pricing the end inventory or not implementing the price policy or change it.

- How the matter was addressed in our audit

Our procedures included the following steps relating to customer specific inventory and spare parts:

- we analysed customer specific inventory balances by age and challenged the company's assumptions of the expected usage based on our knowledge and experience of the industry and subsequent events after the year end.
- we assessed whether provision had been made against old and slow moving inventory in accordance with the accounting policy and we considered the reasonableness of the provision policy. We also inspected sales invoices to assess whether inventory is being sold at a high value than cost by comparing sales price to values at which it is held in the company's inventory records;
- We considered the adequacy of the company's disclosures about the degree of estimation involved in arriving at the inventory provision.

Overall, we found the key assumptions used in, and the resulting estimate of, the valuation of inventory within the company to be appropriate.



THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA - THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

FINANCIAL POSITION STATEMENT AS OF DECEMBER 31, 2016

	Notes	2016 JD	2015 JD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	932	795
Checks under collection & Notes receivable		304,350	133,502
Net Accounts receivables	4	583,014	595,246
Letter of credits		1,118	537
Ending finished goods	5	1,869,412	2,159,355
Ending goods under process	5	1,396,496	1,474,995
Raw material		379,362	427,494
Net spare part IUUV	6	567,358	576,165
Other receivable	7	23,154	12,170
TOTAL		5,125,196	5,380,259
NON CURRENT ASSETS			
Net cash of property and equipment	8	1,360,470	1,421,009
Projects under implementation - Galvanah basin		-	15,802
Real Estate Investments	9	583,520	552,740
TOTAL		1,943,990	1,989,551
TOTAL ASSETS		7,069,186	7,369,810

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

FINANCIAL POSITION STATEMENT AS OF DECEMBER 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit bank	10	1,613,001	1,922,847
Deferred checks		182,166	-
Accounts Payable		64,344	45,968
Shareholder Deposits		175,706	184,673
Different provisions	11	10,120	10,008
Other credit balances	12	48,959	96,711
Total Current Liabilities		<u>2,094,296</u>	<u>2,260,207</u>
SHAREHOLDER EQUITY			
Capital		3,575,000	3,575,000
Legal Reserve	13	1,007,789	1,007,789
Voluntary Reserve	14	917,000	917,000
Accumulated Profit(loss) – Exhibit C		<u>(524,899)</u>	<u>(390,186)</u>
Total Shareholder Equity		<u>4,974,890</u>	<u>5,109,603</u>
TOTAL LIABILITIES AND EQUITY		<u>7,069,186</u>	<u>7,369,810</u>

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THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-B

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
Net Sales	15	2,330,583	2,170,234
<u>Cost of sales</u>			
Beginning finished goods		2,159,355	1,848,803
Costs of production	16	2,054,560	2,507,438
Ending finished goods		<u>(1,869,412)</u>	<u>(2,159,355)</u>
Cost of sales		<u>(2,344,503)</u>	<u>(2,196,886)</u>
Gross Profit (loss)		<u>(13,920)</u>	<u>(26,652)</u>
Accumulated Income of Galvanah	17	69,834	72,958
Different Income	18	11,173	11,178
Land sale Income	19	98,537	-
Selling and Distribution Expenses	20	(14,639)	(11,580)
Administrative Expenses	21	(171,473)	(181,956)
Benefits & bank commissions		<u>(114,225)</u>	<u>(149,276)</u>
Profit (loss) for the year before tax		<u>(134,713)</u>	<u>(285,328)</u>
Profit (loss) for the year		<u>(134,713)</u>	<u>(285,328)</u>
Earning per share		<u>(0,0377)</u>	<u>(0,0798)</u>
Weighted average of shares		<u>3,575,000</u>	<u>3,575,000</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
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THE JORDAN PIPELINE INDUSTRY COMPANY
LIMITED LIABILITY COMPANY
ZARQHA -THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

EXHIBIT- C

	CAPITAL JD	LEGAL RESERVE JD	VOLUNTARY RESERVE JD	PROFIT (LOSS) OF PRIOR YEARS JD	TOTAL JD
Balance as of January 1,2015	3,575,000	1,007,789	917,000	(104,858)	5,394,931
Profit (Loss) for the year - Exhibit B	-	-	-	(285,328)	(285,328)
Balance as of December 31, 2015 - Exhibit A	3,575,000	1,007,789	917,000	(390,186)	5,109,603
Profit (Loss) for the year - Exhibit B	-	-	-	(134,713)	(134,713)
Balance as of December 31, 2016 Exhibit - A	3,575,000	1,007,789	917,000	(524,899)	4,974,890

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE FINANCIAL STATEMENTS

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-D

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	JD	JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit (loss) for the year before tax	(134,713)	(285,328)
Depreciation	83,175	143,773
<u>Changes in Capital items</u>		
Checks under collection	(170,848)	426,714
Accounts receivable	12,232	355,454
Letters of credit	(581)	14,777
Finished goods & under process	368,442	(340,404)
Raw material & inventory	56,939	405,571
Other credit balances	(10,984)	910
Accounts payable	18,376	(12,691)
Other accounts payable	(47,752)	(2,645)
Different provisions	112	(1,099)
Net cash from operating activities	174,398	705,032
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
property and equipment	(22,636)	(10,398)
Projects under construction	15,802	(15,802)
Real Estate Investments	(30,780)	(232,808)
Net cash from investing activities	(37,614)	(259,008)
<u>CASH FLOWS FROM FINANCIAL ACTIVITIES</u>		
Credit banks	(309,846)	(438,285)
Defferd checks	182,166	-
Distributed Profits	(8,967)	(15,514)
Net cash uses to from financing activities	(136,647)	(453,799)
Net change in cash account to(loss) / increase	137	(7,775)
Cash and equivalents - beginning of the year	795	8,570
Cash and cash equivalents - end of the year - Exhibit A	932	795

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
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THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA - THE HASHEMITE KINGDOM OF JORDAN

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS AND ACTIVITIES

- THE PIPELINE INDUSTRY JORDAN COMPANY was established as private company in accordance with companies law and recorded under No. (225) on the year 1969 ,on 21,5,1974 the company converted to public shareholding company and recorded under No (86)
- The company activities represent of pipeline industry and every thing related to this industry with different kinds or size in order to sell, marketing or to export.
- The Financial Statements are signed by the Board of Directors on their second resolution, Decision No (1) Dated 26,2,2017 .

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the International Financial Reporting Standards and the related Interpretations issued by the International Financial Reporting Interpretations Committee, and the following is a summary of the significant policies applied:

a) Basis of measurement

The financial statements are prepared according to the base of historical cost. For some assets this base is changed as follows.

b) Cash and cash equivalents

For the purpose of preparing the cash flow statement, "cash and cash equivalents" represents cash in hand, current accounts .

c) Impairment provision for accounts receivable.

Impairment provision of accounts Receivable was taken when management has doubt to collect them.

d) Warehouses

- The company flows the average cost policy to evaluate raw materials and spareparts in warehouses.
- The finished goods evaluate with the sell price after deducting rate equal the less of the gross profit or net collected value .

e) Property and equipment

Property and equipment are recorded at net book value after deducting - except for land - accumulated depreciation and any impairment in value.

The company uses the straight - line method of depreciating its property and equipment over estimated useful lives at the following annual rates:

Buildings	2 %
Decorations	10%
Vehicles	15%
Furniture	6 %
Computers	20%
Machines and equipment	3,5% (7% 2015)

If any of the property and equipment is disposed of, the net book value for the disposed asset on the date of disposition is omitted from the Company's records, and the result, whether income or loss, is posted to the statement of income.

f) Real state Investment

The real state appeared on cost.

g) Revenues recognition

The Company sales exist when the products received from the client after deducting any discounts.

h) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Company's financial instruments principally comprise of cash and bank balances, accounts receivable and payable, investments and loans.

3. CASH AND CASH EQUIVALENTS

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Cash	277	390
Petty Cash	655	405
Total	<u>932</u>	<u>795</u>

4. ACCOUNTS RECEIVABLE

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Trade Receivable	1,222,614	1,234,846
Less :		
Accounts Receivable impairment provision	<u>(639,600)</u>	<u>(639,600)</u>
Total	<u>583,014</u>	<u>595,246</u>

5. WAREHOUSES

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Finished goods	1,869,412	2,159,355
Goods under process	1,396,496	1,474,995
Total	<u>3,265,908</u>	<u>3,634,350</u>

6. NET SPARE PARTS

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Spare Parts	702,358	711,165
Less :		
Slowmoviny spare parts provision	(135,000)	(135,000)
Total	<u>567,358</u>	<u>576,165</u>

7. OTHER DEBIT BALANCES

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Refundable Deposits	11,300	11,300
Work injury Claims	10,418	767
Prepaid Expenses	1,333	-
Income Tax Deposits	103	103
Total	<u>23,154</u>	<u>12,170</u>

8. PROPERTY AND EQUIPMENT

A) Property and equipment are shown at the balance sheet date as follows:

Cost	Lands JD	Constructions and Buildings JD	Equipment and Machines JD	Vehicles JD	Furniture and office tools JD	Production of decor Machines JD	Tools JD	Computers JD	Total JD
As of January 1, 2016	28,854	1,460,456	4,804,584	92,558	107,689	23,785	558,384	105,813	7,182,123
Additions during the year	-	-	21,502	-	-	-	-	1,691	23,193
Disposals during the year	(557)	-	(19,755)	-	-	-	-	-	(20,312)
As of December 31, 2016	28,297	1,460,456	4,806,331	92,558	107,689	23,785	558,384	107,504	7,185,004
Accumulated Depreciation									
As of January 1, 2016	-	(835,684)	(4,074,791)	(75,464)	(89,072)	(23,785)	(557,266)	(105,052)	(5,761,114)
Depreciation for the year	-	(29,094)	(44,601)	(5,819)	(3,008)	-	(141)	(482)	(83,175)
Disposals during the year	-	-	19,755	-	-	-	-	-	19,755
As of December 31, 2016	-	(864,778)	(4,099,637)	(81,313)	(92,080)	(23,785)	(557,407)	(105,534)	(5,824,534)
Net book value									
As of December 31, 2016 exhibit A	28,297	595,678	706,694	11,245	15,609	-	977	1,970	1,360,470
As of December 31, 2015 exhibit A	28,854	624,772	729,793	17,094	18,617	-	1,118	761	1,421,009

B) The Factory land and building, Equipment, Machines and Tools are mortgage for Arab Bank limited against facilities.

9. Real Estate Investments

This item consists of the following:

	2016
	JD
Represent the cost of the land No (150) of the No (6) basin of the Red will number (17) is (807) square meters of the land at the city of Aqaba and No (205) of the No (7) basin of the north poet No (7) is (155) square meters of the land of the city of Aqabq and the Building on it.	350,712/-
Represent the cost of the land No (826) of the (4) basin of the Hanoo AL-Magaba No (29) is (1131/330) square meters of the land south of Amman where the share of the company (1000) share from Total share (1125) where it's prohibited to dispose the share of the company.	61,300/-
Represent the cost of the land No (576) of the No (11) basin of AL-jlha'a No (10) is (1813/620) square meters of the land Nahor where it's prohibited to dispose of the land.	171,508/-
Total	583,520/-

10. CREDIT BANK

The credit facilities from the Arab Bank Limited amounted to maximum (JD 2,600,000)is granted by mortgage the factory land and factory building, equipment's, machines and tools.

11. DIFFERENT PROVISIONS

This item consists of the following:

	2016	2015
	JD	JD
Scientific Research Fund Fees	9,568	9,818
Tax Income provision	31	31
Occupations Income Tax Deposits	521	159
Total	10,120	10,008

12. OTHER CRILIT BALANCES

A- This item consists of the following

	2016	2015
	JD	JD
Employees Saving Fund -12 B	3,328	22,036
Accrued expenses unpaid	20,394	30,054
Sales Tax Deposits	25,237	44,621
Total	48,959	96,711

B- The Employees Saving Fund balance (JD 3,328) represent the amount required from the company ,Although the company share is %11 of the salary.

13. LEGAL RESERVE

This item represent the accumulated ammonts converted from the annual profits with the rate of 10% according to the companies low, this amount must not distribute to the share holders. This reserve reached more than ,25% of the capital, but it can increased under the agreement of the General assembly.

14. VOLUNTRY RESERVE

This item represent the accumulated ammonts converted from the annual profits with the rate of 20% according to the companies low. Under the agreement of the General assembly dated 23/4/2014 ammount of (JD 34,496/-) distribute to the share holders From this reserve.

15. SALES

This item consists of the following

	2016	2015
	JD	JD
Local sales	1,742,205	1,652,816
Export sales	588,378	517,418
Total	2,330,583	2,170,234

16. COST OF PRODUCTION

A) This item consists of the following

	2016	2015
	JD	JD
Row material used in production		
Beginning Row material	427,494	821,121
Row material purchases	1,323,835	1,541,382
Ending row material	(379,361)	(427,494)
Total	1,371,968	1,935,009
Salaries, wages and affiliated	281,363	306,316
Other operation expenses – 16 B	257,226	179,172
Equipment and Property Depreciation	65,504	116,793
Total	1,976,061	2,537,290
Beginning goods under process	1,474,995	1,445,143
Ending goods under process	(1,396,496)	(1,474,995)
Costs of production	2,054,560	2,507,438

B) OTHER OPERATING EXPENSES

This item consists of the following

	2016	2015
	JD	JD
Electricity	59,803	64,416
Fuel	652	20,982
maintenance	38,107	13,150
Spare Parts	17,269	6,277
Laborer Transport	8,719	9,301
Consumable Equipment	2,393	2,853
chemical materials	5	77
Gases	42,498	11,158
Greases and oils	1,381	1,623
Cars expenses	6,529	3,577
Processing and protection	1,167	1,223
Strap and Punching materials	8,572	5,960
Water	5,432	7,281
Quality check expenses	6,189	17,454
Miscellaneous expenses	553	564
Customs fees	12,435	13,276
Production cost For others	45,522	-
Total	257,226	179,172

7. ACCUMULATED INCOME OF GALVANAH

A) This item consists of the following:

	2016	2015
	JD	JD
Income of Galvanah	198,101	239,566
Less:		
Cost of Galvanah - 17 B	(128,267)	(166,608)
Total	69,834	72,958

B) COST OF GALVANAH

This item consists of the following

	2016	2015
	JD	JD
Consumable of Row material	48,963	51,623
Salaries, wages	17,038	24,256
Fuel	34,687	51,466
Electricity	2,649	3,770
Maintenance expenses	5,032	7,164
Depreciation	7,362	10,482
Administrative expenses	12,536	17,847
Total	128,267	166,608

18. LAND SALE INCOME

This item represents the income sale of land No. 1314 an Area of 4639 acres according to the decision of the Board of Directors No (2) Date 23/4/2016 .

19. OTHER INCOME

This item consists of the following:

	2016	2015
	JD	JD
Revenues of balance	5,173	11,178
Rents	6,000	-
Total	11,173	11,178

20. SALES AND DISTRIBUTIONS EXPENSES

This item consists of the following

	2016	2015
	JD	JD
freight expenses	8,658	3,343
Stamp Fees	1,999	4,704
Guaranteed expenses	3,982	3,388
Other expenses	-	145
Total	14,639	11,580

21. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2016	2015
	JD	JD
Salaries, wages and Allowances	108,619	106,075
Subscriptions to associations	6,058	8,481
Printing and stationery	1,374	1,869
Advertisement	666	1,240
Car expenses	7,898	7,410
Travel and transfers	9,815	13,137
Hospitality	1,312	1,139
Postage , telephone and fax	2,167	3,217
Professional fees	10,410	9,160
Miscellaneous	2,246	2,011
Depreciation of property and equipment	10,309	16,499
Insurance	1,964	2,328
Donations	-	31
Legal expenses	2,415	2,347
Maintenance and cleaning for Aqaba	6,220	7,012
Total	171,473	181,956

22. INCOM TAX

- No provision were taken because of accumulated losses.
- The financial statement were accepted by the Income Tax Department according to the sample system .

23. LAWYER'S LETTER

According to the lawyer's letter, there are legal actions from others against the company amounting to JD 759,588/- they were still outstanding on the date of the balance sheet.

24. CONTINGENT LIABILITIES

There is contingent liabilities against the company as fowlls : (JD 218,004/720) of letter of credit and Guarantees (JD 312,095/11).

25. FINANCIAL INSTRUMENTS

a) Fair value

Carrying value of financial assets and liabilities are approximately equal to their fair values.

Notes to the financial statements indicate the fair value of those instruments. In addition, some of the accounting policies in note (2) present methods used in evaluating those instruments.

b) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises the following risks:

- Currency risk

- Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Risks related to the financial instruments denominated in USD are low due to the constancy of exchange rate of JD against USD. Risks related to other foreign currencies were reflected in the income statement.

- **Interest rate risk**

- Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The financial instruments in the balance sheet are not subject to interest rate risk with the exception of current accounts, deposits and loans payable that are subject to interest rates applicable in the market.

- **Other price risk**

- Other price risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices -other than those arising from interest rate risk or currency risk- whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market.
- The financial instruments in the balance sheet are not subject to other price risk with the exception of investments.

c) **Credit risk**

- Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Company maintains cash at financial institutions with suitable credit rating.
- The Company maintains a proper control over the customers' credit limits and collection process.

d) **Liquidity risk**

- Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

26. COMPARATIVE FIGURES

Some comparative figures were reclassified to confirm to the current year financial statements presentation.