الشركة الوطنية لصناعة الكوابل والأسلاك الكهربائية م.ع.م

National Cable & Wire Manufacturing Co.

Ref. 13 — الرقم :

Date. 25 MAR 2018 — التاريخ :

M/S. Amman Stock Exchange

Subject: Audited Financial Statements for fiscal year ended 31/12/2017

Dear Sir,

Attached the Audited Financial statements of National Cable And Wire Manufacturing Company for the fiscal year ended 31/12/2017.

Head Board of Director

Saleh Al shanteer

بورصة عمـــان
الدائـــرة الإدارية والمالية
الـديـــوان
٢٦ آذار ٢٠١٨
1454
الرقم المتسلسل:
رقم الملف: 41039
الجهة المختصة:

علامة الجودة

TÜV

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2017

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
CONTENTS

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Independent Auditor's Report

TO THE SHAREHOLDER
NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

Opinion

We have audited the financials statements of National Cable and Wire Manufacturing Company, which comprise the statement of financial position as of 31 December 2017, the statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Cable and Wire Manufacturing Company as of 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements in Jordan that are relevant to our audit of the company financial statements, and we have fulfilled our other ethical responsibilities.

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

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 year. 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:

Provision for Accounts Receivable

The provision for accounts receivable is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 5 684 167 as of 31 December 2017. This requires making assumptions and using estimates to take the provision for the impairment in those receivables.

Scope of Audit to Address Risks

The followed audit procedures Included understanding accounts receivable and testing the adopted internal control system in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed, those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure.

Valuation of inventories

The evaluation of inventories to net realizable value is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the comparing the recoverable amount of the inventories with the book value. The Company has large values of inventories which increases the risk of having impairment of these amounts the balance of inventories amounted to JD 8 190 221 as of 31 December 2017. This requires making assumptions and using estimates to take the provision for the impairment in those inventories.

Scope of Audit to Address Risks

The followed audit procedures Included understanding inventories and testing evaluation of inventories to net realizable value. As such, we have studied and understood the Company's adopted policy for pricing the inventories Comparison with historical cost.

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we 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 when it becomes available to us 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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 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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, 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 International Standards on Auditing, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company 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 and 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 material 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan

27 February 2018

المجموعة المهنية العربية

RSM Jordan

Certified Public Accountants

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

		2017	2016
Assets			
Current Assets	**NOTES**	**JD**	**JD**
Cash and cash equivalents	3	369 455	495 619
Checks under collection	4	3 740 063	3 339 268
Accounts receivable	5	5 684 167	4 128 097
Inventory	6	8 190 221	8 521 025
Other debit balances	7	140 727	159 060
Total Current Assets		**18 124 633**	**16 643 069**
Non - Current Assets			
Financial assets at fair value through comprehensive Income	8	42 958	42 958
Property, plant and equipment	9	10 423 601	11 227 586
Advance payment for project under construction	10	550 000	-
Total Non - Current Assets		**11 016 559**	**11 270 544**
Total Assets		**29 141 192**	**27 913 613**
Liabilities and Equity			
Liabilities			
Current Liabilities			
Short-term notes payable	11	9 091 823	7 169 328
Accounts payable		200 383	261 058
Other credit balances	12	647 151	643 221
Total Current Liabilities		**9 939 357**	**8 073 607**
Non - Current Liabilities			
Long-term notes payable	11	605 010	488 082
Murabaha under process for project under construction		550 000	-
Total Non - Current Liabilities		**1 155 010**	**488 082**
Total Liabilities		**11 094 367**	**8 561 689**
Equity	13		
Share capital		19 299 747	19 299 747
Statutory reserve		2 712 777	2 712 777
Fair value reserve		(20 768)	(20 768)
Accumulated losses		(3 944 931)	(2 639 832)
Total Equity		**18 046 825**	**19 351 924**
Total Liabilities and Equity		**29 141 192**	**27 913 613**

The accompanying notes from 1 to 27 are an integral part of these financial statements

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2017

	NOTES	2017 JD	2016 JD
Sales	14	16 230 322	15 249 572
Cost of sales	15	(15 612 687)	(14 484 576)
Gross profit		**617 635**	**764 996**
Packing and wrapping materials		(170 840)	(210 084)
Selling and distribution expenses	17	(401 144)	(304 578)
Net sales profit		**45 651**	**250 334**
Other revenues		1 724	431
Administrative expenses	18	(481 164)	(486 504)
Financing expenses	11	(794 060)	(1 281 527)
Provision for doubtful accounts	5	(77 250)	(96 227)
Total comprehensive losses for the year		**(1 305 099)**	**(1 613 493)**
Basic and diluted loss per share		**(0.068) JD**	**(0.084) JD**
Weighted average number of outstanding share		**19 299 747**	**19 299 747**

The accompanying notes from 1 to 27 are an integral part of these financial statements

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017

	Share capital JD	Statutory reserve JD	Fair value reserve JD	Accumulated Losses JD	Total JD
31 December 2015	19 299 747	2 712 777	(20 768)	(1 026 339)	20 965 417
Total comprehensive losses for the year	-	-	-	(1 613 493)	(1 613 493)
31 December 2016	**19 299 747**	**2 712 777**	**(20 768)**	**(2 639 832)**	**19 351 924**
Total comprehensive losses for the year	-	-	-	(1 305 099)	(1 305 099)
31 December 2017	**19 299 747**	**2 712 777**	**(20 768)**	**(3 944 931)**	**18 046 825**

The accompanying notes from 1 to 27 are an integral part of these financial statements

NATIONAL CABLE AND WIRE MANUFACTURING COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
31 DECEMBER 2017

		2017	2016
Operating activities	**NOTES**	**JD**	**JD**
Total comprehensive losses for the year		(1 305 099)	(1 613 493)
Adjustments for:			
Depreciation	9	834 952	839 328
Financing expenses		794 060	1 281 527
Provision for doubtful accounts	5	77 250	96 227
Changes in operating assets and liabilities			
Checks under collection		(400 795)	2 182 182
Accounts receivable		(1 633 320)	883 576
Inventory		330 804	2 104 012
Other debit balances		18 333	46 761
Postdated checks		-	(40 000)
Accounts payable		(60 675)	(874 944)
Other credit balances		3 930	(90 786)
Net cash (used in) from operating activities		**(1 340 560)**	**4 814 390**
Investing activities			
Purchase of property, plant and equipment	9	(30 967)	(27 002)
Net cash used in investing activities		**(30 967)**	**(27 002)**
Financing activities			
Notes payable		2 039 423	(3 620 661)
Paid financing expenses		(794 060)	(1 281 527)
Net cash from (used in) financing activities		**1 245 363**	**(4 902 188)**
Net change in cash and cash equivalents		**(126 164)**	**(114 800)**
Cash and cash equivalents at 1 January	3	495 619	610 419
Cash and cash equivalents at 31 December	3	**369 455**	**495 619**

The accompanying notes from 1 to 27 are an integral part of these financial statements

1. General

The company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (181) during 1983. The company's share capital is JD 19 299 747.

The Company's main activities are producing wires and cables of copper or Aluminum conductors insulated /sheathed ordinary or special types or synthetic rubber according to the International, British or German standards to comply with Jordanian and international markets.

The accompanying financial statements were approved by the Board of Directors in its meeting on 27 February 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Basis of preparation

The accompanying financial statements of the company have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The financial information's are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the financial information.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies adopted in the preparation of the financial information are consistent with those adopted for the year ended 31 December 2016 except for the effect of the adoption new standards and interpretations as Note (26 A).

Segment reporting

Business segments represent distinguishable components of the Company that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.
Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.
A provision for doubtful debts Is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the statement of comprehensive Income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.
Moreover, debts are written-off when they become uncollectible or are derecognized

Inventory

Inventories are stated at the lower of cost or net realizable value.
Cost is determined by the first in, first out (FIFO) method.
The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads determined by weighted average.

Financial assets at fair value through comprehensive Income

- These financial assets represent the investments in equity instruments held for the long term.
- These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the statement of income.
- No impairment testing is required for these assets.
- Dividends are recorded in the statement of income.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the statement of comprehensive income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Recognition of financial assets date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Impairment in Financial Assets

The company reviews the value of financial assets on the date of the statement of financial Position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio, in case such indications exist the recoverable value is estimated so as to determine the impairment loss.
Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the statement of income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the statement of income

Projects under construction

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where it is transferred to property and equipment or investment properties.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment loss in Its value, Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	4
Machines line (subject to the plant utilized capacity)	5-16
Machines	7-20
Office equipment's	12-15
Vehicles	15
Furniture	9

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the statement of comprehensive income.
- The useful lives 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 change in estimate is recorded in the following years being a change in estimates.
- Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

Accounts payables and accruals

Accounts 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 payment is due within one year or less. If not, they are presented as non-current liabilities.

Income tax

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized Income tax expenses represent current and deferred taxes for the year.

Provisions

Provisions are recognized when the company has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Revenue recognition and expenses realization

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the company.
Other income is realized and recognized on the accrual basis.
Dividends are recognized when the shareholders' right to receive payment is established.
Expenses are recognized on an accrual basis.

Foreign currency

Items included in the financial statements 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.
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured

Offsetting
Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the company intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Accounting estimates
Preparation of the financial statements and the application of the accounting policies requires the management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

3. Cash and cash equivalents

	2017 JD	2016 JD
Cash on hand	31 180	23 926
Current accounts at bank	338 275	471 693
	369 455	**495 619**

4. Checks under collection

	2017 JD	2016 JD
1 – 3 months	1 681 564	1 507 100
4 – 6 months	964 499	896 668
7 – 9 months	757 000	635 500
10 – 12 months	337 000	300 000
	3 740 063	**3 339 268**

5. Accounts receivable

	2017 JD	2016 JD
Trade receivable	6 400 747	4 769 849
Employees receivable	10 743	8 321
	6 411 490	**4 778 170**
Less: Provision for doubtful accounts	(727 323)	(650 073)
	5 684 167	**4 128 097**

The movement of the provision for doubtful accounts was as follow:

	2017 JD	2016 JD
Balance at beginning of the year	650 073	553 846
Provision for the year	77 250	96 227
Balance at ending of the year	**727 323**	**650 073**

6. Inventory

	2017 JD	2016 JD
Finished goods	3 586 334	3 609 472
Semi-manufactured inventory	1 231 228	1 632 930
Raw materials	2 111 277	1 944 884
Spare parts	824 080	865 063
Packing and wrapping materials	437 302	468 676
	8 190 221	**8 521 025**

7. Other debit balances

	2017 JD	2016 JD
Refundable deposits and cash margins	126 110	128 050
Prepaid expenses	10 137	20 682
Letters of credit	4 480	10 328
	140 727	**159 060**

8. Financial assets at fair value through other comprehensive Income

This item represents the Company's share in National Multi Engineering Industries / Namico under compulsory liquidation as of 31 December 2009.

9. Property, Plant and equipment

	Lands JD	Buildings JD	Machines JD	Equipment JD	Vehicles JD	Furniture JD	Total JD
Cost							
31 December 2016	351 178	6 049 235	20 614 507	567 294	235 128	175 081	27 992 423
Additions	-	7 171	17 887	4 081	-	1 828	30 967
31 December 2017	**351 178**	**6 056 406**	**20 632 394**	**571 375**	**235 128**	**176 909**	**28 023 390**
Accumulated depreciation							
31 December 2016	-	2 884 974	13 069 406	496 325	164 130	150 002	16 764 837
Depreciation	-	211 525	581 120	15 589	20 509	6 209	834 952
31 December 2017	**-**	**3 096 499**	**13 650 526**	**511 914**	**184 639**	**156 211**	**17 599 789**
Net book value							
31 December 2016	351 178	3 164 261	7 545 101	70 969	70 998	25 079	11 227 586
31 December 2017	**351 178**	**2 959 907**	**6 981 868**	**59 461**	**50 489**	**20 698**	**10 423 601**

*The Company's lands in Al Russeifa area, section number 4 blocks number 648, 506, 507, 1055, and buildings are mortgaged amounted to JD 3 470 000 and endorsing insurance policy amount of JD 29 100 000 against fire against the Jordan Islamic Bank notes payable.

The cost of fully depreciated property, plant and equipment was JD 8 145 033 as of 31 December 2017. (2016: JD 7 954 028).

10. Advance payment for project under construction

These payments represent 50% of the value of the solar power project funded by Jordan Islamic Bank and is expected to be completed in the first quarter of 2018.

11. Notes payable

	2017		2016	
	Maturing during the year JD	Maturing during more than a year JD	Maturing during the year JD	Maturing during more than a year JD
Notes payable	**9 091 823**	**605 010**	**7 169 328**	**488 082**

The table below illustrates the obligations from notes payable as of 31 December:

	2017		2016	
	Payments installments	Net present value	Payments installments	Net present value
Balances due within a year	JD	JD	JD	JD
2016	-	-	1 213 919	1 213 919
2017	973 890	973 890	6 491 380	5 955 409
2018	8 730 443	8 117 933	528 338	488 082
2019	650 408	605 010		
	10 354 741	**9 696 833**	**8 233 637**	**7 657 410**
Less: deferred financing expenses	(657 908)	-	(576 227)	-
	9 696 833	**9 696 833**	**7 657 410**	**7 657 410**

12. Other credit balances

	2017 JD	2016 JD
Shareholders' deposits	257 646	259 685
Provision for staff indemnity	250 000	250 000
Sales tax provision	75 192	56 935
Provident fund payable	18 110	33 296
Social Security payable	27 644	28 075
Income tax payable	14 809	10 456
Accrued expenses	3 750	4 774
	647 151	**643 221**

13. Equity

Share capital
The authorized and share capital of the Company is JD19 299 747 divided into 19 299 747 shares at JD 1 per share.

Statutory reserve
Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution. The General Authority may, after depletion the other reserves, decide at an extraordinary meeting to resolve the accumulated losses from the amounts collected in the Statutory reserve account, provided that they are rebuilt in accordance with the provisions of the Law.

14. Sales

	2017 JD	2016 JD
Local sales	11 277 266	10 492 907
Export sales	1 807 260	1 072 927
Sales of free zone and the Aqaba special economic zone	3 145 796	3 683 738
	16 230 322	**15 249 572**

15. Cost of sales

	2017 JD	2016 JD
Finished goods and semi-manufactured at beginning of the year	5 242 402	6 409 331
Raw materials used in production	11 837 776	9 887 899
Salaries and related benefits	1 775 549	1 808 059
Depreciation	820 478	824 738
Electricity and water	346 808	358 279
Medical expenses	94 423	115 008
Maintenance and spare part	180 411	138 425
Other manufacturing expenses – note (16)	132 402	185 239
Finished goods and semi-manufactured end of the year	(4 817 562)	(5 242 402)
	15 612 687	**14 484 576**

16. Other manufacturing expenses

	2017 JD	2016 JD
licenses and fees	26 809	60 470
Buffet	29 149	31 072
Vehicles	23 619	25 263
Insurance	27 304	29 760
Transportation and travel	870	11 087
Uniform	8 651	9 854
Other	4 340	5 518
Stationary	3 368	4 981
Services	5 378	2 172
Telephone and post	2 464	3 277
Rent	450	1 785
	132 402	**185 239**

17. Selling and distribution expenses

	2017 JD	2016 JD
Salaries and related benefits	121 832	129 745
Loading and transportations	24 098	49 788
Tenders and exporting	73 904	57 382
Sales commission	139 309	16 322
Guarantees commissions	32 574	31 735
Exhibitions	6 576	9 355
Advertising	2 070	4 610
Medical expenses	515	4 040
Transportation and travel	266	1 601
	401 144	**304 578**

18. Administrative expenses

	2017 JD	2016 JD
Salaries and related benefits	273 152	288 258
Board of director's transportation allowance	66 000	66 000
Rent	20 400	20 400
licenses and fees	26 990	25 313
Legal expense and fees	13 787	7 698
Depreciation	14 474	14 590
Medical expenses	11 091	9 609
Vehicles	12 722	8 835
Professional fees	8 680	7 500
Electricity and water	7 068	6 890
Telephone and post	4 963	5 676
Transportation and travel	1 710	5 795
Stationary	3 099	2 617
Maintenance	1 003	3 495
Computer	4 283	3 262
Hospitality	2 496	2 355
Bank charge	1 598	2 806
Board Committees fees	2 400	2 200
Advertising	2 450	1 011
Customs consulting fees	1 100	1 130
Other	898	264
Companies controller's fees	600	600
Donations	200	200

19. Risk management

Murabaha Price Risks

Murabaha price risk is the risks related to the change in the value of financial instruments due to changes in Murabaha market rates Moreover, the Company continuously manages the exposure to Murabaha price risks. It evaluates the different options such as financing, renewing current positions, and carrying out alternative financing.

Currency risks

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

Credit risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the company's default on its liabilities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 JD	2016 JD
Current accounts at bank	338 275	471 693
Checks under collection	3 740 063	3 339 268
Accounts receivable	5 761 417	4 128 097
Other debit balances	136 247	138 378
	9 976 002	**8 077 436**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The following are the contracted maturities of financial liabilities:

	Maturing during the year JD	Maturing during more than a year JD	Total JD
2017			
Accounts payable	200 383	-	200 383
Other credit balances	647 151	-	647 151
Notes payable	9 091 823	605 010	9 696 833
	9 939 357	**605 010**	**10 544 367**
2016			
Accounts payable	261 058	-	261 058
Other credit balances	643 221	-	643 221
Notes payable	7 169 328	488 082	7 657 410
	8 073 607	**488 082**	**8 561 689**

20. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, checks under collection, account receivables and other debit assets, financial liabilities consist of postdated checks, accounts payable and other credit balances.

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

21. Income tax

No income tax provision has been calculated for the year ended 31 December 2017 due to increase in the deductible expenses on the taxable income.

The tax return for the year 2016 has been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these financial statements.

The company has reached to a final settlement with the income and sales tax department for the years 2015, 2014, 2013, 2012 and 2011.

The Company submitted the tax returns for the years 2010, the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 139 343. A decision was issued by the Court of First Instance on 30 September 2014, to cancel the decision and return it to the opposition body to rectify the situation. The decision was appealed and returned to the opposition body to correct the objection. The decision was appealed by the Public Prosecutor on 29 October 2014, The Court of Cassation appealed the decision and returned it to the Court of First Instance for consideration of the subject, and after the re-registration of the case at the Tax Court of First Instance No. 482/2015, has been provided evidence in this case and was elected an expert to audit the accounts of the company, As a result of this case is dependent on the outcome of case No. 1172/2011 for the year 2009 has been suspended in this case until the issuance of a final decision on the case for the year 2009.

The Company submitted the tax returns for the year 2009; the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 28 046. Consequently, the Company filed a lawsuit objecting to the review, decision by the Tax Court of First Instance was issued to exempt the company from the obligation, and the lawsuit is still before the Tax Court of Cassation.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2008.

22. Segmental Information

A. Information on the company's Operating Segments

Segmental information for the basic sectors:

For management purposes, the Company is organized into one major business segment:

Copper wire and cables: producing wires and cables of copper or Aluminum conductors insulated /sheathed ordinary or special types or synthetic rubber.

B. Information on Geographical Distribution:

This note represents the geographical distribution of the Company operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations, and it also operations outside the Kingdom.

23. Contingent liabilities

At the date of the statement of financial position, the company was responsible for:

	2017	2016
	JD	JD
Letters of guarantee	1 047 805	1 041 598
Letters of credit	1 039 399	1 611 118
	2 087 204	**2 652 716**

24. Related parties' transactions

Related parties represent major shareholders, directors and key management personnel of the company, and entities controlled or significantly influenced by such parties.

The following the transactions with Jordan Islamic Bank during the year:

	Natural of Relationship	2017 JD	2016 JD
The balances include in the statement of financial position			
Assets			
Current accounts at bank	Operation	46 755	366 686
Checks under collection	Operation	3 740 063	3 339 268
Liabilities			
Note payable	Financing	(9 696 833)	(7 657 410)
Restricted Investment - Murabaha under process	Financing	(550 000)	-
Islamic Insurance Company	Operation	-	(2 973)
The balances don't include in the statement of financial position			
Murabaha Ceiling	Financing	12 000 000	12 000 000
Guarantee Ceiling	Financing	2 500 000	2 500 000

Compensation of key management personnel of the company is as follows:

	2017 JD	2016 JD
Salaries and other benefit	**165 724**	**182 105**

25. Capital Management

The primary objective of the company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The company manages its capital structure and makes adjustments to it in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

Capital comprises share capital, reserves and accumulated losses, and is measured at JD 18 046 825 as at 31 December 2017 (2016: JD 19 351 924).

26. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

A. New standards, interpretations and amendments adopted by the Company

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments has no impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's financial statements.

B. New and revised IFRSs in issue but not yet effective and not early adopted

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Bank has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank adopts IFRS 9. The Bank expects based on preliminary figures an increase in the loss allowance for an amount of USD 90 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Bank will implement changes in classification of certain financial instruments.

Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortised cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.

Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment

The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL

For impaired financial instruments:
Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss
The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:

- Determining when a SICR of a financial asset has occurred,
- Measuring both 12-month and lifetime credit losses,
- Incorporating forward-looking information using multiple probability-weighted scenarios.
- Collateral and quality.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services

The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.

The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

27. Comparative Figures

Some of the comparative figures for the year 2016 have been reclassified to correspond with the year ended 31 December 2016 presentation and it did not result in any change to the last year's operating results or equity.