Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Amman - the Heshemite Kingdom of Jordan
Financial Statements and Independent
Auditor's Report
for the year ended December 31, 2021

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Amman - the Heshemite Kingdom of Jordan
Financial Statements and Independent Auditor's Report
for the year ended December 31, 2021

Table of Contents

Independent Auditor's Report

To, the Shareholdes,
Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Amman – the Hashemite Kingdom of Jordan

Opinion:

We have audited the financial statements of **Arabian Steel Pipes Manufacturing Company (the "Company")** which comprises of statement of financial position as at December 31, 2021 and the related statements profit or loss and Other Comprehensive Income, changes in Shareholders Equity and cash flows for the year then ended and a summary of significant accounting policies and explanatory notes from 1 to 29.

In our opinion, the financial statements referred to above in whole present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of its operations, its cash flows and changes in Shareholders Equity for the year then ended are in accordance with International Financial Reporting Standards ("IFRS'') as endorsed in the Hashemite Kingdom of Jordan.

Basis for Opinion:

We conducted our audit in accordance with the International Standards on Auditing ("ISAs") that are endorsed the Hashemite Kingdom of Jordan. 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 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 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.

Key Audit Matters	Audit Scope to Cover the Key Audit Matters
1- Accounts Receivable The expected credit loss of the account receivables is considered one of the matters that have an impact over the Company's results. Additionally, it requires significant judgment and estimates from management to determine the default and accordingly the existence of expected credit loss and the financial situation of the debitors. Therefore, the account receivables are considered a key audit matter.	**The audit procedures included the:** Our audit procedures included the assessment of the Company's internal controls over collection processes for receivables; testing for subsequent collection of 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 into considration the the externally available data on trade credit exposures and our own knowledge of the expected credit loss provision. We have also evaluated the adequacy of the Company's disclosures regarding the key estimations involved in the calculation of the provision and the disclosures on the movement of the expected credit losses. The Company has accounts receivables amounted to 2,887,176 JD as of December 31, 2021. An expected credit loss amounted to 496,075 JD for thee receivables has been recognised as of December 31, 2021.

Independent Auditor's Report (continued)

Key Audit Matters (continued):

Key Audit Matters (continued)	Audit Scope to Cover the Key Audit Matters (continued)
2- Slow Moving Inventory to Overall Inventory: The company won't need part of the balance of spare parts and consumables, because it is outdated and unsuitable for use.	The key audit procedures we conducted. We assessed whether provision recorded against old and slow moving inventory in accordance with the Company's accounting policy and we considered the reasonableness and appropriatness of the applied provision policy. We considered the adequacy of the company's disclosures regarding the estimations involved in evaluating the slow moving inventory provision. Based on the work done, we found that the key assumptions used and the resulted estimates and valuation of inventory are appropriate assumptions.

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 the IFRS as endorsed in the Hashemite Kingdom of Jordan, 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.

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 guarantee that an audit conducted in accordance with the ISAs that are endorsed in the Hashemite Kingdom of Jordan 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 those financial statements. As part of an audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Hashemite Kingdom of Jordan, 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, Deprecations, 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued):

- 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 compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of financial statements of the current year 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 Legal Requirements

The Company has proper accounting records which are, in all material aspects, consistent with the accompanying financial statements, accordingly, we recommend the general assembly on approving these financial statements.

Date: 13 February 2022

Al Abbasi & Co.
(Independent Member of Moore Global)

Ahmed M. Abbasi
(License No.710)

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Statement of Financial Position
as at December 31, 2021
(Jordanian Dinars)

	Note	2021	2020
Assets			
Non-current assets:			
Property, plant, and equipment, net	5	**3,453,726**	3,754,930
Intangible assets, net	6	**16**	16
Investment in a subsidiaries	7	**176,248**	176,248
Financial assets measure at fair value through other comprehensive income	8	**732,999**	648,358
Total non-current assets		**4,362,989**	4,579,552
Current assets:			
Accounts receivable, net	9	**2,391,101**	1,818,900
Prepayments and other receivables	10	**279,056**	123,865
Financial assets measure at fair value through profit or loss		**750,000**	160,000
Inventory	11	**6,215,707**	7,626,912
Cheques under collection		**380,309**	455,729
Cash in hand and at banks	12	**268,376**	1,251,960
Total current assets		**10,284,549**	11,437,366
Total Assets		**14,647,538**	16,016,918
Shareholders' Equity and Liabilities			
Shareholders' Equity:			
Share capital paid	13	**9,000,000**	9,000,000
Statutory reserve		**2,250,000**	2,250,000
Voluntary reserve		**1,061,503**	1,061,503
Reserve for financial assets measure at fair value through other comprehensive income	8	**242,742**	130,626
Retained earnings/(Accumelated losses)		**534,941**	(115,591)
Total shareholders' equity		**13,089,186**	12,326,538
Liabilities:			
Non – current libilites:			
Notes payable, non – current	14	-	154,598
Total non – current liabilities		-	154,598
Current liabilities:			
Accounts payable		**88,244**	135,857
Notes payable – current	14	**759,455**	2,908,842
Shareholders deposits		**20,473**	23,848
Due to related party	15	**269,211**	269,211
Accrued expenses and other payables	16	**420,969**	198,024
Income tax provision	17	-	-
Total current liabilities		**1,558,352**	3,535,782
Total liabilities		**1,558,352**	3,690,380
Total shareholders' equity and liabilities		**14,647,538**	16,016,918

The accompanying notes from 1 to 29 are an integral part of these financial statements

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Statement of Profit or Loss and Other Comprehensive Income
for the year ended December 31, 2021
(Jordanian Dinars)

	Note	2021	2020
Sales	18	**7,952,906**	5,968,678
Cost of sales	19	**(6,887,016)**	(5,928,161)
Gross profit		**1,065,890**	40,517
General and administrative expenses	20	**(414,023)**	(398,025)
Selling and distribution expenses	21	**(162,987)**	(211,183)
Income/(Loss) from operations		**488,880**	(568,691)
Murabaha financing costs		**(102,813)**	(109,996)
Remuneration for board of directors		**(35,000)**	-
Expected credit loss provision		**(5,786)**	(319,405)
Recovery of expected credit loss provision		**219,118**	-
Recovery of slow moving inventory provision		**-**	130,734
Other income	22	**74,951**	31,105
Net income/(loss) before tax		**639,350**	(836,253)
Income tax	17	**(28,055)**	-
Deferred tax assets		**-**	(4,451)
Net income/(loss)		**611,295**	(840,704)
Other Comprehensive Income:			
Items that will not be reclassified to in profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**151,353**	83,098
Total comprehensive income/(loss) for the year		**762,648**	(757,606)
Earnings per share ("EPS"):			
Per share of net income/(loss) for the year	23	**0,068**	(0,093)

The accompanying notes from 1 to 29 are an integral part of these financial statements

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Statement of Changes in Shareholders' Equity
for the year ended December 31, 2021
(Jordanian Dinars)

	Share capital paid	Statutory reserve	Voluntary resreve	Reserve for financial assets at fair value through other comprehensive income	Retained earnings/ (Accumelated losses)	Total
2020						
Balance at January 1, 2020 before adjustments	9,000,000	2,250,000	1,061,503	25,253	765,851	13,102,607
Previous years adjustments					(18,463)	(18,463)
Balance at January 1, 2020 after adjustments	9,000,000	2,250,000	1,061,503	25,253	747,388	13,084,144
Net loss	-	-	-	-	(840,704)	(840,704)
Fair value reserve for financial assets	-	-	-	83,098	-	83,098
Closing of the fair value reserve for the shares sold	-	-	-	20,025	(20,025)	-
Losses on sale of financial assets through comprehensive income	-	-	-	2,250	(2,250)	(2,250)
2021						
Balance at December 31, 2020	9,000,000	2,250,000	1,061,503	130,626	(115,591)	12,326,538
Net income	-	-	-	-	**611,295**	**611,295**
Fair value reserve for financial assets	-	-	-	**151,353**	-	**151,353**
Profit on sale of financial assets through comprehensive income	-	-	-	**(39,237)**	**39,237**	-
Balance at December 30, 2021	**9,000,000**	**2,250,000**	**1,061,503**	**242,742**	**534,941**	**13,089,186**

The accompanying notes from 1 to 29 are an integral part of these financial statements

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Statement of Cash Flows
for the year ended December 31, 2021
(Jordanian Dinars)

	2021	2020
Cash Flows from Operating Activities:		
Net income/(loss) for the yaer	639,350	(836,253)
Adjustments to reconcile net income/(loss) to net cash flows provided by operating activities:		
Depreciation of property, plant, and equioment	342,777	341,678
Expected credit loss provision	5,786	319,405
Recovery of expected credit loss provision	(359,566)	-
Gain on sale of property, plant and equipment	(8,938)	(2,611)
Recovery of slow moving inventories provision	-	(130,734)
Previous years adjustments	-	(18,463)
	619,409	(326,978)
Change in the components of working capital:		
Account receivables	(218,421)	560,344
Prepayments and other receivables	(178,553)	89,389
Inventory	1,411,205	1,238,322
Cheques under collection	75,420	11,216
Accounts payable	(47,613)	(259,936)
Accrued expenses and other payables	222,945	(97,286)
Income tax paid	(4,693)	(4023)
Net cash flows provided by operating activities	1,879,699	1,211,048
Cash Flows from Investing Activities:		
Acquisition of properties, plant and equipment	(41,608)	(116,678)
Proceed from sale of properties, plants and equipment	8,973	12,326
Financial assets measure at fair value through profit or loss	(590,000)	(100,000)
Receipts from the sale of financial assets measure at fair value through other comprehensive income	66,712	225,000
Net cash flows (used in)/provided by investing activities	(555,923)	20,648
Cash Flows from Financing Activities:		
Note payable	(2,303,985)	(434,360)
Shareholders deposits	(3,375)	-
Cash flows used in financing activities	(2,307,360)	(434,360)
Net cash (used)/provided during the year	(983,584)	797,336
Cash in hand and at banks at the beginning of the year	1,251,960	454,624
Cash in hand and at banks at the end of the year	268,376	1,251,960
Non-cash transactions		
Transferred from projects in progress to property and equipment	-	137,987

The accompanying notes from 1 to 29 are an integral part of these financial statements

1- Legal Status and Activities

Arabian Steel Pipes Manufacturing Company ("Company") is a Public limited Shareholding Company registered in the Hashimite Kingdom of Jordan under the Commercial Registration No. 208, issued in Amman dated 20 November 1989.

The main activities of the Company include:

- Manufacture of steel pipes of all kinds from 0.5 to .06
- Import and export
- Public commerce
- Production of electrical poles of all kinds, tubular and polygon, communication poles, forming sheet metal and manufacturing components for metal structures and for special use.
- General galvanizing.
- Production of steel towers and their parts for high and medium voltage electricity extension networks, communication towers and lighting towers.
- Isolation of pipes by all methods of isolation.

2- Basis of Preparation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Hashemite Kingdom of Jordan

The financial statements are presented in Jordanian Dinar which represents the functional currency of the Company's activities.

The preparation of the financial statements in accordance with IFRS endorsed in the Hashemite Kingdom of Jordan require the use of some significant accounting estimates and also requires the Company's Management to practice judgments in implementation of the accounting policies. The disclosure of significant estimates and assumption, carried in the preparation of these financial statements, are disclosed in the paragraph of "Significant accounting estimates and assumptions "hereunder".

3- Significant Accounting Estimates and Assumptions:

The preparation of the financial statements in accordance with IFRS requires the use of judgments, estimates and assumptions that may impact the value of revenues, expenses, assets and liabilities and attached notes besides disclosure of liabilities. The uncertainty in respect of these assumptions and estimates may require material adjustment to the carrying amount of asset or liability affected in future years.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in these financial statements:

A- Going concern

The Company's management has no concern regarding the continuance of the Company. Thus, These financial statements were prepared on going concern basis.

3- Significant Accounting Estimates and Assumptions: (continued)

B- Estimated useful life for properties, plants and equipment:

The cost of property, plants and equipment are depreciated over the expected services year which is estimated based on the estimated usage, obsolescence due tom technology advancements and considerations of residual value of the assets. The Company's management did not estimate any residual value for its assets due to immateriality.

C- Provision on of expected credit losses:

The provision of expected credit losses is determined through many factors to ensure that the accounts receivable balances are not overstated as a result of un-collectability, including quality and aging of the accounts receivables and other consideration of un-collectability though continuous credit evaluation of the financial positions of the customers and guarantees required from the customers certain circumstances.

D- Measurement of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted market prices in active markets for identical assets or liabilities;
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting year.

Fair value measurement for unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation, are evaluated on a yearic basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4- Significant Accounting Policies:

Property, and equipment

A- Recognition and measurement:

Property, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss.

An item of property, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognized.

B- Subsequent capital expenditure

Replacement cost of a part of an item in properties, plants and equipment and any other subsequent capital expenditure is recognized at the book value if:

- It is probable that the future economic benefits will flow to the Company due to the added part, expense or cost incurred.
- Its cost can be measured reliably. The book value of the asset that was replaced shall be written off.

C- Depreciation

Depreciation is calculated at cost less the residual value by adopting straight-line method over the useful life of the assets in accordance with the following table:

Item	Percentage of depreciation	Item	Percentage of depreciation
- Building	%3	- Computer	%20-12
- Machinery and equipment	%6.67	- Furniture	%10
- Tools	%35-30	- Office equipment	%20-10
- Vehicles	%15		

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 ahould 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 %

4- Significant Accounting Policies:(continued)

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.

Financial assets measured at fair value through other comprehensive income
Financial assets acquired for the collection of contractual cash flows and the sale of financial assets, in which the cash flows of the asset represent the principal and commission only, are measured at fair value through other comprehensive income. Changes in carrying amount are recognized through other comprehensive income, except for impairment gains or losses, commission income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other profit / loss. Commission income from these financial assets is included in financing income using the effective commission rate method. Foreign exchange gains and losses are recognized in other income / expenses.

Inventory
Inventory is measured at the lower fo 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 slling expenses.

Cash in hand and at banks
Cash in hand and at banks are cash in hand and current account balances at banks.

Revenue Recognition
The Company recognizes revenue from contracts with customer based on five step model as set out in IFRS 15 – Revenue from contracts with customer. As follows:

- **Step 1:** Identify contracts or contracts with customers
- **Step 2:** Defining performance obligations (duties) in the contract;
- **Step 3:** Determine the transaction price
- **Step 4:** Allocate the transaction price to the performance obligation in the contract
- **Step 5:** Revenue recognition when the entity performs performance requirements.

In accordance with IFRS 15, revenue is recognized by the entity when the obligation is performed, that is, when the control of the good or services mentioned in the performance obligation of the contract is fulfilled.

- **Service contracts**
  Revenue from service contracts is recognized in the accounting year in which the services are rendered.

- **Gain or losses resulted from disposal of properties, plants and equipment**
  The gain and losses resulted from disposal of properties, plants and equipment is recognized in the statement of profit and loss on the year by which any of those assets is sold.

- **Recovery of credit losses**
  Recovery of credit losses is recognized in the statement of profit or loss and as reduction from provision of credit loss provision upon collection.

- **Other revenues**
  The other revenues are recognized in the statement of profit or losses when the conditions of its realization are fulfilled.

4- Significant Accounting Policies:(continued)

Tax provision

The Company takes a provision for income tax in accordance with Income Tax Law No. (34) of 2014, and in accordance with IAS (12), where this standard provides for recording deferred tax resulting from the difference between the accounting and tax of assets and liabilities.

Accrued taxes are calculated on the basis of taxable profits. The taxable profits differ from the profits declared in the interim condensed financial statements (unaudited) because the declared profits include non-taxable revenues or non-deductible expenses in the current financial year, but in subsequent years. or accumelated losses or financials areas that are not subject to or deductible for tax purposes.

General and administrative expenses

General and administrative expenses include expenses related to management, and not related to cost of revenues or selling and marketing. Allocations between cost of revenues, general and administrative expenses, when required, are made on consistent basis.

Statutory reserve

In accordance with the company's articles of association and the requirements of the companies' law, the Company is required to set aside 10% of the net profit before tax to a mandatory reserve until this reserve equals 25% of the company's capital. This reserve is not available for distribution.

Voluntary reserve

In accordance with the decision of the company's board of directors, the Company is required to set aside 20% of the net profit before tax to a voluntary reserve. This reserve is available for distribution.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the current obligations to be settled at the end of the year covered by the interim condensed financial statements. Taking into account the risks and uncertainties that may surround these obligations.

Foreign currencies transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or interim condensed statement of income, respectively).

5- Property, Plants, and Equipment

	Lands	Buildings	Machinery and equipment	Technical tools	Vehicles	Computers	Furniture and fixures	Office equipment	Total
Cost									
Balance as of December 31, 2020	927,462	2,552,504	7,161,145	326,437	389,428	108,926	128,170	29,395	11,623,467
Additions	-	839	19,965	1,620	14,034	4,750	400	-	41,608
Disposals	-	-	(50)	-	(16,585)	-	-	-	(16,635)
Balance as of December 31, 2021	**927,462**	**2,553,343**	**7,181,060**	**328,057**	**386,877**	**113,676**	**128,570**	**29,395**	**11,648,440**
Accumulated Depreciation									
Balance as of December 31, 2020	-	(1,277,662)	(5,713,060)	(298,766)	(332,085)	(101,875)	(117,287)	(27,802)	(7,868,537)
Charge for the year	-	(78,764)	(220,007)	(13,891)	(23,821)	(3,328)	(2,010)	(956)	(342,777)
Disposals	-	-	16	-	16,584	-	-	-	16,600
Balance as of December 31, 2021	-	**(1,356,426)**	**(5,933,051)**	**(312,657)**	**(339,322)**	**(105,203)**	**(119,297)**	**(28,758)**	**(8,194,714)**
Book value:									
As of December 31, 2021	**927,462**	**1,196,917**	**1,248,009**	**15,400**	**47,555**	**8,473**	**9,273**	**637**	**3,453,726**
As of December 31, 2020	927,462	1,274,842	1,448,085	27,671	57,343	7,051	10,883	1,593	3,754,930

6- Intangible Assets

	2021	2020
Cost		
Balance as of December 31, 2020	**196,962**	196,962
Additions	-	-
Balance as of December 31, 2021	**196,962**	196,962
Accumulated Amortization		
Balance as of December 31, 2020	**196,946**	196,938
Additions	-	8
Balance as of December 31, 2021	**196,946**	196,946
Book value:	**16**	16

7- Investments in Subsidiaries

	Number of shares	Ownership percentage	2021	2020
Arabian Column Pipes Company - Limited Liability Company	150,000	%100	**176,248**	176,248
			176,248	176,248

The Company's board of directors decided on January 22, 2018 to voluntarily liquidate the subsidiary Company.

8- Financial Assets Measure at Fair Value Through Other Comprehensive Income

	2021	2020
Balance at the beginning of the year	**648,358**	790,260
Sell of financial assets measure at fair value through other comprehensive income	**(27,475)**	(227,250)
Net change in fair value reserve	**112,116**	85,348
	732,999	648,358

The movement of the fair value reserve is as follows:

	2021	2020
Balance at the beginning of the year	**130,626**	25,253
Change in fair value	**151,353**	83,098
Gain/(Loss) on the sale of financial assets through other comprehensive income	**(39,237)**	2,250
Net change in fair value	**112,116**	85,348
Closing reserve fair value of shares sold	-	20,025
	242,742	130,626

9- Accounts Receivable

	2021	2020
Tenders	2,191,544	1,520,778
Exports	399,298	754,233
Trade	62,214	270,943
Other	234,120	122,801
Total	2,887,176	2,668,755
(Less): Expected credit loss provision	(496,075)	(849,855)
Net	2,391,101	1,818,900

The movement of expected credit loss provision is as follows:

	2021	2020
Balance at the beginning of the year	849,855	530,450
Provided during the year	5,786	319,405
Recovery of expected credit loss provision	(359,566)	-
	496,075	849,855

10- Prepayments and Other Receivables

	2021	2020
Refundable deposits	149,019	25,308
Guarantees deposits	35,948	7,238
Prepaid expenses	7,484	9,222
Income tax deposits (note 18)	2,670	28,758
Work injuries	1,852	18,414
Others	82,083	34,925
	279,056	123,865

11- Inventory

	2021	2020
Raw Materials	2,060,728	2,457,607
Finished goods	3,282,060	4,311,613
Supplies and production tools	915,367	900,140
(Less): slow moving inventory provision	(42,448)	(42,448)
	6,215,707	7,626,912

* The movement of slow moving inventory provision is as follows:

	2021	2020
Balance at the beginning of the year	42,448	42,448
Recovery during the year	-	-
	42,448	42,448

12- Cash in Hand and at Banks

	2021	2020
Cash in hand	99,598	7,589
Cash at banks	168,778	1,244,371
	268,376	1,251,960

13- Share Capital

The Company's authorized and fully paid share capital is JD 9,000,000 consists of 9,000,000 equity shares each share is JD 1 shares.

14- Notes Payable

This represents the value of issued notes payable to the Jordan Islamic Bank (main shareholder) against raw materials purchases. All the notes payable guaranteed by the Company's name. The maturity of all the notes payable are on November 20, 2021.

15- Due to related party

	Nature of Relationship	Nature of tranaction	2021	2020
Arabian Column Pipes Company	Subsidiary	Trading	269,211	269,211
			269,211	269,211

During the previous years, the Company conducted transactions with a related party above represented in Trading transactions in the form of sales and purchases, these transactions were carried out on commercial basis and with the approval of the Board of Directors. The above balances are not subject to commission and there are no specific conditions for payment.

16- Accrued Expenses and Other Payables

	2021	2020
Sales tax deposit	256,425	121,629
Employees leave provision	48,819	25,074
Employee incentive provision	44,980	-
Board of directors remuneration	35,000	-
Social committee fund	24,797	28,027
Accrued expenses	8,400	20,625
Income tax deposits	-	162
Scientific research and technical training provision	1,220	1,220
Other	1,328	1,287
	420,969	198,024

17- Income Tax provision

a) Summary of reconciliation of accounting profit/(loss) with tax profit/(loss):

	2021	2020
Accounting profit/(loss)	639,350	(836,253)
75% of dividends received	(27,165)	-
Tax - acceptable from the paid provisions	(219,118)	(130,734)
Non – deductible expenses	74,511	319,405
Adjusted profit/(loss)	467,578	(647,582)
Statutory income tax rate	%5	%5
Income tax for the year	23,379	-
National contribution of the year 1%	4,676	-
Total of income tax and national contribution	28,055	-

b) The movement of the provision of tax is as follows:

	2021	2020
Balance at the beginning of the year	(26,022)	(22,009)
Provided during the year	28,055	-
Paid during the year	(4,693)	(4,022)
Tax deposits at the end of the year	(2,670)	(26,032)

c) Tax status:

- The income tax until December 31, 2017 has been setteled.
- The income tax return for the years 2018, 2019 and 2020 has been submitted to the Investment Authority and has not been reviewed till date by the Income and Sales Tax Department.
- The Company is obligated to submit sales tax returns in the Investment file on time.

18- Sales

	2021	2020
Tender sales	4,225,354	2,796,364
Local sales	3,456,153	2,458,084
Export sales	271,399	714,230
	7,952,906	5,968,678

19- Cost of Sales

	2021	2020
Raw materials at the beginning of the year	2,457,607	2,608,305
Raw materials purchases	3,491,043	2,963,509
Raw materials at the end of the year	(2,060,728)	(2,457,607)
Raw materials used in production	3,887,922	3,114,207
Industrial expenses*	1,969,541	1,749,230
Cost of manufactured goods	5,857,463	4,863,437
Finished goods at the begin of the Year	4,311,613	5,376,337
Finished goods at the end of the year	(3,282,060)	(4,311,613)
	6,887,016	5,928,161

Arabian Steel Pipes Manufacturing Company
(Public Limited Shareholding Company)
Notes to the Financial Statements
for the year ended December 31, 2021
(Jordanian Dinars)

19- Cost of Sales

* Industrial Expenses

	2021	2020
Salaries, wages and other benefits	**976,024**	814,506
Depreciation of property, plant, and equipment	**319,079**	318,432
Electricity and water	**261,014**	275,705
Company's portion of social security	**107,611**	75,470
Production requirements	**90,192**	80,267
Health insurance	**85,807**	62,637
Repair and maintenance	**53,849**	50,413
Cars, machinery and cranes	**40,991**	36,016
Security and protection	**20,639**	18,144
Fees and subscriptions	**11,401**	12,633
Other	**2,934**	5,007
	1,969,541	1,749,220

20- General and Administrative Expenses

	2021	2020
Salaries, wages and other benefits	**256,163**	259,328
Transfers and bonuses to the Board of Directors	**39,900**	39,700
Company's portion of social security	**26,102**	18,698
Depreciation of property, plant, and equipment	**19,860**	17,676
Fees and subscriptions	**17,199**	12,365
Professional and consultations fees	**20,600**	17,125
Post and phone	**8,407**	8,128
Car expenses	**8,225**	5,403
Security and protection	**3,931**	3,456
Repair and maintenance	**3,892**	4,710
Insurance expenses	**3,616**	4,271
Hospitality	**3,025**	3,117
Stationery and prints	**1,223**	2,135
Other	**1,880**	1,913
	414,023	398,025

21- Selling and Distribution Expenses

	2021	2020
Salaries, wages and other benefits	**46,108**	37,367
Tenders	**42,251**	18,153
Export expenses	**28,714**	99,494
Tender and local transfer fees	**12,962**	15,453
Expenses of guarantees and tender commissions	**6,680**	2,736
Maintenance, cars fuel, and transportation	**6,115**	5,666
External selling expenses	**4,739**	2,602
Advertising and exhibitions	**4,079**	13,472
Depreciation	**3,838**	5,571
Samples and checking tenders	**2,999**	730
Shipping and clearing	**1,937**	3,324
Hospitality	**1,120**	170
Other	**1,445**	6,445
	162,987	**211,183**

22- Other Income

	2021	2020
Dividends received	**36,220**	20,475
Gain on financial assets at fair value through profit or loss	**24,594**	5,982
Gain on sale of property, plant and equipment	**8,938**	2,611
Other	**5,199**	2,037
	74,951	31,105

23- Earnings Per Share ("EPS")

Earnings per share were calculated from the net income for the year by dividing the net income for the year by the weighted average number of shares outstanding during the year. The number of shares outstanding as on December 31, 2021 was 9,000,000 shares. (December 31, 2020: 9,000,000 shares).

24- Contingent Liabilities

	2021	2020
Letter of credits	**2,215,467**	-
Letter of guarantees	**136,691**	72,375
	2,352,158	72,375

25- Significant uncertain accounting estimates and assumptions

Estimated useful lives of intangible assets and property, plant and equipment:
The cost of intangible assets, property, plant and equipment is amortized on a straight-line basis over their estimated useful lives. The management reviews the useful lives and the method of depreciation annually to ensure that they reflect the expected benefit. The useful lives have been determined on the basis of the following factors:

- The expected use of the asset.
- The expected natural corrosion, which depends on operational and environmental factors.
- Legal and similar restrictions on the use of assets.

26- Financial Instruments - Risk Management:

Fair value:
Is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transactions. As the Company's financial instruments are compiled under the historical cost method, differences can arise between the book amounts and the fair value estimates. Management believes that fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Credit risk:
Is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. There is no major risk on the Company regarding credit risk. The Company's bank accounts placed with reputed financial institutions. Trade receivables are stated at net of allowance for impairment estimated by the management based on prior experience and current economic environment.

26- Financial Instruments - Risk Management (continued):

Currency risk:
Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are predominantly in United States Dollars. The Jordanian Dinar is connected with the United States Dollar therefore the currency risk is being well managed by the Company.

Liquidity risk:
Is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any future commitments.

27- New standards and amendments to existing standards
New and revised standards applied by the company during the year
The company has applied the following standards and amendments for the first time in the annual financial reporting year starting from January 1, 2021

- Loss-laden contracts - cost of completing the contract (Amendments to IAS 37)
- Property, plant and equipment - receipts before intended use (Amendments to IAS 16)
- Conceptual Framework References - Amendments to (IFRS 3)
- Classification of current or non-current liabilities (Amendments to IAS 1)
- Amendments to International Accounting Standard (8) Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Disclosure of Accounting Policies (Amendments to International Accounting Standard (1) and Practice Statement (2)).

28- Comparative Figures
Certain prior year figures were reclassified to conform to the current year presentation.

29- Approval of the Financial Statments
These financial statements were approved by the Board of Directors on 13 February2022 .