SHEBA Metal casting
Tel. 4203189, Fax, 4200189
P.O. Box 389Amman – Jordan

شركة سبأ لسكب المعادن
هاتف4203189 , فاكس 4200189
ص. ب 389عمان – الأردن

To: Jordan securities commission
Date: 2020/5/14

<u>Subject: annual report of Sheba Metal Casting for the fiscal year ended 2019/12/31</u>

Attached the annual report of Sheba Metal Casting for the fiscal year ended 2019/12/31

Kindly accept our high appreciation and respect.

Sheba Metal Casting

شركة سبأ لسكب المعادن
SHEBA METAL CASTING CO

هيئة الأوراق المالية
17 MAY 2020
قسم الديوان

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٧ أيار ٢٠٢٠
الرقم المتسلسل ١٨٠٥
الجهة المختصة

SHEBA METAL CASTING CO.

Limited Public Shareholding Company

Amman -The Hashemite Kingdom of Jordan

Financial Statements and Independent Accountant's Report

As of December 31, 2019

بير زيت للترجمة المعتمدة
Bir Zeit translation

I, the undersigned, herby certify that the above translation done by me is, to the best of my knowledge and believe, correct translation, without assuming any liability for its content.

Date: 12.05.2020

Signature

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Bir Zeit translation

SHEBA METAL CASTING CO.
Limited Public Shareholding Company
Amman -The Hashemite Kingdom of Jordan

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Messrs/ the General Assembly Esq.

Sheba Metal Casting Co. (A limited public shareholding company)

Amman-The Hashemite Kingdom of Jordan

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of **Sheba Metal Casting Co. (Limited Public Shareholding Company)**, which consists of the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the ended year, and the clarifications on the financial statements, including a summary of significant accounting policies and other clarifying information.

In our view, except for the effect of what is contained in the paragraph of the basis of qualified opinion, the appended financial statements show fairly, in all material respects, the financial position of the company as at 31 December 2019 and its financial performance and its cash flows for the year then ended under International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The company achieves total loss and net loss according to the statement of comprehensive income, and that the value of net profits accrued for 2019 is due to unusual items, which generates doubts about the company's ability to keep the company as a continuous establishment.

We conducted our audit under International Standards on Auditing. Our responsibility is clarified later in our report under the responsibility of auditors for financial auditing statement. We are independent of the company under the requirements of the International Ethics Standards Board for Accountants (International Ethics Standard Board for Accountants) and ethical requirements related to our audit of the financial statements. We have fulfilled our other ethical responsibility under those requirements.

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

Other Matter

The accumulated losses of the company reached 705,949 JOD at the end of 2019, which exceeded 50% of the company's capital.

Key Audit Matters

Key audit matters, according to our professional judgment, are matters that had significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.; i.e.

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ضاحية الياسمين - شارع الأمير هاشم بن الحسين - مجمع الصايغ سنتر - الطابق الرابع
هاتف رقم: 0791401147 - 0799101107
birziet_translation@outlook.com

Debit Receivables Value Impairment

Due to the evaluative nature in calculating the impairment provision in all types of debit receivables; the management is responsible for assessing the impairment in debit receivables value by using assumptions and estimates; once there is objective evidence of the company inability to collect all or part of required amounts. Such provision is calculated based on the difference between the carrying value and recoverable value based on debit receivables age. Due to its importance, it occupies one of the audit important matters. Impairment provision has been recognized against the doubtful debt receivables. Furthermore, the company lawyer opinion has been taken into account once we studied the management assessment reasonability in calculating the impairment in debit receivables value.

The audit procedures which we performed as to such issue are as follows:

The procedures included studying the oversight procedures employed in the company, in collecting the debit receivables process. Also, we have studied the allocated impairment provision against the debit receivables through evaluating the management suppositions, taking into consideration the available outside information on deferred debit receivables risks, and control bodies' instructions application extent. We have evaluated the company explanations sufficiency on the important estimations to reach the recorded provision against doubtful debts.

Other Information

The management is responsible for other information. Other information consists of those stated in the annual report other than the financial statements & chartered accountant report thereon. We expect to receive the annual report on a later date as to our report. Our opinion on the financial statements does not include the other information, and we do not show any assurance or conclusion thereabouts.

As far as financial statements audit is concerned, our responsibility falls under reading such other information once become available, and we work to assess whether such other information is materially inconsistent with the financial statements or information which we collected during our audit or the other information include material faults.

Responsibilities of management and responsible persons for governance for the financial statements

Management is responsible for preparing financial statements and presents them fairly under International Financial Reporting Standards and is responsible for preparing an internal control system that management considers necessary for preparing financial statements that are free of fundamental mistakes resulting from fraud or error.

Management is responsible for preparing the financial statements for assessing the company's ability to continue and disclosing, where applicable, matters related to continuity and the use of the accounting continuity basis, except for the intention of the management to liquidate the company.

The persons responsible for governance are the same as those responsible for overseeing financial reporting procedures.

The Responsibility of Auditor for Auditing Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free of fundamental mistakes resulting from fraud or error, and issuing our report includes our opinion. Reasonable assurance is a high level of assurance, but it does not always guarantee to detect any fundamental misstatement, if any, by an audit conducted under International Standards on Auditing. Errors resulting from fraud or error, which are individually or in aggregate fundamental mistakes, can affect the economic decisions taken by users based on these financial statements fairly.
We practice professional judgment and maintain to apply the professional doubt principle during the audit as part of the audit process under International Standards on Auditing in addition to:

- Identify and assess the risks of fundamental mistakes of the financial statements resulting from fraud or error, and to design and implement an audit procedure that meets those risks and to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting fundamental mistakes resulting from fraud is more serious than the risk posed by any other error. Fraud may involve collusion, fraud, deliberate omission, misrepresentation, or overriding internal control systems.
- Understand the internal control systems relevant to the audit to design audit procedures appropriate to the circumstances, and not to express an opinion on the effectiveness of the company's internal control systems.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related explanations prepared by management.
- Conclude the appropriateness of management's use of the basis for accounting continuity, based on the audit evidence obtained if there is a fundamental uncertainty about events or circumstances that could give rise to fundamental uncertainty about the company's ability to continue and requires attention in the audit report to the relevant disclosures In the financial statements if we conclude that there is no material certainty. We will adjust our opinion if disclosure of this information is inappropriate and our conclusions are based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances limit the company's ability to continue. If we conclude that no material assurance exists, this requires us to bring the attention in our audit report to the relevant explanations in the financial statements, and if such information's disclosure is not suitable, we shall amend our opinion. Our conclusion depends on the audit evidence we obtained at the audit report date. However, future events and circumstances may restrict company continuation ability.
- Evaluate the overall presentation, the form, and content of the financial statements, including disclosures and whether the financial statements represent transactions and events in a manner that achieves fair presentation.
- We have communicated with those responsible for governance regarding the scope and timing of the planned audit and significant audit observations, including significant internal control weaknesses identified during our audit.

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- We provided the governance people also with the declaration on our commitment to the professional, ethical requirements in terms of independence. We notified them of all relations and other matters that may impact our independency as well as preventive procedures, if any.
- Specifying the most important matters in auditing the financial statements of the current year. We described such matters in our report, but there was a law or regulation prevents us from general disclosure on such matter or in rare cases via which we decide not to disclose on such matter in our report due to negative impacts expected to exceed the general benefit of such disclosures.

Report on other legal and legislative requirements

The company maintains duly organized accounting records and agrees in all fundamental respects with the accompanying financial statements and recommends that the General Assembly approve them.

Abbasi Co. & his Partners
Ahmad Mohammad Abbasi
License no.710

Amman- the Hashemite Kingdom of Jordan
08 March 2020

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SHEBA METAL CASTING CO.
Limited Public Shareholding Company
Amman -The Hashemite Kingdom of Jordan
Statement of Financial Position
as of December 31, 2019

	Notes	2018	2019
		JOD	JOD
Assets			
Current Assets			
Cash and cash equivalent		4	21,375
Short Term Cheque under collection		-	1,880
Accounts Receivables- in Net	5	13,306	37,764
Goods in Warehouses	6	-	57,291
Other Receivables Balances	7	12,672	11,132
Total Current Assets		**25,982**	**129,442**
Non-Current Assets			
Properties & Equipment -in Net	8	**483,158**	**379,196**
Total Non-Current Assets		**483,158**	**379,196**
Total of Assets		**509,140**	**508,638**
Liabilities & Equities			
Current Liabilities			
Postdated Cheques		48,869	10,584
Account Payable		59,136	64,890
Short-term Loans	9	41,867	-
Other Credit Balances	10	**24,337**	**8,800**
Total of Current Liabilities		**174,209**	**84,274**
Equities			
Declared and paid-up Capital	11	1,250,000	1,250,000
Subscribed & paid up Capital	11	1,159,552	1,250,000
Capital increase payments		10,961	-
Issue Discount		**(79,776)**	**(120,704)**
Compulsory Reserve	12	**138,500**	**1,017**
Optional Reserve	12	**58,517**	-
Special Reserve	12	**16,252**	-
Accumulative Losses at the end of the year ended	13	**(969,075)**	**(705,949)**
Equity Net		**334,931**	**424,364**
Total of Liabilities & Equity		**509,140**	**508,638**

"The explanations attached to the financial statements shall be considered as an integral part of these statements and shall be read with"

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SHEBA METAL CASTING CO.
Limited Public Shareholding Company
Amman -The Hashemite Kingdom of Jordan
Statement of Comprehensive Income
for the year ended December 31, 2019

	Clarification	2018	2019
		JOD	JOD
Sales Net	14	103,050	151,861
Sales Costs	15	(346,040)	(198,876)
Total of lose/Profit		**(242,990)**	**(47,015)**
General & Administrative Expenses	16	(58,980)	(75,122)
Financing Expenses		(6,221)	(2,061)
Other Revenues		-	134,837
Administrative depreciation expenses		-	(470)
Profit (Loss) of the year before tax		**(308,191)**	**10,169**
Income tax expenses		-	(1,525)
National contributions expense			(102)
Profit Net		(308,191)	8,542
Basic share Value and the decreased share of loss of the year	17	(0.289)	0.008

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SHEBA METAL CASTING CO.

Limited Public Shareholding Company

Amman -The Hashemite Kingdom of Jordan

Statement of Changes in Equity

for the year ended December 31, 2019

	The Capital	Capital increase payment	Issue Discount	Compulsory Reserve	Optional Reserve	Special Reserve	Accumulative Losses	Net
	JOD			JOD	JOD	JOD	JOD	JOD
For the year ended 31/12/2019								
Balance as of 01/01/2019	1,159,552	10,961	(79,776)	138,500	58,517	16,252	(969,075)	334,931
Amendments of previous years	-	-		-	-	-	42,332	42,332
Amended opening balance	1,159,552	10,961	(79,776)	138,500	58,517	16,252	(926,743)	377,263
Capital increase payment		6,000						6,000
Increase the capital	90,448	(16,961)	(40,928)					32,559
Impairment Losses				(138,500)	(58,517)	(16,252)	213,269	-
Compulsory Reserves				1,017			(1,017)	
Loss of the year	-	-	-	-	-	-	8,542	8,542
Balance as of 31/12/2019	1,250,000	-	(120,704)	1,017	-	-	(705,949)	424,364
For the year ended 31/12/2018								
Balance as of 01/01/2018	1,159,552	10,961	-	138,500	58,517	16,252	(611,493)	772,289
Issue Discount			(79,776)					(79,776)
Standard 9 application effect						-	(43,298)	(43,298)
Amendments of previous years	-	-	-	-	-	-	(6,093)	(6,093)
Amended opening balance	1,159,552	10,961	(79,776)	138,500	58,517	16,252	(660,884)	643,122
Capital increase deposit								
Loss of the year	-	-	-	-	-	-	(308,191)	(308,191)
Balance as of 31/12/2018	1,159,552	10,961	(79,776)	138,500	58,517	16,252	(969,075)	334,931

"The explanations attached to the financial statements shall be considered as an integral part of these statements and shall be read with"

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SHEBA METAL CASTING CO.
Limited Public Shareholding Company
Amman -The Hashemite Kingdom of Jordan
Statement of Cash Flows
for the year ended December 31, 2019

	Notes	2018	2019
		JOD	JOD
Cash flows of Operating activities			
Total Income (Loss) of The Year before tax		(308,191)	(10,169)
Amendments:			
Standard 9 application effect		(43,298)	-
Amendments of previous years		**(6,093)**	**(42,332)**
Amendments Balance		**(357,582)**	**52,501**
Depreciation & amortization		38,618	26,322
Gain from sale of property and equipment		-	(134,837)
<u>Changes in items of operating capital</u>			
Cheques under collection - Short term		**7,510**	**(1,880)**
Accounts Receivables		**105,427**	**(24,458)**
Goods in Warehouses		**183,007**	**(57,291)**
Other Receivables Balances		3,305	1,540
Accounts Payables		10,153	5,754
Deferred Cheques		48,869	(38,285)
Other Credit Balances		(122,177)	(17,164)
Net cash flow from operating activities		**(82,870)**	**(187,798)**
<u>Cash flow from investing activities</u>			
Purchase of properties and equipment		(50)	(9,695)
Property and equipment sale		-	222,172
Cash flow net from financing Activities		(50)	**212,477**
<u>Cash flow from financing activities</u>			
Credit Banks		**(25,222)**	-
Short-term loans		**16,796**	**(41,867)**
Increasing in the Capital		**159,552**	**90,448**
Capital increase payments		**10,961**	**(10,961)**
Issue discount		**(79,776)**	**(40,928)**
Net cash flow from financing activities		**82,311**	**(3,308)**
Changes in cash balance & cash equivalence		**(609)**	**21,371**
Cash and cash equivalent at the beginning of the year		<u>613</u>	<u>4</u>
Cash and Cash Equivalents at the end of the year		<u>4</u>	**<u>21,375</u>**

"The explanations attached to the financial statements shall be considered as an integral part of these statements and shall be read with"

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SHEBA METAL CASTING CO.
(A Limited Public Shareholding company)
Amman -The Hashemite Kingdom of Jordan
Notes to Financial Statements

1. General

Legal Entity and Activity

SHEBA METAL CASTING CO. was established on **02 June 1992** and registered as a limited liability company under No.**2833** on **12 February 2006**, the company was transferred to the public shareholding company and registered at the public shareholding company's record under No.**383**, on **23 December 2010**, including registration of the company capital shares of **750,000** shares in the par value One Jordanian Dinar/share originating from transferring the legal entity of the company from limited responsibility to Public shareholding company and further activating the related version Bulletin provided that all the company capital shares shall be treated as the constituent shares as since date of registration thereof at the securities body and paying the scheduled fees in due course. The company capital has been increased to be One Million JODs/ share, on **31 July 2018**, the concerned department's approval has been obtained in terms of increasing the capital of the company to be **1,159,552** JODs Subscription of **159,552** against **79,776** JODs has been adopted, at a bond discount of **0.5** JODs/share. Whereas the Extraordinary General Assembly of the company decided to raise the capital; by **250,000** shares based on referred to bond discount, the capital raising was completed in **2019**, to become the authorized, subscribed and paid capital to **1,250,000** shares, and procedures were completed in government departments.

And the most significant objectives of the company the following:

- Carpentry, blacksmith, and administrative offices to achieve the company objectives
- Steel; smelting and pouring
- Import and export
- Commercial agencies
- Participating in tenders
- acquiring movable and immovable property
- Investing the money in the interest of the company under enacted laws and regulations
- Borrowing money from Banks

*** The financial statements have been authorized by the BOD in its session held on 08 March 2020, and such statements require the approval of the shareholders' General Assembly.**

2. Basis of Preparing the Financial Statements

- The financial statements of the company were prepared under the International Accounting Standards, and explanations issued by International Interpretation Commission derived therefrom.
- The financial statements were prepared in conformity with the historical cost except for the financial assets which are defined under the fair value through the comprehensive income which are presented in the fair value.
- The Financial statements have been presented by the Jordanian Dinar as it is the main currency of the company.

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3. Use of Estimates

Preparation of the financial statements and application of the accounting policies requires the company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions, and changes in the fair value shown within comprehensive income. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The above-mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

the company's management believes that the estimates within the financial statements are reasonable, and the details are as follows:

The company allocates provision for doubtful debt based on the principles and assumptions approved by the company's board of directors to estimate the allocation to be established in accordance with the requirements of International Financial Reporting Standards.

The company allocates to each financial year its own income tax expense according to the applied laws and regulations.

Management periodically evaluates the useful life of tangible assets to calculate annual depreciation based on the general condition of those assets and the estimates of their expected useful life in the future. Any impairment loss is taken to the statement of comprehensive income (if any).

The company allocates provision for the cases upload against it depending on the estimate of the company's lawyer, under which the potential risks in the future are determined, and those studies are reviewed periodically.

The management regularly reviews financial assets stated at the cost to estimate any impairment in value and are taking this decline in the income statement for the year.

4. Significant Accounting Policies

Changes in Accounting Policies

The accounting policies adopted in preparing the financial statements for the current year are consistent with those applied in preparing the financial statements for the year that ended on December 31, 2018, except for the effect of the adoption of the following standards:

International Financial Reports Standards (IFRS) (16) Leases

IFRS (16) Leases replaces the International Accounting Standard No. (17), lease contracts and interpretation of IFRS Interpretations Committee No. (4) whether an arrangement contains a Lease and interpretations of IAS Interpretations Committee No. (15) Operating Leases-Incentives and No. (27) Evaluating the Substance of Transactions Involving the Legal Form of a Lease sets out the principles for the recognition, measurement, presentation, and disclosure of leases.

The recognition of lease contracts for lessors under IFRS No. (16) has not changed significantly compared to the requirements of IAS No. (17) the lessor will continue to classify lease contracts either as operating or financing contracts using principles similar to those in IAS No. (17) and thus has not affected the application IFRS No. (16) is a lease agreement in which the company is the lessor.

There was no material impact from the application of the standard on the statement of financial position.

Interpretation No. (23) IFRIC Interpretation Committee - uncertainty over income tax treatments

This interpretation clarifies the accounting treatment of income tax for the degree of uncertainty regarding their existence, which affects the application of IAS No. (12), the interpretation does not apply to income taxes and fees in the scope of IAS No. (12), and it does not include special requirements for fees and fines related to uncertainty tax treatments, and the facility shall determine whether each tax treatment should be considered separately or along with other tax treatments.

There was no material impact from the application of the standard on the statement of financial position.

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SHEBA METAL CASTING CO.
(A Limited Public Shareholding company)
Amman -The Hashemite Kingdom of Jordan
Notes to Financial Statements

Amendments to IFRS No.(10) and IAS No.(28) — Sale or contribution of assets between an investor and its associate or joint venture

The amendments address the conflict between IFRS No. (10) and IAS No.(28) in Associates and Joint Ventures in dealing with the loss of control of the incumbent company resulting from the sale or transfer of investment in the subsidiary company to an investment in an associate or a joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

There was no material impact from the application of the standard on the statement of financial position.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS No. (9) to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

There was no material impact from the application of the standard on the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks, and investments' transferable to cash within three months maturity in a way not to include value change risk.

Debit receivables

Debit receivable are recognized at cost after deducting the accumulated depreciation against the doubtful receivables balances. The debts written-off once collecting thereof becomes impossible by discounting it from the accumulated deduction. The collected amounts of the written-off debts shall be added to the revenues.

Low Financial Assets

The company recognizes a provision for expected credit losses for all debt tools not held at fair value through the statement of profit or loss; the expected credit losses are based on the difference between the contractual cash flows due according to the contract and all the cash flows the company expects to receive, discounted when estimating the original interest rate, the expected cash flows include cash flows from the sale of held collateral or other credit improvements that are part of the contractual terms (If any).

Goods in a Warehouse

The goods, materials, and supplies are shown based on the cost or net collectible value, whichever is less, and the cost of the goods is determined according to the first-in-first-out method.

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SHEBA METAL CASTING CO.
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Amman -The Hashemite Kingdom of Jordan
Notes to Financial Statements

Property and Equipment

- Property and equipment are presented at cost after deducting accumulated depreciation and accumulated impairment loss.
- The cost includes expenses that are directly related to acquiring of property and equipment.
- When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable amount, and the amount of the impairment is recorded in the statement of comprehensive income.

The useful life of Property and Equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the consumption of book value on useful life from the year in which the re-estimate was made.

Profits or losses originated from the excluding or removing of any property and equipment, which represent the difference between the amount obtained from the sale and the book value of the asset, are shown in the statement of comprehensive income.

Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

- **The estimated annual depreciation rates of the machines and equipment during the current year are the same as for the previous year, and their details are as follows:**

Property and equipment	Rates of Depreciation
	%
Buildings and Hangers	2
Machines, equipment, and tools	20-8
Cars	15
Furniture and Decoration	15
Installations, generators, and others	4-10
Computer hardware and software and printers	35

Accounts payable and accrued amounts
The accounts payable and accrued amounts on the company shall be recognized upon benefiting of the service or receiving the goods by the company, whether claimed for by the suppliers or otherwise.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, the Company will probably be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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Zeit translation

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income Tax Allocation

Due tax expenses are calculated based on taxable profits, under Law No.38 of 2018. Taxable profits differ than declared profits in the Income Statement as the declared profits include non-taxable revenues or expenses which are not subject to presentation in the fiscal year but in further years or accumulated losses which are acceptable by the tax authority or items relating thereto.

Taxes are calculated based on the tax rates according to the prevailing laws, regulations, and instructions.

Offsetting

Offsetting is performed between financial assets, and financial liabilities are offset, and the net amount is presented in the financial statements when binding legal rights thereof are available, and also the foregoing are settled on the offsetting basis or assets accrual, and liabilities settlement takes place in the same time.

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SHEBA METAL CASTING CO.
(A Limited Public Shareholding company)
Amman -The Hashemite Kingdom of Jordan
Notes to Financial Statements

Revenue and sales

- The company generates revenue according to IFRS 15 using the following Five-Step Model:
- **Step One: Identify the contract with the customer**
- An agreement between two or more parties that creates enforceable rights and obligations, and sets standards for each contract that must be fulfilled.

Step Two: Identify the performance obligations

The performance obligation is the promise to transfer the goods or to implement services to the customer.

Step Three: Determine the transaction price.

The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services promised by the customer, except for the amounts collected on behalf of third parties.

Step 4: Allocate the transaction price

- a contract that has more than one performance obligation, an entity should allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue.

The company earns revenue when or whenever it fulfills the performance obligation by transporting goods or implementing services promised to the customer under the contract.

Debit Interests

Debit Interests are recognized according to the accrual basis.

Foreign currency translation

Foreign currencies transactions are transferred to Jordanian Dinars based on then-current exchange rates, and also the assets and liabilities in foreign currency shall also be transferred to Jordanian Dinars at exchange rates on the date of the Financial Position Statement. Differences generated there from shall be posted within Comprehensive Income Statement of the relevant year.

Share profit (dividend)

The main share profit is calculated by dividing the profit or loss of the year over the weighted average of the number of normal shares during the year. The reduced share profit is calculated by amending the profit or loss of the shareholder year and the weighted average of normal shares in a way to show the impact on the share profit out of all traded normal shares during the year and related income may be subject declination.

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	Notes	2018	2019
		JOD	JOD
5- **Accounts receivables**			
Accounts receivable		66,604	55,168
Deducted: Accumulated for doubtful debts.		(53,298)	**(17,404)**
Net		13,306	37,764

***The accumulated entry against doubtful debts during the year :**

	2018	2019
	JOD	JOD
Balance on the first of January	10,000	**53,298**
Increase the provision	43,298	-
Income from the provision	-	**(35,894)**
Balance at the end of the year	**53,298**	17,404

	2018	2019
	JOD	JOD
6- **Goods in warehouses**		
Raw materials warehouse	-	27,429
Spare parts warehouse	-	11,910
Ready-made goods warehouse	-	17,952
Total	-	**57,291**

	2018	2019
	JOD	**JOD**
7- **Other debit balances**		
Recovered deposits	2,532	3,081
Income tax deposits 2%	10,140	6,729
Personnel receivables	-	1,322
Total	12,672	11,132

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8. Properties and equipment- in Net

	Lands	Buildings and hangers	Machines, equipment, and tools	Automotive	Furniture and decorations	Extensions, generators, and others	Computers and printers	Total
Cost	JOD			JOD	JOD	JOD	JOD	JOD
Balance as of 01/01/2019	78,235	304,195	564,921	15,675	18,535	8,146	-	989,707
Additions	-	-	2,381	-	428	1,486	5,400	9,695
Deductions	-	-102,345	-	-	-	-	-	-102,[illegible]
Balance as of 31/12/2019	78,235	201,850	567,302	15,675	18,963	9,632	5,400	897,0[illegible]
Depreciation								
Balance as of 01/01/2019	-	72,683	405,757	11,657	10,441	6,011	-	506,54[illegible]
Additions Deductions	-	4,037 -15,010	18,522	2,351	923	19	470	26,322 -15,010
Balance as of 31/12/2019	-	61,710	424,279	14,008	11,364	6,030	470	517,86[illegible]
Book value as at December 31,2019	78,235	140,140	143,023	1,667	7,599	3,602	4,930	379,19[illegible]
Book value as at December 31,2018	78,235	231,512	159,164	4,018	8,094	2,135	-	483,158

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9- Loans

The company obtained a loan from the Jordan Kuwait Bank in the amount of Fifty Thousand Jordanian Dinars of 8.75% interest rate annually and a commission of 1% so that each financing operation shall be paid according to six equal monthly installments sponsored by the previous members of the Board of Directors and depositing checks under collection at (100%) of the used balance. The entire account was closed in April 2019.

10- Other Credit Balances

	2018 JOD	2019 JOD
Accrued expenses	19.106	-
Deposits for others	-	522
Social Security's deposits	1.363	1.828
Income tax provision	-	1.525
National Contribution provision	-	102
Income tax deposits	1.554	169
Sales tax deposit	2.314	4.654
Total	**24.337**	**8.800**

11- Capital

on **12 February 2006**, the legal capacity of SHEBA METAL CASTING CO. was transferred to the public shareholding company and registered at the public shareholding company's record under No.**383**, on **23 December 2010**, including registration of the company capital shares of **750,000** shares in the par value One Jordanian Dinar/share originating from transferring the legal entity of the company from limited responsibility to Public shareholding company and further activating the related version Bulletin provided that all the company capital shares shall be treated as the constituent shares as since the date of registration thereof at the securities body and paying the scheduled fees in due course. The company capital has been increased to be One Million JODs/ share, on **31 July 2018**, the concerned department's approval has been obtained in terms of increasing the capital of the company to be **1,159,552** JODs Subscription of **159,552** against **79,776** JODs has been adopted, at a bond discount of **0.5** JODs/share. Whereas the Extraordinary General Assembly of the company decided to raise the capital; by **250,000** shares based on referred to bond discount, the capital raising was completed in **2019**, to become the authorized, subscribed and paid capital to **1,250,000** shares, and procedures were completed in government departments.

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12- Reserves

The movement in reserves is as follows:

	2018	2019
	JOD	**JOD**
Opening Balance	213.269	**213.269**
Additions to the compulsory reserve	-	1.017
Close losses from reserves	-	(213.269)
Balance	213.269	**1.017**

According to the decision of the extraordinary general meeting held on **August 28, 2019**, it was agreed to close part of the accumulated losses of the company as on **December 31, 2018**, in both the compulsory, voluntary and private reserves of **213,269 Dinars**, the compulsory reserve is set up with a deduction of **10%** of the profit for the year the deduction stops when the compulsory reserve reaches the amount of the company's capital, and the General Meeting of Partners and after exhausting other reserves, decides to extinguish its losses from the amounts collected in the compulsory reserve account, to be rebuilt under the law.

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13- Accumulated Losses

	2018 JOD	2019 JOD
Accumulated losses at the beginning of the year	(611.493)	(969.075)
Amendment of Previous Year	(6,093)	42.332
Impact of applying standard 9	(43.298)	-
Impairment Losses	-	213.269
Compulsory Reserve		(1.017)
Loss for the year	(308.191)	8.542
Accumulated losses at the end of the year	(969.075)	(705.949)

14- Sales

	2018 JOD	2019 JOD
Export Sales	58.454	8.164
Local Sales	44.596	143.697
Total	103.050	151.861

15- Cost of Sales

	2018 JOD	2019 JOD
Raw materials used in production	89.422	40.336
Industrial expenses are added.		
Salaries and wages	62.433	80.768
The company's contribution to social security	7.151	8.217
Industrial Consumption	38.618	25.852
CO_2	1.984	2.277
Oxygen Expenses	285	858
Gas expenses	614	511
Equipment and tools consumed	16.274	19.751
Tipcart fees	2.040	2.088
Electricity	24.234	23.841
Maintenance	44.459	3.571
Turning	-	1.246
Water	342	937
Loading, unloading, and transport	184	6.575
Cost of manufactured goods	288.040	216.828
Ready-made goods – at the beginning of the year	58.000	-
Ready-made goods – end of the year	-	(17.952)
Cost of Sales	346.040	198.876

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16- General and Administrative expense

	Notes	2018	2019
		JOD	JOD
Salaries and wages		26,877	37,562
Company contribution to social security		3,837	5,462
Health and Medical insurance		90	371
Stationary and prints		-	34
judicial proceedings fees		-	399
Miscellaneous		9,752	4,669
Professional fees		7,184	11,544
Import stamps fees		-	316
Mail, telegraph, and telephone		2,769	2,142
Fees and subscriptions		7,492	11,320
Advertising and advertising		800	1,278
Maintenance		179	25
Total		58,980	**75,122**

17- Main and reduced share profits year

	Notes	2018	2019
		JOD	JOD
Year (loss) profit		(308,191)	8,542
A weighted average of shares number		1,066,480	1,045,702
The main share of the profits for the year		(0.289)	0.008

18. Legal Status

There are legal cases filed by the company against others that are subject to financial claims in the amount of 44,782 JOD.
Through a negotiated settlement, one of the company's clients has agreed to repay the due amount of JOD 19,248 through monthly instalments of JOD 2,000. Thus, this case concluded. The outstanding claims against other companies amount to JOD 25,534, and the company has already obtained a court ruling to collect this amount. According to the company's legal advisor, no case has been brought against the company as of December 31, 2019.

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19- Tax Status

The Income and Sales Tax Department accepted the annual income tax returns provided by the company until 2016, and for the years 2018-2017, the company submitted its statements and tax returns for the income tax, and it was not discussed to the date.

20- Subsequent events

No subsequent events are existing up to the date of the financial statements that may affect, materially, the financial position of the company.

21- Contingent Obligations

The company is engaged in contingent obligations against bank bonds in the favor of Ministry of Labor amounting to 900 JOD.

22- Sectoral Analysis

The main activity of the company is based on establishing, possessing, and metals formation and all related materials.

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22- **Financial tools**

The financial tools consist of financial assets and liabilities, including the financial balances and assets at banks and in hand as well as debit receivables & securities. The financial liabilities include granted credit lines from banks and accounts payable.

Fair value

The fair value of assets and liabilities do not materially different than its carrying value as most of the financial tools, are either short term in its nature or re-priced on a continuous basis.

23-Financial tools (continued)

Capital Management risks

The company manages its capital to ensure its viability and maximize returns to stakeholders by achieving the optimal balance between equity rights and debt, and there was no change in the company's policy during 2019.

Credit risks

Credit risk relates to the risks encountered when the other party fails to fulfill its contractual obligations and causes losses to the company. The company follows a policy of dealing with the creditworthy companies by addition seeking sufficient guarantees, where appropriate, in order to mitigate the risks of financial losses resulting from the failure to fulfill their obligations. The company's financial assets, which mainly consist of cash in hands, cash at banks, post-dated cheques, receivables and liabilities from related parties, do not represent their concentration of credit risk. Strict credit control is maintained as the credit limits of each customer are continuously monitored.

Liquidity risks

Liquidity risk represents the inability of the company to provide the necessary funding to perform its obligations in due dates, to guard against this risk, company has diversified funding sources, management of assets and liabilities and convenient maturities, maintaining an adequate balance of cash, cash equivalents and securities negotiable. The company manages liquidity risk through maintaining proper reserves, actual monitoring of the actual cash flows, and comparing the maturities of financial assets. **Although the liquidity in the company as of the date of the financial statements is as follows:**

	Notes	2018 JOD	2019 JOD
Current Assets		25,982	129,442
Current Liabilities		174,209	84,274
working capital		200,191	**213,716**

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Currency Risks

Currencies risks are the risks resulting from the change in the value of the financial tools due to the change rates of foreign currencies. Most of the company's assets and liabilities are funded by Jordanian Dinar. The management of the company believes that the foreign currency risk is immaterial.

Interests Rate Risks

Interest rate risk is related to the change in the value of the financial tools as a result of changes in market interest rates. The company continuously manages its exposure to interest rate risk, so that it evaluates various options such as financing, the renewal of existing positions and alternative financing. The management believes that interest rate risk is immaterial.

24- Comparative Figures

Classification and sorting out some comparative figures to suit and classify the current fiscal year

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