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Date: 19/03/2019

Our ref: 1/48/ **039695**

M/S: Amman Stock Exchange.

**Subject: Audited Financial Statements for the fiscal year
ended 31/12/2018**

Attached the Audited Financial Statements of Arabian steel pipes
manufacturing corporation ltd for the fiscal year ended 31/12/2018

Kindly accept our high appreciation and respect

Best Regards,

GENERAL MANAGER

Eng. MAZEN KHANJI

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢١ آذار ٢٠١٩
الرقم التسلسلي: ١٢٤٤
رقم الملف: ٤١٠٩٨
الجهة المختصة: المراجعة

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

**Financial Statements
as of December 31,2018**

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

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Independent Auditors' Report

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To the Shareholder of

Arabian Steel Pipes Manufacturing Co

Public Shareholding Company

Amman- The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the Accompanying financial statements of **Arabian Steel Pipes Manufacturing Co** (Public Shareholding Company), which comprise the statement of financial position as at December 31, 2018, and the statements of comprehensive income, changes in owner's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter

The financial statements for the year ended December 31, 2017 have been audited by another auditor who issued his unqualified report on February 26, 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

• Accounts Receivable

The impairment loss of account receivables is considered one of the matters that have an impact over the Company's results and requires significant judgment and estimates from management to determine the default and accordingly the existence of impairment. Following the requirements of IFRS, management exercises judgment and estimates over the inputs used to determine the impairment including the date of default, the financial position of the customers and the position of legal cases held against these customers. Accordingly, the accounts receivables are considered a key audit matter. The company has accounts receivables with total balance of 2,914,261 as of December 31, 2018, and the company recorded the impairment provision for the receivables in the amount of 684,154 JD as of December 31, 2018. The accounting policies and significant accounting estimates relating to receivables and are disclosed in notes 5, 2 to the financial statements.

• Adoption of International Financial Reporting Standard (IFRS) 9 Financial Instruments

This item has been highlighted in light of the importance of IFRS 9, which was adopted on 1 January 2018 as follows:

- The standard requires accounting treatment and the use of significant estimates and judgments based on the determination of the adjustments made during the Adoption of International Financial Reporting Standard (IFRS) 9, Financial Instruments.

-The amendment to the Company's retained earnings on Adoption of International Financial Reporting Standard (IFRS) 9 Financial Instruments to IFRS 9 in the amount of JD 509,154 had an impact on the statement of financial position.

The audit procedures included the:

Our audit procedures included the assessment of the Company's internal controls over collection processes for receivables; testing the sufficiency of the Company's provisions against receivables and testing the position of the legal cases held by the Company by assessing management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of the impairment provision for the receivables experience. We have also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision and the disclosures over the movement of doubtful debts provision.

The audit procedures included the:

- Studying the appropriateness of the Adoption of International Financial Reporting Standard (IFRS) 9, Financial Instruments, approach and practical methods applied
- Evaluate the management's approach to selecting the expected credit loss methodology.
- Studying the management's approach and the controls applied to ensure the completeness and accuracy of the Adoption of International Financial Reporting Standard (IFRS) 9 Financial Instruments, modifications and accuracy.
- Evaluate the appropriateness of judgments and key estimates made by management in preparing transition adjustments, particularly those related to the amendment to the future factor.
- Evaluate the completeness, accuracy and appropriateness of the financial statements used in the preparation of interim amendments and the adequacy of the Company's disclosures.

- **Inventory Impairment**

The company won't need part of the balance of spare parts and consumables, because it is outdated and unsuitable for use.

The audit procedures included the:

We assessed whether provision recorded against old and slow moving inventory in accordance with the company's accounting policy and we considered the reasonableness of the provisions policy using historical trend analysis and annual depreciation.

We considered the adequacy of the company's disclosures about the degree of estimation involved in arriving at the inventory impairment provision.

Based on our work done, we found the key assumptions used and the resulted estimate and valuation of inventory are appropriate assumptions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. We expected that we will give the annual report after our report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when its available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements by the general assembly, after taking into consideration what is mentioned at other Matter.

Al- Abbasi & Partners Co.



Ahmed M. Abbasi
License 710



Amman in
11 February 2019

Arabian Steel Pipes Manufacturing

Public Shareholding Co., Ltd.

Amman - The Hashemite Kingdom of Jordan

Statement of Financial Position as of December 31 , 2018

	Note	2018 JD	2017 JD
<u>Assets</u>			
<u>Non-current assets</u>			
Properties , trucks & equipment - Net	5	4,055,172	3,913,451
Intangible assets	6	602	1,843
Projects under construction	7	-	59,139
Deferred tax assets	8	4,743	11,884
Investment in a subsidiary	9	176,248	176,248
Financial assets at fair value through comprehensive income	10	714,118	851,842
Total Non-current assets		4,950,883	5,014,407
<u>Current Assets</u>			
Cash and Cash equivalent	11	1,194,734	1,389,919
Account receivables & Cheques under collection	12	2,230,107	3,932,780
Inventory	13	8,201,419	6,640,966
Other debit balances	14	170,026	184,401
Total Current Assets		11,796,286	12,148,066
Total Assets		16,747,169	17,162,473
<u>Liabilities and Owners' Equity</u>			
<u>Owners' Equity</u>			
Paid up Capital	15	9,000,000	9,000,000
Statutory reserve	15	2,250,000	2,250,000
Voluntary reserve	15	1,061,503	1,061,503
Fair value reserve	16	(50,889)	86,835
Retained earnings	17	1,013,759	1,678,300
Total Owners' equity		13,274,373	14,076,638
<u>Current Liabilities</u>			
Notes payable due within a year	18	2,083,587	2,163,563
Account payable		633,612	257,140
Related party receivables	19	299,211	308,061
Income tax provision	20	-	11,714
Other credit balances	21	244,863	345,357
Total Current Liabilities		3,261,273	3,085,835
<u>Non-current Liabilities</u>			
Notes payable more than one year	18	211,523	-
Total Non - Current Liabilities		211,523	-
Total Liabilities and Owners' Equity		16,747,169	17,162,473

financial manager

General Director

Chairman of the Board of Directors

The accompanying notes form an integral part of this statement .

Arabian Steel Pipes Manufacturing

Public Shareholding Co., Ltd.

Amman - The Hashemite Kingdom of Jordan

Statement of Comprehensive Income For The Year Ended December 31 , 2018

	Note	2018 JD	2017 JD
Sales	22	6,846,614	8,408,484
Cost of sales	23	(5,786,825)	(6,699,946)
Gross Profit		1,059,789	1,708,538
General & administrative expenses	25	(415,125)	(406,194)
Selling and distribution expenses	26	(208,035)	(247,695)
Morabaha expenses		(110,607)	(124,610)
Impairment of receivables		-	(35,000)
Provision for slow moving goods		(16,974)	-
Return from slow moving inventory		72,867	21,063
Reward members of the Board of Directors		(34,329)	(34,014)
Other revenues	27	65,321	30,421
(Loss) Profit for the Period before income tax		412,907	912,509
Income tax	20	(21,757)	(42,606)
(Loss) Period Profit		391,150	869,903
<u>The other comprehensive income</u>			
Changes in fair value of financial assets at fair value through other comprehensive income		(137,724)	67,627
Total comprehensive (Loss) income		253,426	937,530
		JD / Share	JD / Share
basic and diluted (Loss) earning per share	28	0.043	0.097

financial manager

General Director

Chairman of the
Board of Directors

The accompanying notes form an integral part of this statement .

Statement of Changes in Owner's Equity For Year Ended December 31, 2018

	Paid up Capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings at year end	Total
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018	9,000,000	2,250,000	1,061,503	86,835	1,678,300	14,076,638
The impact of application of the International Financial Reporting Standard No. 9		-			(509,154)	(509,154)
Income tax for previous years					(6,537)	(6,537)
Adjusted opening balance	9,000,000	2,250,000	1,061,503	86,835	1,162,609	13,560,947
Profit for the year					391,150	391,150
Change in fair value of financial assets designated at fair value through other comprehensive income				(137,724)		(137,724)
Total comprehensive income				(137,724)		253,426
Distributed Dividends (Note 9)					(540,000)	(540,000)
Balance as of December 31, 2018	9,000,000	2,250,000	1,061,503	(50,889)	1,013,759	13,274,373
Balance as of January 1, 2017	9,000,000	2,250,000	1,061,503	19,208	1,258,397	13,589,108
Profit for the year		-			869,903	869,903
Change in fair value of financial assets designated at fair value through other comprehensive income				67,627		67,627
Total comprehensive income	-	-	-	67,627	-	937,530
Distributed Dividends (Note 9)					(450,000)	(450,000)
Balance as of December 31, 2017	9,000,000	2,250,000	1,061,503	86,835	1,678,300	14,076,638

- In accordance with the instructions of the Securities Commission, it is prohibited to dispose of the fair value reserve for financial assets by allocating to the shareholders of the company, capitalization or amortization of losses or any other disposition.

- The retained earnings include deferred tax of 4,743 JOD which is prohibited from disposition or distribution as a dividend to the shareholders in accordance with the instructions of the Securities Commission.

financial manager

General Director

Directors

The accompanying notes form an integral part of this statement .

Arabian Steel Pipes Manufacturing

Public Shareholding Co., Ltd.

Amman - The Hashemite Kingdom of Jordan

Statement of Cash Flows For The Year Ended December 31 , 2018

	2018 JD	2017 JD
<u>Cash Flow From Operating Activities</u>		
Profit year before income tax	412,907	912,509
<u>Adjustments</u>		
Depreciation and amortization	321,458	305,419
profit from sale of property and equipmen	-	(1,191)
Impairment of receivables	-	35,000
Return from slow moving inventory	(72,867)	(21,063)
Provision for slow moving goods	16,974	-
Income tax for previous years	(6,537)	-
Operating profit before changes in working capital	671,935	1,230,674
<u>(Increase) decrease in current assets</u>		
Account receivables & Cheques under collection	1,193,519	(32,187)
Due from related parties	-	2,246
Inventory	(1,504,561)	(80,359)
Other receivables	30,346	17,746
<u>Increase (decrease) in current liabilities</u>		
Account payable	376,472	(108,336)
Due to related parties	(8,850)	(14,999)
Other payables	(100,494)	45,330
Net Cash provided from Operating Activities before paid tax	658,366	1,060,115
paid income tax	(42,300)	(8,199)
Net Cash provided from Operating Activities after paid tax	616,066	1,051,916
<u>Cash Flows From Investing Activities</u>		
Purchase properties & equipment	(402,798)	(274,100)
collection from sale properties & equipment	-	1,191
Projects under construction	-	(59,139)
Net Cash (Used in) Investing Activities	(402,798)	(332,048)
<u>Cash Flows From Financing Activities</u>		
Cash Dividends	(540,000)	(450,000)
Notes payable due within ayear	131,547	147,193
Net Cash (used in)Financing Activities	(408,453)	(302,807)
Net (Decrease) in Cash and cash equivalent	(195,185)	417,061
Cash on hand and at banks at beginning of the year	1,389,919	972,858
Cash on hand and at banks at ended year	1,194,734	1,389,919

Non-cash flows

Transferred from projects under construction to property and equipment

59,139

-

financial manager

General Director

Chairman of the Board of
Directors

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

1- Company's Registration and Objectives

Arabian Steel Pipes Manufacturing Company was established under the Companies Act of 1964 as a private shareholding Company and recorded in the Companies Registration department under number 1185 dated June 12, 1983 and its status has been adjusted as a limited liability on June 5, 1989 under the Companies Act No. 1 of 1989 with the aim to manufacture steel pipes for water, electricity works and , blacksmithing and selling it, the company's commercial production began in February 15, 1989 The company's paid-up capital is JD 9,000,000 divided into 9,000,000 shares and each equal 1 JD .

Based on General Assembly decision at its extraordinary meeting held on November 4, 1993 to convert the company into a public shareholding company , the company obtained the approval of the Minister of Industry and Trade to transfer the legal status of the company to public shareholding company on April 19, 1994 and recorded in the Public Shareholding Companies registration department under number 251 on August 3, 1994 under the companies Act of 1989 , the company was given the right to commence work on November 2, 1994.

The main objective of the Company :

- Pipe manufacturing with different diameters 0.5 - 6
- Import and export
- General Trading
- Producing electricity pillars of its different type , tubular and polygonal , and telecommunication towers, in addition to processing platelet boards and producing the components of metal structures for personal use.
- General Galvanizing
- Manufacturing of iron towers and all necessary parts to extend electricity networks for medium voltage, high voltage in addition to communication and lighting towers.
- Isolate pipes using all isolation methods.

The financial statements were approved by the board of directors at its meeting held on 11 February 2019 these financial statements subject to the approval of the general assembly of shareholders .

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

2- Significant Accounting Policies

Basics of preparing interim condensed financial statements

The financial statements of the company have been prepared in accordance to International Financial Reporting Standards .

The accompanying financial statements of the company have been prepared in accordance to the historical cost basis except for the financial assets at the fair value through the other comprehensive income statement which carried at fair value at the date of the financial statements

The financial statements are presented in Jordanian Dinars (JD) which is the financial currency of the company .

3- Use of estimates

The preparation of the interim condensed financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities . These estimates and assumptions also effect the revenues and expenses and the resultant provisions and particular , considerable judgment by management is required in the estimation of the amount and timing of future cash flows . Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future change in such provisions .

The estimates are based on assumptions and factors with varying degrees of judgment and uncertainty and that actual results may differ from estimates due to future changes in the conditions of those provisions .

Estimates and assumptions are reviewed on an ongoing basis by the management.

Adjustments in accounting estimates are accounted for and recognized for the period in which they are adjusted and future periods that may affect the revision.

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

4- Change in accounting policies

During the current year , the Company adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for periods beginning on 1 January 2018:

IFRS 15 "Revenue from Contracts with Customers"

IFRS 9 "Financial Instruments"

Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions".

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

Amendments to IAS 40 " Investment Property"

Annual improvements to IFRS 2014-2016 Cycle "Amendments to IFRS 1 and IAS 28".

IFRIC 22 Foreign Currency Transactions and Advances consideration.

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the financial statements, except for IFRS 9, which led an increase in the Provision for impairment of receivables amounting to 509,154 JD and the IFRS 15 "Revenue from Contracts with Customers" The effect of which was disclosed on the Company's financial statements below .

IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments : classification and measurement; impairment; and hedge accounting.

The Group had previously 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 standard has been applied retrospectively and , in line with IFRS 9, comparative amounts have not been restated

The impact of the adoption of IFRS 9 as at 1st January 2018 has been recognised in retained earnings. The standard eliminated the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

Impairment

The adoption of IFRS 9 has fundamentally changed the Company accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company's policy to calculate ECLs of debt instruments is for a period of 12 months.

The following table summarizes the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method).

Line item impacted in the financial statements	As reported at 1 December 2018	adjustments due to adoption of IFRS 9	adjusted opening balances as at 1 January 2018
Provision for impairment of trade receivables (note 8)	175,000	509,154	684,154
Retained earnings	1,678,830	(509,154)	1,169,676

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" (hereafter "IFRS 15") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

Management reviewed and assessed the Group's existing contracts with customers at 1 January 2018 and concluded that, apart from more extensive disclosures for the Group's revenue transactions (Note 17), the initial application of IFRS 15 had no significant impact on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the year then ended. Consequently, there were no adjustments as at 1 January 2018.

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

New and amended standards and an interpretation to a standard not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2018 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2019	<ul style="list-style-type: none"> - IFRS 16 "Leases" - Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments" - Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation. - Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures. - Amendments to IAS 19 "Employee Benefits" on plan amendment curtailment or settlement. - Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle.
Effective for year beginning 1 January 2020	Amendments to references to conceptual framework in
Effective for year beginning 1 January 2021	IFRS 17 "Insurance Contracts"
Effective date deferred indefinitely / available for optional adoption	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture.

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the financial statements, except for the IFRS 16 "Leases" whose effects on the financial statements are explained below.

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

Accounts Receivables

Accounts receivable are stated at their net realizable value net of a provision for doubtful accounts, bad debts were written off when identified and deducted from its stated provision and the collected amounts from debts are identified to revenues.

Impairment of receivables

On 1 January 2018 IFRS 9 "Financial Instruments" replaced the 'incurred loss' impairment model in IAS 39 "Financial Instruments: Recognition and Measurement" with an 'expected credit loss' (ECL) impairment model. The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. In the previous year, the impairment review on trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the "incurred loss" model disregarded entirely the current and expected future conditions. As a result, it is expected that under the new impairment model credit losses will be recognised earlier.

Offsetting

Offsetting of financial assets and financial liabilities is occurred and the net amount reported in the financial statements when the rights and legally enforceable right to offset the recognized amounts and the bank intends to either settle them on a net basis, or to realize the assets and settle the liability simultaneously.

Inventory

Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the weighted average method.

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

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements**

financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments with the intention to keep them as long term investments.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the statement of profit or loss and other comprehensive income and owners equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof profits or losses to be recorded in the statement of profit or loss and other comprehensive income and owners equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of profit or loss and other comprehensive income.

These assets are not subject to impairment loss testing.

Dividends are recorded as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Investments in subsidiaries

Investments in associates are recognized at cost and are remeasured using the equity method of accounting and the Company's share of profit or loss is recognized in the statement of income.

fair value

The closing price at the date of the financial statements represents the fair value of the financial assets traded. If no fair value is available for certain financial assets, their fair value is estimated by comparing them to the current market value of a financial instrument that is substantially the same

Property, plant and equipment

Property, plant & equipments are recorded at cost and depreciated (except lands) over its estimated useful lives under the straight line method by using annual depreciation rates as follows:

Buldings	3%
Machinery and equipment	6.67%
Tools	30-35%
Vehicles	15%
Computers	12-20%
Furniture	10%
Office equipment	10-20%

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An assets carrying amounts is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount , the impairment record in statement of comprehensive income .

The expected production life for assets is reviewed at end of the year , whenever ther are changes between the expected life and the estimated , the depreciation method is changed to depreciate on net book value based on the remaining production life after re-estimation from the year re-estimated on .

When there are no expected economic benifits from usage , that item will be written down immediately

Intangible assets

Intangible assets, which have finite useful lives, are amortized over their useful lives .

Amortization is recognized in the consolidated statement of profit or loss and other comprehensive income , however ,intangible assets without definite useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement .Impairment loss shall be recognized in the consolidated statement of profit or loss and other comprehensive income .

The estimated useful lives of intangible assets for current year same as previous year , and the amortizaation percent as follows:

Computers software and program	20 - 30 %
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Accounts payable

The accounts Payable and accrued amounts are recognized upon receipt of the goods by the company, whether billed by the supplier or not.

Income tax

The Company is subject to Income Tax Law no 34 of 2014 and subsequent amendments thereto and the regulations issued by the Income Tax Department in the Hashemite Kingdome of Jordan and provided on an accrual basis. Income tax is computed based on adjusted taxable income

Revenues

Revenue from the sale of goods is recognized when all the following conditions are satisfied: The company has transferred to the buyer the significant risks and rewards of ownership of goods.

The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold .

It is probable that the economic benefits associated with the transaction will flow to the entity and The costs incurred or to be incurred in respect of the transaction can measured reliably . Other revenue realized based on accrual basis .

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Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Foreign currency conversions

Foreign currency transactions are translated into Jordanian Dinars at the exchange rates prevailing at the date of transaction . Assets and liabilities expressed in foreign currencies are translated into Jordanian Dinars at the exchange rates prevailing as at the balance sheet date . Exchange differences arising from these translations are included in the statement of income .

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5- Properties, plant & equipment - Net

A- This item consists of:

	<u>Cost</u>		Machinery and equipment		Tools		Vehicles		Computers		Furniture		Office equipment		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost as in the January 1, 2018	927,462	2,472,504	6,480,125	285,355	450,891	144,032	133,998	29,654	10,924,021							
Additions	-	-	397,743	494	-	2,900	1,662	-	402,799							
Adaptor from projects under implementation			59,139						59,139							
Cost as in the December 31, 2018	927,462	2,472,504	6,937,007	285,849	450,891	146,932	135,660	29,654	11,385,959							

Accumulated Depreciation

balance as of January 1, 2018	-	1,050,668	5,092,860	281,093	307,893	131,576	119,028	27,452	7,010,570							
Additions	-	74,247	198,536	1,798	37,210	4,938	2,135	1,353	320,217							
balance as of December 31, 2018	-	1,124,915	5,291,396	282,891	345,103	136,514	121,163	28,805	7,330,787							
Net book value as of December 31, 2018	927,462	1,347,589	1,645,611	2,958	105,788	10,418	14,497	849	4,055,172							
Net book value as of December 31, 2017	927,462	1,421,836	1,387,265	4,262	142,998	12,456	14,970	2,202	3,913,451							

B- The cost of fully depreciated property and equipment is 5,272,023 dinars as at 31 December 2018.

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6- Intangible Assets

	<u>2018</u>	<u>2017</u>
	JD	JD
<u>Cost</u>		
Balance at the beginning of the year	196,962	196,962
Additions		
Balance at the end of the year	<u>196,962</u>	<u>196,962</u>
<u>Accumulated amortization</u>		
Balance at the beginning of the year	195,119	193,342
Additions	1,241	1,777
Balance at the end of the year	<u>196,360</u>	<u>195,119</u>
Book value	<u>602</u>	<u>1,843</u>

7- Projects Under Construction

	<u>2018</u>	<u>2017</u>
	JD	JD
Balance at the beginning of the year	59,139	319,794
Transfer to property, plant and equipment	(59,139)	(260,655)
Balance at the end of the year	<u>-</u>	<u>59,139</u>

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8- Deferred tax Assets

This item consists of :

Accounts covered	2018				2017	
	Balance at 1 January	Addition	Disposal	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Slow moving item	180,479	(135,876)	-	44,603	2,230	9,024
End services provision	83	(1,000)	917	-	-	4
Employee vacation provision	57,116	15,218	8,369	80,703	2,513	2,856
Total	237,678	(121,658)	9,286	125,306	4,743	11,884

The movement for deferred tax as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	11,884	19,273
Additions year	464	941
Disposals year	(7,605)	(8,330)
Balance at the end of the year	4,743	11,884

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9- Investments in subsidiaries

A. This item consists of :

	Number of shares	Percentage of ownership	2018 JD	2017 JD
Arabian Column Pipes Company	100%	150,000	176,248	176,248
Total			176,248	176,248

B. According to "Arabian Column Pipes Company's" extraordinary general assembly meeting held on 22 January 2018, it took voluntary liquidation decision, the subsidiary financial statements have not been consolidated due to absence of one of the consolidated terms in accordance with the requirements of (IFRS 10) (Consolidated Financial Statements) as there is no control over this subsidiary . The liquidation procedures are performing by independent liquidator.

10- Investments in subsidiaries

This item consists of :

	2018 JD	2017 JD
Balance at the beginning of the year	851,842	784,215
Change in fair value (Not 16)	(137,724)	67,267
Balance at the end of the year	714,118	851,482

Financial assets at fair value through other comprehensive income include 5,000 share of Al Ameen Investment Company reserved against the membership of the Board of Directors of the , where the fair value of these reserved shares as of December 31, 2018 were 2,800 JD .

11- Cash and cash equivalents

This item consists of :

	2018 JD	2017 JD
Cash on hand	36,490	6,000
Cash at banks	758,244	383,919
Bank deposit	400,000	1,000,000
Total	1,194,734	1,389,919

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12- Accounts Receivable

a. This item consists of :

	2018	2017
	JD	JD
Checks under collection(Not 12 B)	401,447	118,000
Tenders Receivables	1,712,844	2,761,359
Export Receivables	292,405	684,196
Trade Receivables	85,209	169,729
Other Receivables	422,356	374,496
Total	2,914,261	4,107,780
Less: Provision of expected credit loss	(684,154)	(175,000)
Net	2,230,107	3,932,780

b. The maturity of the checks on the collection is valid until 28 February 2019 .

c. The movement of the provision for doubtful debts is as follows:

	2018	2017
	JD	JD
Balance at 1 January	175,000	175,000
The impact of application of the International Financial Reporting Standard No. 9 (Not 4)	509,154	-
Balance	684,154	175,000

13- Inventory

This item consists of :

	2018	2017
	JD	JD
Raw Materials	2,509,429	2,126,565
Finished goods	4,913,863	3,907,429
Supplies and tools	981,171	865,908
Total	8,404,463	6,899,902
Provision for slow moving items	(203,044)	(258,936)
Net	8,201,419	6,640,966

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14- Other Debit Balances

This item consists of :

	2018	2017
	JD	JD
Prepaid Expenses	45,759	45,598
Guarantees deposits	30,748	55,205
Refundable Deposits	25,480	25,840
Employee benefits	49,574	58,118
Income tax deposits	18,465	-
Total	170,026	184,761

15- Equity

Share Capital

The authorized and paid-up capital of JD 990 million is distributed on 9,000,000 shares, the nominal value of JD 1.

Statutory Reserve

As required by the Jordanian Companies Law , 10% of the profit before tax is to be transferred to statutory reserve. This reserve is not available for distribution to the shareholder, which was 25% of the company's paid up capital. The Board of Directors and the General Assembly agreed to stop deducting this reserve, which reached the ceiling permitted to be deducted under the Jordanian Companies Law , which is 25% of the capital.

Voluntary Reserve

The amounts collected in this account was transferred from annual profit before taxes and by percentage not exceed 20% during the year This reserve is used for the purposes determined by the Board of Directors and is entitled the General Assembly for a full or partial distribution to shareholders.

16- Fair value reserve for financial assets

This item consists of :

	2018	2017
	JD	JD
Balance at the beginning of the year	86,835	19,208
Net change in fair value	(137,724)	67,627
Balance at the end of the year	(50,889)	86,835

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17- Retained Earning

a. This item consists of :	2018	2017
	JD	JD
Balance at the beginning of the year	1,678,300	1,258,927
The impact of application of the International Financial Reporting Standard No. 9 (Not 12 c)	(509,154)	-
Income tax for previous years	(6,537)	-
Adjusted opening balance	1,162,609	1,258,927
Profit for the year	391,150	869,903
Distributed profits to shareholders (Not 17B)	(540,000)	(450,000)
Balance at end of year	1,013,759	1,678,830
b. According to the company general assembly which was held on March 27, 2018 it was decided to distribute 6% as cash dividends amounty to JD (540,000) .		

18- Notes Payable

This Item represents the value of issued notes payable in favor of Jordan Islamic Bank (Main shareholder) against raw materials purchases, as the maturity of all of these notes payable during 24 September 2019 . All the notes payable guaranteed by the Company's name.

19- Transactions with related parties

Related parties represent key shareholders, associates, subsidiaries, directors and companies with principal owners. The prices and terms of these transactions are approved by the Company's management

The following table summarizes the balances shown in the statement of financial position of related parties

	Relationshi p type	Nature of dealing	2018	2017
			JD	JD
Arabian Column Pipes Company	subsidiary company	Purchases and sales	299,211	308,061
Total			299,211	308,061

The following is a summary of the benefits (salaries, bonuses, other benefits) of the senior executive management and board of directors of the company

	2018	2017
	JD	JD
Other salaries and benefits	263,667	253,441

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20- Income tax provision

a. The movement of the provision for Income tax is as follows:	2018 JD	2017 JD
Balance at the beginning of the year	11,714	13,280
year income tax	14,617	35,217
Paid income tax	(42,300)	(8,199)
Paid in advance for income tax	-	(28,584)
Balance at end of year (Other debit balances)	(15,969)	11,714

- b. The status of the income tax was settled until 31 December 2015 for the file of the Investment Authority file No. 300001525, and the approval of the year 2017 by the Income and Sales Tax Department

Income tax returns for the year 2016 have been submitted to the Investment Authority and have not been audited by the Income and Sales Tax Department.

The situation has been settled for income tax for the old standard file until 31 December 2016 except for the year 2014.

The company's regular file for 2014 was reviewed by the income and sales tax department. The department demands that the company pay an income tax balance of 42,007 dinars and a legal compensation of 51,605 dinars. And the issue of the prevention of a claim has been registered with the Tax Court of First Instance as the company's tax consultant opinion that the income and sales tax department unjustified in their request.

The sales tax file of the Income and Sales Tax Department was canceled and the sales tax file was

- c. **The Accounting profit reconciliation with Tax profit as follows:**

	2018 JD	2017 JD
Accounting profit	412,907	912,509
Non-taxable profits	(72,175)	(208,175)
unacceptable tax expenses	(224,643)	0
Expenses not taxable	176,260	0
Tax profit	292,349	704,334
Legal Income Tax Rate	5%	5%
Income tax due for the year	14,617	35,217
Recoveries from deferred tax assets(not 8b)	7,140	7,389
Income Tax for the year	21,757	42,606

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21- Other Credit Balances

This item consists of :	2018	2017
	JD	JD
Sales tax deposits	20,241	159,555
Employee vacation provision	50,267	57,116
Board of directors and management directors Bonuses provision	34,329	34,014
Shareholders Deposits	27,969	21,297
Social security deposit	17,193	17,854
Accrued expenses	4,386	9,497
End of services provision	-	547
Other	90,478	45,477
Total	244,863	345,357

22- Sales

This item consists of :	2018	2017
	JD	JD
Local sales	2,407,739	3,385,221
Export sales	1,354,866	739,668
Tenders Sales	3,084,009	4,283,595
Total	6,846,614	8,408,484
Reached export sales ratio	8.80%	19.79%

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23- Cost of sales

This item consists of :	2018	2017
	JD	JD
Beginning raw materials	2,126,565	2,227,354
Raw Materials purchases	5,217,364	4,758,973
Ending raw materials (Not 13)	(2,509,429)	(2,118,865)
Manufacturing cost	4,834,500	4,867,462
Manufacturing expenses (Not 24)	1,958,759	2,049,414
Cost of goods manufactured	6,793,259	6,916,876
Beginning finished goods	3,907,429	3,690,499
Ending finished goods (Not 13)	(4,913,863)	(3,907,429)
Cost of sales	5,786,825	6,699,946

24- Manufacturing Expenses

This item consists of :	2018	2017
	JD	JD
Salaries wages	932,034	966,811
Companies Share in social security	110,079	115,415
Deposits and Subscriptions	12,469	12,815
Health Insurance and General Safety	35,691	28,306
Depreciation and amortization	298,481	288,518
Hospitality and cleaning Expenses	2,522	4,589
Electricity and water expenses	344,000	340,431
Security expenses	21,672	23,670
General Maintenance and Spare parts	105,838	158,907
Tools and Supplies	29,331	44,270
Vehicle and Forklifts	65,431	65,173
Stationary and Office Supplies	1,211	509
Total	1,958,759	2,049,414

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25- Administrative Expenses

This item consists of :

	2018	2017
	JD	JD
Salaries wages and bonuses	255,196	252,434
Social security	27,859	26,929
Deprecation	19,911	21,437
Board of Directors transportation	37,080	28,375
Travel and accommodation	1,968	4,445
Professional fees and consulting	15,500	14,500
Subscriptions	12,284	12,313
Vehicle expenses	6,528	4,139
Hospitality and General Assembly expenses	6,899	7,295
General insurance and health insurance	4,341	3,284
Telecommunication	6,977	8,241
Security	4,128	4,490
Stationary and publications	2,004	3,049
Cleaning , fuels and heating expenses	4,827	4,396
Commissions and bank guarantees	1,946	2,004
Donations	1,479	675
Maintenance	3,703	3,971
Stamps and governmental fees	2,011	3,712
Advertising expenses	484	505
Total	415,125	406,194

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26- Selling and Distribution expenses

This item consists of :

	2018	2017
	JD	JD
Salaries wages ,social security	43,388	40,571
Tenders expenses	18,668	28,249
Delivery expenses	19,615	21,329
Maintenance, cars fuel and transportation	8,439	6,433
Guarantees and commission expenses tenders	9,102	9,143
Advertising expenses and exhibitions	10,529	12,359
Travel and accommodation	7,996	5,234
Fright and clearance	2,637	3,308
Transfer expenses	63,393	66,843
External sale expenses	15,474	18,193
Samples and tender examination	2,144	1,520
Depreciation	3,066	3,066
Stamps and governmental fees	2,443	30,516
Trucks expenses and timbers for tenders	1,141	931
Total	208,035	247,695

27- Other Revenues

This item consists of :

	2018	2017
	JD	JD
Investment Portfolio Gains	29,851	23,680
distributed Dividends	33,960	5,550
Gain from sale of property , plant and equipment	-	1,191
Others	1,510	-
Total	65,321	30,421

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28- Basic and diluted earningig per share

This item consists of :

	<u>2018</u>	<u>2017</u>
	JD	JD
Profit of the year after tax	391,150	869,903
Weighted average shares (share)	9,000,000	9,000,000
Basic and diluted earningig per share	<u>0.043</u>	<u>0.097</u>

29- Contingent Liabilities

This item consists of :

	<u>2018</u>	<u>2017</u>
	JD	JD
Bank guarantees	307,476	552,050
Letters of credit	983,305	107,480
Total	<u>1,290,781</u>	<u>659,530</u>

30- Subsequent events

The Board of Directors in January 8,2018 to voluntary liquidate the subsidiary " Arabian Colom Pipes Company " .

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31- Segment Information

	2018		
	The main activity	others	Total
	JD	JD	JD
Net sales	6,846,614	138,188	6,984,802
<u>Assets and liabilities</u>			
Assets	15,856,803	890,366	16,747,169
Liabilities	3,472,797	–	3,472,797
<u>other segment</u>			
Capital expenditure	402,798	–	402,798
Depreciation	320,217	–	320,217
	2017		
	The main activity	others	Total
	JD	JD	JD
Net sales	8,408,484	51,484	8,459,968
<u>Assets and liabilities</u>			
Assets	16,134,383	1,028,090	17,162,473
Liabilities	3,085,835	–	3,085,835
<u>other segment</u>			
Capital expenditure	274,100	–	274,100
Depreciation	303,642	–	303,642

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32- The analysis of maturity of assets and liabilities

the following table shows the analysis of assets and liabilities according to the expected period of recovery and settlement :

	2018		
	for year	more than one year	Total
	JD	JD	JD
<u>Assets</u>			
<u>Non-current assets</u>			
Properties , trucks & equipment - Net	–	4,055,172	4,055,172
Intangible assets	–	602	602
Deferred tax assets	–	4,743	4,743
Investment in a subsidiary	–	176,248	176,248
Financial assets at fair value through comprehensive income	–	714,118	714,118
Total Non-current assets	–	4,950,883	4,950,883
<u>Current Assets</u>			
Cash and Cash equivalent	1,194,734	–	1,194,734
Account receivables & Cheques under collection	2,230,107	–	2,230,107
Inventory	8,201,419	–	8,201,419
Other debit balances	170,026	–	170,026
Total Current Assets	11,796,286	–	11,796,286
Total Assets	11,796,286	4,950,883	16,747,169
<u>Current Liabilities</u>			
Notes payable due within a year	2,083,587	211,523	2,295,110
Account payable	633,612	–	633,612
Related party receivables	299,211	–	299,211
Other credit balances	244,863	–	244,863
Total Current Liabilities	3,261,273	–	3,472,796
Net	8,535,013	4,739,360	13,274,373

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32- The analysis of maturity of assets and liabilities

the following table shows the analysis of assets and liabilities according to the expected period of recovery and settlement :

	2017		
	for year	more than one year	Total
	JD	JD	JD
<u>Assets</u>			
<u>Non-current assets</u>			
Properties , trucks & equipment - Net	-	3,913,451	3,913,451
Intangible assets	-	1,843	1,843
Projects under construction	-	59,139	59,139
Deferred tax assets	-	11,884	11,884
Investment in a subsidiary	-	176,248	176,248
Financial assets at fair value through comprehensive income	-	851,842	851,842
Total Non-current assets	-	5,014,407	5,014,407
<u>Current Assets</u>			
Cash and Cash equivalent	1,389,919	-	1,389,919
Account receivables & Cheques under collection	3,932,780	-	3,932,780
Inventory	6,640,966	-	6,640,966
Other debit balances	184,401	-	184,401
Total Current Assets	12,148,066	-	12,148,066
Total Assets	12,148,066	5,014,407	17,162,473
<u>Current Liabilities</u>			
Notes payable due within a year	2,163,563	-	2,163,563
Account payable	257,140	-	257,140
Related party receivables	308,061	-	308,061
Income tax provision	11,714	-	11,714
Other credit balances	345,357	-	345,357
Total Current Liabilities	3,085,835	-	3,085,835
Net	9,062,231	5,014,407	14,076,638

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33- Risk management

Financial instruments consist of financial assets and liabilities. The Financial assets include bank balances, cash in hand, account receivables and checks on collection. and the Financial liabilities include account payables.

Fair value

The fair values of financial assets and liabilities are not materially different from their carrying values as most financial instruments are either short-term in nature or continually repriced.

Credit risks

Credit risk is the risk that may arise from the default or inability of debtors and other parties to meet their obligations to the Company.

The company believes that it is not exposed to the risk of collection because its transactions are in cash, and the company maintains balances and deposits with leading banking institutions.

Liquidity risks

Liquidity risk is the risk that the Company will not be able to provide the necessary funding to meet its due dates. To avoid these risks, the Company diversifies its sources of finance, manages and adjusts its assets and liabilities and maintains an adequate balance of cash and cash equivalents.

	2018		
	Less than three months	From three months to 12 months	Total
	JD	JD	JD
Notes payable due within a year	-	2,083,587	2,083,587
Account payable	-	633,612	633,612
Related party receivables	-	299,211	299,211
Other credit balances	-	244,863	244,863
Total	-	3,261,273	3,261,273

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	2017		
	Less than three months	From three months to 12 months	Total
	JD	JD	JD
Notes payable due within a year	-	2,163,563	2,163,563
Account payable	-	257,140	257,140
Related party receivables	-	308,061	308,061
Income tax provision	-	11,714	11,714
Other credit balances	-	345,357	345,357
Total	-	3,085,835	3,085,835

Interest rate risks:

The Company may be exposed to interest rate risk on its financial assets and liabilities that appear interest, such as: banks. Once bank overdrafts are short-term ones, and other assets and liabilities do not bear any interest rates, so the risks that may affect the Company are insignificant.

Foreign currency risk

Most of the company's transactions are in Jordanian Dinars and US Dollars. The dinar is pegged to a fixed rate with the US Dollar, and therefore the impact of currency risk is not significant to the financial statements.

34- Capital management

The main objective of the Company's capital management is to ensure that appropriate capital ratios are maintained in a manner that supports the Company's activity and maximizes equity.

The Company manages the capital structure and makes necessary adjustments in light of changes in working conditions. The Company did not make any changes to the objectives, policies and procedures related to capital structure during the current and previous financial year.

The items included in the capital structure consist of paid up capital, issue premium, voluntary reserve, voluntary reserve and retained earnings totaling JD 13,325,262 as of December 31,2018 against JD 13,989,803 as of December 31,2017

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35- Issues

There is the issue of labor are built on the company to demand the separation allowance from work and still pending.

There are cases set up by the company to third parties worth 485,668 JD and some of them were issued in a decision, but the prosecution has not yet been implemented.

36- Comparative

Some of comparative figures have reclassified – when needed – to confirm with current year's figures.