

United Cable Industries Company
Public Shareholding Company
Financial Statements
31 December 2023

**United Cable Industries Company
Public Shareholding Company**

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Independent Auditor's Report

To The Shareholders of
United Cable Industries Company
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the financial statements of **United Cable Industries Company PLC**, which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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 (ISA). 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 ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1- Provision for Expected Credit Loss

Included in the accompanying financial statements at the end of the year 2023 financial assets totaling JOD (16,984,169), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

2- Cost of Finished Goods and Work in Process

Included in the accompanying financial statements at the end of the year 2023 finished goods and work in process totaling JOD (12,713,007). As determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 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.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

United Cable Industries Company PLC maintains for the year ended at 31 December 2023 proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

28 February 2024
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

United Cable Industries Company
Public Shareholding Company
Statement of Financial Position
As at 31 December 2023
(In Jordanian Dinar)

| | Notes | 2023 | 2022 |
|--|-------|--------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 14,882,552 | 12,441,793 |
| Projects under construction | | - | 2,948,699 |
| Accounts receivable - long term | 6 | - | 237,793 |
| Total non - current assets | | <u>14,882,552</u> | <u>15,628,285</u> |
| Current assets | | | |
| Inventories | 4 | 15,362,754 | 17,906,620 |
| Spare parts | | 985,340 | 971,199 |
| Sales tax withholdings | | 92,800 | - |
| Other current assets | 5 | 417,031 | 712,931 |
| Accounts receivable – short term | 6 | 12,545,191 | 12,808,564 |
| Notes receivable | 7 | 195,144 | 128,138 |
| Checks under collection | | 3,591,813 | 3,668,958 |
| Cash and cash equivalents | 8 | 1,785,245 | 725,064 |
| Total current assets | | <u>34,975,318</u> | <u>36,921,474</u> |
| Total assets | | <u>49,857,870</u> | <u>52,549,759</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| | 9 | | |
| Paid-in capital | | 35,000,000 | 35,000,000 |
| Statutory reserve | | 137,314 | 888,700 |
| Voluntary reserve | | - | 143,726 |
| Retained earnings (Accumulated losses) | | 882,528 | (1,037,951) |
| Total equity | | <u>36,019,842</u> | <u>34,994,475</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Bank facilities - long term | 10 | 1,243,701 | 2,419,347 |
| Current liabilities | | | |
| Bank facilities – short term | 10 | 7,159,892 | 9,994,873 |
| Accounts payable | | 4,435,846 | 4,057,938 |
| Shareholders’ withholdings | 11 | 526,962 | 559,659 |
| Sales tax withholdings | | - | 116,310 |
| Postdated checks | | 813 | 47,608 |
| Other current liabilities | 12 | 470,814 | 359,549 |
| Total current liabilities | | <u>12,594,327</u> | <u>15,135,937</u> |
| Total liabilities | | <u>13,838,028</u> | <u>17,555,284</u> |
| Total equity and liabilities | | <u>49,857,870</u> | <u>52,549,759</u> |

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

United Cable Industries Company
Public Shareholding Company
Statement of Comprehensive Income
For the Year Ended 31 December 2023

(In Jordanian Dinar)

| | Notes | 2023 | 2022 |
|--|-------|-------------------------|-----------------------|
| Sales | 13 | 57,163,806 | 51,805,455 |
| Cost of sales | 14 | <u>(53,867,920)</u> | <u>(49,191,101)</u> |
| Gross profit | | 3,295,886 | 2,614,354 |
| Administrative expenses | 16 | (626,228) | (677,749) |
| Selling and distribution expenses | 17 | (622,496) | (758,497) |
| Financing expenses | | (543,894) | (412,054) |
| Provision for expected credit loss | 5 , 6 | (160,303) | - |
| Other revenues | | 30,172 | 48,808 |
| Board of Directors remuneration | | <u>(25,000)</u> | <u>-</u> |
| Profit for the year before income tax | | 1,348,137 | 814,862 |
| Prior years income tax | 20 | (31,963) | - |
| Income tax expense for the year | 20 | (276,282) | (156,200) |
| National Contribution tax for the year | 20 | <u>(14,525)</u> | <u>(8,624)</u> |
| Total comprehensive income for the year | | <u>1,025,367</u> | <u>650,038</u> |
| | | | |
| Basic and diluted earnings per share | 19 | <u>0.029</u> | <u>0.019</u> |

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

United Cable Industries Company
Public Shareholding Company
Statement of Changes in Equity
For the Year Ended 31 December 2023

(In Jordanian Dinar)

| | Paid - in Capital | Reserves | | Retained earnings (Accumulated losses) | Total |
|---|----------------------|----------------|----------------|---|-------------------|
| | | Statutory | Voluntary | | |
| Balance as at 1 January 2023 | 35,000,000 | 888,700 | 143,726 | (1,037,951) | 34,994,475 |
| Extinguishment of accumulated losses (Note 9) | - | (888,700) | (143,726) | 1,032,426 | - |
| Total comprehensive income for the year | - | - | - | 1,025,367 | 1,025,367 |
| Statutory reserve | - | 137,314 | - | (137,314) | - |
| Balance as at 31 December 2023 | 35,000,000 | 137,314 | - | 882,528 | 36,019,842 |
| Balance as at 1 January 2022 | 35,000,000 | 807,214 | 143,726 | (1,606,503) | 34,344,437 |
| Total comprehensive income for the year | - | - | - | 650,038 | 650,038 |
| Statutory reserve | - | 81,486 | - | (81,486) | - |
| Balance as at 31 December 2022 | 35,000,000 | 888,700 | 143,726 | (1,037,951) | 34,994,475 |

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

United Cable Industries Company
Public Shareholding Company
Statement of Cash Flows
For the Year Ended 31 December 2023

(In Jordanian Dinar)

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Operating activities | | |
| Profit for the year before income tax | 1,348,137 | 814,862 |
| Depreciation | 1,337,032 | 1,281,314 |
| Accrued employees' incentives | 96,500 | 176,616 |
| Provision for expected credit loss | 160,303 | - |
| Board of Directors remuneration | 25,000 | - |
| Changes in working capital | | |
| Checks under collection | 77,145 | 1,645,443 |
| Accounts receivable | 351,166 | (2,775,500) |
| Notes receivable | (67,006) | 2,000 |
| Inventories | 2,543,866 | (4,099,627) |
| Spare parts | (14,141) | (29,457) |
| Other current assets | 285,597 | (203,508) |
| Accounts payable | 377,908 | 87,588 |
| Postdated checks | (46,795) | (3,671) |
| Other current liabilities | (165,861) | (114,369) |
| Sales tax withholdings | (209,110) | 545,172 |
| Paid income tax | (167,144) | (136,096) |
| Net cash flows from (used in) operating activities | 5,932,597 | (2,809,233) |
| Investing activities | | |
| Property, plant and equipment and projects under construction | (829,092) | (1,551,064) |
| Financing activities | | |
| Bank facilities | (4,010,627) | 4,330,522 |
| Shareholders' withholdings | (32,697) | (6,149) |
| Net cash flows (used in) from financing activities | (4,043,324) | 4,324,373 |
| Changes in cash and cash equivalents | 1,060,181 | (35,924) |
| Cash and cash equivalents, beginning of the year | 725,064 | 760,988 |
| Cash and cash equivalents, end of the year | 1,785,245 | 725,064 |

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

United Cable Industries Company
Public Shareholding Company
Notes to the Financial Statements
31 December 2023

(In Jordanian Dinar)

1 . General

United Cable Industries Company was established on 5 July 2007 in accordance with Jordanian Companies Law No. (441) as a Public Shareholding Company. The Company head office is in the Hashemite Kingdom of Jordan. Company's main objective is manufacturing cables and related products.

Company's shares are listed in Amman Stock Exchange.

The accompanying financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 15 February 2024 and it is subject to the General Assembly approval.

2 . Summary of Significant Accounting Policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis.

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

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the year.

Adoption of new and revised IFRS standards

The following amendments to standards have been published that are mandatory for accounting periods beginning on or after 1 January 2023.

| <u>New IFRS and amendments</u> | <u>Effective Date</u> |
|--|-----------------------|
| The amendments aim to improve accounting policy disclosures and to help users of the financial statements to differentiate between changes in accounting estimates and changes in accounting policies. (Amendments to IAS 1 & IAS 8) | 1 January 2023 |
| These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. (Amendments to IAS 12). | 1 January 2023 |

The adoption of these amendments has no material impact on the financial statements of the Company for the current and past year.

Use of Estimates

The preparation of the 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 affect the revenues, expenses and the provisions. 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 changes in such provisions.

The main estimates used in the preparation of the financial statements are as follow:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

Property, Plant and Equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

| | |
|-------------------------|--------|
| Buildings | 2-10% |
| Machinery and equipment | 5% |
| Production tools | 10-20% |
| Solar power system | 5% |
| Others | 10-25% |

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

Projects under construction

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

Inventories, spare parts and raw materials

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

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and at bank in current accounts and call deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Accounts Payable and Accruals

Accounts payable and accrued expenses are recognized when goods are received and services are performed.

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.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Short-term-leases and leases of low-value assets

The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Revenues

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Interest revenue is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis.

Borrowings

Borrowing costs are expensed as incurred.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

3 . Property, Plant and Equipment

| | <u>Lands</u> | <u>Buildings</u> | <u>Machinery & Equipment</u> | <u>Production tools</u> | <u>Solar power system</u> | <u>Others</u> | <u>Total</u> |
|--|----------------|------------------|----------------------------------|-------------------------|---------------------------|------------------|-------------------|
| Cost | | | | | | | |
| Balance as at 1/1/2023 | 465,403 | 5,190,236 | 16,489,188 | 4,562,948 | 2,675,072 | 2,028,261 | 31,411,108 |
| Additions | - | 50,778 | 29,073 | 142,684 | 127,839 | 81,725 | 432,099 |
| Transfers from projects under construction | - | 1,627,248 | 1,718,444 | - | - | - | 3,345,692 |
| Disposal | - | - | - | - | - | (16,439) | (16,439) |
| Balance as at 31/12/2023 | <u>465,403</u> | <u>6,868,262</u> | <u>18,236,705</u> | <u>4,705,632</u> | <u>2,802,911</u> | <u>2,093,547</u> | <u>35,172,460</u> |
| Accumulated depreciation | | | | | | | |
| Balance as at 1/1/2023 | - | 2,177,252 | 10,300,686 | 4,252,101 | 602,263 | 1,637,013 | 18,969,315 |
| Depreciation | - | 184,817 | 847,133 | 75,306 | 134,975 | 94,801 | 1,337,032 |
| Disposal | - | - | - | - | - | (16,439) | (16,439) |
| Balance as at 31/12/2023 | - | <u>2,362,069</u> | <u>11,147,819</u> | <u>4,327,407</u> | <u>737,238</u> | <u>1,715,375</u> | <u>20,289,908</u> |
| Net book value as at 31/12/2023 | <u>465,403</u> | <u>4,506,193</u> | <u>7,088,886</u> | <u>378,225</u> | <u>2,065,673</u> | <u>378,172</u> | <u>14,882,552</u> |
| Cost | | | | | | | |
| Balance as at 1/1/2022 | 465,403 | 5,179,348 | 16,388,292 | 4,356,241 | 2,675,072 | 1,946,400 | 31,010,756 |
| Additions | - | 10,888 | 100,896 | 206,707 | - | 103,888 | 422,379 |
| Disposal | - | - | - | - | - | (22,027) | (22,027) |
| Balance as at 31/12/2022 | <u>465,403</u> | <u>5,190,236</u> | <u>16,489,188</u> | <u>4,562,948</u> | <u>2,675,072</u> | <u>2,028,261</u> | <u>31,411,108</u> |
| Accumulated depreciation | | | | | | | |
| Balance as at 1/1/2022 | - | 2,012,697 | 9,479,902 | 4,188,901 | 468,510 | 1,560,018 | 17,710,028 |
| Depreciation | - | 164,555 | 820,784 | 63,200 | 133,753 | 99,022 | 1,281,314 |
| Disposal | - | - | - | - | - | (22,027) | (22,027) |
| Balance as at 31/12/2022 | - | <u>2,177,252</u> | <u>10,300,686</u> | <u>4,252,101</u> | <u>602,263</u> | <u>1,637,013</u> | <u>18,969,315</u> |
| Net book value as at 31/12/2022 | <u>465,403</u> | <u>3,012,984</u> | <u>6,188,502</u> | <u>310,847</u> | <u>2,072,809</u> | <u>391,248</u> | <u>12,441,793</u> |

4 . Inventories

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Finished goods | 6,045,461 | 7,313,108 |
| Work in process | 6,667,546 | 6,103,343 |
| Raw materials, packaging and consumables | 2,649,747 | 4,490,169 |
| | <u>15,362,754</u> | <u>17,906,620</u> |

5 . Other Current Assets

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| Refundable deposits | 257,596 | 257,596 |
| Letters of credit | 110,425 | 313,230 |
| Employees receivable | 50,528 | 50,546 |
| Refundable sales tax withholdings | 15,943 | 27,943 |
| Prepaid expenses | 24,253 | 41,455 |
| Accrued revenues | 8,272 | 15,982 |
| Others | 317 | 46,179 |
| Provision for expected credit loss - Employees receivable | <u>(50,303)</u> | <u>(40,000)</u> |
| | <u>417,031</u> | <u>712,931</u> |

The movement on the provision for expected credit loss - employees receivable was as follow:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 40,000 | 40,000 |
| Provision for the year | 10,303 | - |
| Balance at the end of the year | <u>50,303</u> | <u>40,000</u> |

6 . Accounts Receivable

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Accounts receivable | 13,032,439 | 13,383,605 |
| Provision for expected credit loss | <u>(487,248)</u> | <u>(337,248)</u> |
| | <u>12,545,191</u> | <u>13,046,357</u> |

The movement on the provision for expected credit loss was as follow:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-----------------------|-----------------------|
| Balance at the beginning of the year | 337,248 | 337,248 |
| Provision for the year | 150,000 | - |
| Balance at the end of the year | <u>487,248</u> | <u>337,248</u> |

Company's management believes that all past due not impaired accounts receivables are collectable in full.

7 . Notes Receivable

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-----------------------|-----------------------|
| Notes receivable | 309,389 | 242,383 |
| Provision for expected credit loss | <u>(114,245)</u> | <u>(114,245)</u> |
| | <u>195,144</u> | <u>128,138</u> |

8 . Cash and Cash Equivalents

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------------|-----------------------|
| Cash on hand | 19,184 | 38,832 |
| Current accounts at banks | <u>1,766,061</u> | <u>686,232</u> |
| | <u>1,785,245</u> | <u>725,064</u> |

9 . Equity

Paid in Capital

The Company's authorized, subscribed and paid in capital is JOD (35) million divided equally into (35) million shares with par value of JOD (1) each as at 31 December 2023 and 2022.

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

Extinguishment of Accumulated losses

The General Assembly has resolved in its extraordinary meeting held during the year 2023 to extinguish a portion of the accumulated losses balance as at 31/12/2022, by an amount of JOD (888,700) from the statutory reserve balance as at 31/12/2022, and an amount of JOD (143,726) from the voluntary reserve balance as at 31/12/2022.

Proposed dividends

The Board of Directors will propose to the General Assembly in its meeting which will be held in 2024 to distribute (2.5%) cash dividends to the shareholders.

10 . Bank Facilities

| Credit Type | Currency | Interest rate | Maturity date | JOD Equivalent Amount | |
|----------------------------------|----------|---------------|---------------|-----------------------|---------------------|
| | | | | Facility limit | Outstanding balance |
| Letters of credit financing loan | USD | 6.375% - 6.5% | 2024 | 11,360,000 | 5,686,012 |
| Loan | JOD | 2.9% | 2024 | 352,200 | 352,200 |
| Murabaha loan | JOD | 1.6% - 2.4% | 2024 - 2028 | 1,427,881 | 1,427,881 |
| Loan (Covid-19) | JOD | 3% | 2024 - 2025 | 937,500 | 937,500 |
| | | | | | 8,403,593 |

11 . Shareholders' Withholdings

| | 2023 | 2022 |
|---|----------------|----------------|
| Shareholders' withholdings against dividends | 236,732 | 251,337 |
| Shareholders' withholdings against capital decrease | 290,230 | 308,322 |
| | 526,962 | 559,659 |

12 . Other Current Liabilities

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Accrued employees' incentives | 96,500 | 176,616 |
| Provision for income tax (Note 20) | 273,391 | 117,765 |
| Social security withholdings | 24,630 | 24,812 |
| Provision for Board of Directors remuneration | 25,000 | - |
| Accrued expenses | 28,875 | 17,257 |
| Employees payable | 1,627 | 1,982 |
| Others | 20,791 | 21,117 |
| | <u>470,814</u> | <u>359,549</u> |

13 . Segment Information

The following is an analysis of the Company's sales based on operating factories:

| | 2023 | | | |
|--------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| | <u>Cable Factory</u> | <u>PVC Factory</u> | <u>Oil Factory</u> | <u>Total</u> |
| Local sales | 25,806,100 | 189,716 | 198,517 | 26,194,333 |
| Foreign sales | 30,969,473 | - | - | 30,969,473 |
| Total sales | <u>56,775,573</u> | <u>189,716</u> | <u>198,517</u> | <u>57,163,806</u> |
| | 2022 | | | |
| | <u>Cable Factory</u> | <u>PVC Factory</u> | <u>Oil Factory</u> | <u>Total</u> |
| Local sales | 21,508,239 | 1,123 | 95,028 | 21,604,390 |
| Foreign sales | 30,128,775 | 72,290 | - | 30,201,065 |
| Total sales | <u>51,637,014</u> | <u>73,413</u> | <u>95,028</u> | <u>51,805,455</u> |

14 . Cost of Sales

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| Beginning balance of finished goods and work in process inventories | 13,416,451 | 11,450,856 |
| Raw materials used in production | 49,252,981 | 47,565,840 |
| Manufacturing expenses (Note 15) | 3,911,495 | 3,590,856 |
| Ending balance of finished goods and work in process inventories | <u>(12,713,007)</u> | <u>(13,416,451)</u> |
| | <u>53,867,920</u> | <u>49,191,101</u> |

15 . Manufacturing Expenses

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------------|-------------------------|
| Salaries, benefits and allowances | 1,477,359 | 1,389,157 |
| Depreciation (Note 3) | 1,303,894 | 1,244,396 |
| Electricity | 212,204 | 139,022 |
| Maintenance | 177,810 | 129,398 |
| Travel and transportation | 176,039 | 140,687 |
| Insurance | 173,975 | 218,442 |
| Loading and lifting | 97,569 | 81,168 |
| Quality control | 77,620 | 31,525 |
| Safety and security | 45,800 | 46,800 |
| Consumables | 43,233 | 42,946 |
| Hospitality and cleaning | 29,598 | 28,055 |
| Water | 16,412 | 14,304 |
| Vehicles expenses | 15,674 | 19,097 |
| Non-deductible tax | 10,343 | 17,877 |
| Others | 53,965 | 47,982 |
| | <u>3,911,495</u> | <u>3,590,856</u> |

16 . Administrative Expenses

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| Salaries, benefits and allowances | 408,582 | 489,366 |
| Depreciation (Note 3) | 33,138 | 36,918 |
| Professional and legal fees | 49,908 | 29,270 |
| Subscription and governmental fees | 46,989 | 32,085 |
| Bank fees and currency exchange differences | 27,293 | 33,548 |
| Vehicles expenses | 13,686 | 13,921 |
| Rents | 13,500 | 13,500 |
| Insurance | 13,293 | 15,424 |
| Travel and transportation | 10,677 | 3,616 |
| Telephone, internet and post | 4,424 | 4,121 |
| Utilities | 1,997 | 2,147 |
| Printing and advertising | 1,387 | 2,587 |
| Hospitality and cleaning | 1,077 | 882 |
| Others | 277 | 364 |
| | <u>626,228</u> | <u>677,749</u> |

17 . Selling and Distribution Expenses

| | 2023 | 2022 |
|-----------------------------------|----------------|----------------|
| Salaries, benefits and allowances | 59,314 | 68,732 |
| Loading and lifting | 257,693 | 249,210 |
| Tenders and customs expenses | 156,822 | 190,033 |
| Foreign markets expenses | 11,086 | 93,906 |
| Commissions | 37,284 | 67,186 |
| Stamps and tenders fees | 23,125 | 34,070 |
| Exporting expenses | 18,572 | 16,437 |
| Bank fees | 22,070 | 14,273 |
| Advertisement and promotions | 5,743 | - |
| Insurance | 3,106 | 3,355 |
| Travel and transportation | - | 4,811 |
| Others | 27,681 | 16,484 |
| | 622,496 | 758,497 |

18 . Executive Management Remuneration

The remuneration of executive management during the years 2023 and 2022 amounted to JOD (383,786) and JOD (341,799) respectively.

19 . Basic and Diluted Earnings per Share

| | 2023 | 2022 |
|-----------------------------------|--------------|--------------|
| Profit for the year | 1,025,367 | 650,038 |
| Weighted average number of shares | 35,000,000 | 35,000,000 |
| | 0.029 | 0.019 |

20 . Income Tax

The movement on provision for the income tax during the year was as follows:

| | 2023 | 2022 |
|---|----------------|----------------|
| Balance at beginning of the year | 117,765 | 89,037 |
| Prior years income tax | 31,963 | - |
| Income and National Contribution tax for the year | 290,807 | 164,824 |
| Paid income tax | (167,144) | (136,096) |
| Balance at end of the year (Note 12) | 273,391 | 117,765 |

Income tax expense for the year in the statement of profit or loss consists of the following:

| | 2023 | 2022 |
|--|----------------|----------------|
| Income tax expense for the year | 276,282 | 156,200 |
| National Contribution tax for the year | 14,525 | 8,624 |
| Prior years income tax | 31,963 | - |
| | 322,770 | 164,824 |

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2022.
- The Income and National contribution tax provision for the year ended in 31 December 2023 was calculated in accordance with the Income Tax Law.

21 . Contingent Liabilities

The Company is contingently liable with the following:

| | 2023 |
|-------------------|-----------|
| Letters of credit | 3,876,759 |
| Bank guarantees | 861,137 |

22 . Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, notes and accounts receivable. Financial liabilities of the Company include bank facilities, accounts payable, postdated checks and shareholders' withholdings.

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

23 . Financial Risk Management

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the largest client amounted to JOD (4,143,388) from the total balance of outstanding accounts and notes receivables as at 31 December 2023, JOD (2,947,475) as at 31 December 2022.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and manage assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the financial position to the contractual maturity date.

| 2023 | Less than one year | More than one year | Total |
|----------------------------|-----------------------|-----------------------|-------------------|
| Bank facilities | 7,159,892 | 1,243,701 | 8,403,593 |
| Accounts payable | 4,435,846 | - | 4,435,846 |
| Shareholders' withholdings | 526,962 | - | 526,962 |
| Postdated checks | 813 | - | 813 |
| Other current liabilities | 470,814 | - | 470,814 |
| | <u>12,594,327</u> | <u>1,243,701</u> | <u>13,838,028</u> |
| 2022 | Less than one year | More than one year | Total |
| Bank facilities | 9,994,873 | 2,419,347 | 12,414,220 |
| Accounts payable | 4,057,938 | - | 4,057,938 |
| Shareholders' withholdings | 559,659 | - | 559,659 |
| Sales tax withholdings | 116,310 | - | 116,310 |
| Postdated checks | 47,608 | - | 47,608 |
| Other current liabilities | 359,549 | - | 359,549 |
| | <u>15,135,937</u> | <u>2,419,347</u> | <u>17,555,284</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

24 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between shareholders equity and total debt.

The table below shows the debt to equity ratio:

| | 2023 | 2022 |
|-----------------------------|------------|------------|
| Total Debt | 8,403,593 | 12,414,220 |
| Total Equity | 36,019,842 | 34,994,475 |
| Debt to Equity ratio | 23% | 35% |