

United Cable Industries Company
Public Shareholding Company
Financial Statements
31 December 2021

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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 2021, 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 2021, 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 2021 financial assets totaling JOD (16,217,462), 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 2021 finished goods and work in process totaling JOD (11,450,856). 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

The Company maintains 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.

17 February 2022
Amman – Jordan



Arab Professionals
Ibrahim Hammoudeh
License No. (606)

United Cable Industries Company
Public Shareholding Company
Statement of Financial Position
As at 31 December 2021
(In Jordanian Dinar)

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	3	13,300,728	14,344,109
Projects under construction	4	1,202,996	32,586
Accounts receivable - long term	7	460,041	667,755
Notes receivable - long term	8	-	657,099
Total non - current assets		<u>14,963,765</u>	<u>15,701,549</u>
Current assets			
Inventories	5	13,806,993	10,407,579
Spare parts		941,742	925,486
Sales tax withholdings		428,862	520,329
Other current assets	6	1,102,828	699,538
Accounts receivable - short term	7	9,810,816	10,546,659
Notes receivable - short term	8	130,138	605,000
Checks under collection - short term		5,314,401	3,202,143
Cash and cash equivalents	9	760,988	1,573,546
Total current assets		<u>32,296,768</u>	<u>28,480,280</u>
Total assets		<u>47,260,533</u>	<u>44,181,829</u>
Equity and Liabilities			
Equity	10		
Paid-in capital		35,000,000	35,000,000
Statutory reserve		807,214	749,403
Voluntary reserve		143,726	143,726
Accumulated losses		(1,606,503)	(1,971,430)
Net equity		<u>34,344,437</u>	<u>33,921,699</u>
Liabilities			
Non-current liabilities			
Bank facilities – long term	11	<u>3,201,920</u>	<u>3,540,021</u>
Current liabilities			
Bank facilities – short term	11	4,881,778	3,094,804
Accounts payable		3,947,190	2,605,050
Shareholder's withholdings	12	565,808	581,463
Postdated checks		51,279	225,260
Other current liabilities	13	268,121	213,532
Total current liabilities		<u>9,714,176</u>	<u>6,720,109</u>
Total liabilities		<u>12,916,096</u>	<u>10,260,130</u>
Total equity and liabilities		<u>47,260,533</u>	<u>44,181,829</u>

"The attached notes from (1) to (26) 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 2021

(In Jordanian Dinar)

	Notes	2021	2020
Sales	14	37,110,748	31,395,144
Cost of sales	15	(35,088,388)	(30,428,365)
Gross profit		2,022,360	966,779
Administrative expenses	17	(681,792)	(696,080)
Selling and distribution expenses	18	(606,698)	(434,167)
Financing expenses		(205,127)	(257,287)
Donation to Himmat Watan Fund		-	(100,000)
Revenue from prior years differences in electricity consumption		-	1,115,284
Other revenues		49,367	52,012
Profit for the year before income tax		578,110	646,541
Prior years income tax	21	(53,079)	-
Income tax expenses for the year	21	(96,692)	-
National contribution tax for the year	21	(5,601)	-
Total comprehensive income for the year		422,738	646,541
 Basic and diluted earnings per share	 20	 0.012	 0.018

"The attached notes from (1) to (26) 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 2021

(In Jordanian Dinar)

	Paid - in Capital	Reserves Statutory	Voluntary	Accumulated losses	Total
Balance as at 1 January 2021	35,000,000	749,403	143,726	(1,971,430)	33,921,699
Total comprehensive income for the year	-	-	-	422,738	422,738
Statutory reserve	-	57,811	-	(57,811)	-
Balance as at 31 December 2021	35,000,000	807,214	143,726	(1,606,503)	34,344,437
Balance as at 1 January 2020	35,000,000	684,749	14,418	(2,424,009)	33,275,158
Total comprehensive income for the year	-	-	-	646,541	646,541
Statutory reserve	-	64,654	-	(64,654)	-
Voluntary reserve	-	-	129,308	(129,308)	-
Balance as at 31 December 2020	35,000,000	749,403	143,726	(1,971,430)	33,921,699

"The attached notes from (1) to (26) 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 2021

(In Jordanian Dinar)

	2021	2020
Operating activities		
Profit for the year before income tax	578,110	646,541
Depreciation	1,252,945	1,227,504
Changes in working capital		
Checks under collection	(2,112,258)	4,713,058
Accounts receivable	908,856	(5,539,788)
Notes receivable	1,206,662	561,213
Inventories	(3,399,414)	(1,152,900)
Spare parts	(16,256)	8,941
Other current assets	(486,681)	(181,269)
Accounts payable	1,342,140	(3,014,198)
Postdated checks	(173,981)	(110,739)
Other current liabilities	(34,448)	169,731
Sales tax withholdings	91,467	520,506
Paid income tax	(22,944)	-
Net cash flows used in operating activities	<u>(865,802)</u>	<u>(2,151,400)</u>
Investing activities		
Property, plant and equipment	(209,564)	(384,517)
Projects under construction	(1,170,410)	(32,586)
Net cash flows used in investing activities	<u>(1,379,974)</u>	<u>(417,103)</u>
Financing activities		
Bank facilities	1,448,873	1,915,933
Shareholders withholdings	(15,655)	(30,501)
Net cash flows from financing activities	<u>1,433,218</u>	<u>1,885,432</u>
Changes in cash and cash equivalents	(812,558)	(683,071)
Cash and cash equivalents, beginning of the year	1,573,546	2,256,617
Cash and cash equivalents, end of the year	<u>760,988</u>	<u>1,573,546</u>

"The attached notes from (1) to (26) are an integral part of these financial statements"

United Cable Industries Company
Public Shareholding Company
Notes to the Financial Statements
31 December 2021

(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 17 February 2022 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 IFRS standard

The following standard has been published that are mandatory for accounting periods after 31 December 2021. Management anticipates that the adoption of new Standard will have no material impact on the financial statements of the Company.

Standard No.	Title of Standard	Effective Date
IFRS 17	Insurance Contracts	1 January 2023

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 progress 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 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 Dinars 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 1/1/2021	465,403	5,167,948	16,384,767	4,268,245	2,675,072	1,839,757	30,801,192
Additions	-	11,400	3,525	87,996	-	106,643	209,564
Balance as at 31/12/2021	<u>465,403</u>	<u>5,179,348</u>	<u>16,388,292</u>	<u>4,356,241</u>	<u>2,675,072</u>	<u>1,946,400</u>	<u>31,010,756</u>
Accumulated depreciation							
Balance as at 1/1/2021	-	1,848,270	8,660,543	4,140,430	334,756	1,473,084	16,457,083
Depreciation	-	164,427	819,359	48,471	133,754	86,934	1,252,945
Balance as at 31/12/2021	<u>-</u>	<u>2,012,697</u>	<u>9,479,902</u>	<u>4,188,901</u>	<u>468,510</u>	<u>1,560,018</u>	<u>17,710,028</u>
Net book value as at 31/12/2021	<u>465,403</u>	<u>3,166,651</u>	<u>6,908,390</u>	<u>167,340</u>	<u>2,206,562</u>	<u>386,382</u>	<u>13,300,728</u>
Cost							
Balance as at 1/1/2020	465,403	5,167,517	16,236,966	4,240,955	2,640,072	1,666,426	30,417,339
Additions	-	431	147,801	27,290	35,000	173,995	384,517
Disposals	-	-	-	-	-	(664)	(664)
Balance as at 31/12/2020	<u>465,403</u>	<u>5,167,948</u>	<u>16,384,767</u>	<u>4,268,245</u>	<u>2,675,072</u>	<u>1,839,757</u>	<u>30,801,192</u>
Accumulated depreciation							
Balance as at 1/1/2020	-	1,683,607	7,846,357	4,094,132	198,006	1,408,141	15,230,243
Depreciation	-	164,663	814,186	46,298	136,750	65,607	1,227,504
Disposals	-	-	-	-	-	(664)	(664)
Balance as at 31/12/2020	<u>-</u>	<u>1,848,270</u>	<u>8,660,543</u>	<u>4,140,430</u>	<u>334,756</u>	<u>1,473,084</u>	<u>16,457,083</u>
Net book value as at 31/12/2020	<u>465,403</u>	<u>3,319,678</u>	<u>7,724,224</u>	<u>127,815</u>	<u>2,340,316</u>	<u>366,673</u>	<u>14,344,109</u>

4 . Projects under Construction

The estimated remaining cost for completion is JOD (395,100), and the estimated date of completion will be during 2022.

5 . Inventories

	2021	2020
Finished goods	8,201,429	6,302,163
Work in process	3,249,427	1,688,657
Raw materials, packaging and consumables	2,356,137	2,416,759
	13,806,993	10,407,579

6 . Other Current Assets

	2021	2020
Letters of credit	721,164	358,359
Refundable deposits	260,015	65,996
Employees receivable	50,573	52,130
Refundable sales tax	28,943	98,201
Prepaid expenses	25,345	30,929
Accrued revenues	23,188	15,076
Income tax withholding (Note 21)	-	43,391
Others	33,600	35,456
Provision for expected credit loss - Employees receivable	(40,000)	-
	1,102,828	699,538

7 . Accounts Receivable

	2021	2020
Accounts receivable	10,608,105	11,516,961
Provision for expected credit loss	(337,248)	(302,547)
	10,270,857	11,214,414

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

	2021	2020
Balance at the beginning of the year	302,547	251,725
Transfers	34,701	50,822
Balance at the end of the year	337,248	302,547

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

8 . Notes Receivable

	2021	2020
Notes receivable	244,383	1,451,045
Provision for expected credit loss	(114,245)	(188,946)
	130,138	1,262,099

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

	2021	2020
Balance at the beginning of the year	188,946	239,768
Transfers to accounts and employees receivable provisions	(74,701)	(50,822)
Balance at the end of the year	114,245	188,946

9 . Cash and Cash Equivalents

	2021	2020
Cash on hand	37,262	38,804
Current accounts at banks	723,726	1,534,742
	760,988	1,573,546

10 . 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 2021 and 2020.

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.

11 . Bank Facilities

Credit Type	Currency	Interest rate	Maturity date	JOD Equivalent Amount	
				Facility limit	Outstanding balance
Letters of credit financing loan	USD	Libor (1) month+2.5%	2022	20,000,000	3,576,099
Murabaha loan	JOD	1.6-2.4%	2022-2023	2,070,099	2,070,099
Loan (Covid-19)	JOD	3%	2022-2025	2,437,500	2,437,500
					8,083,698

12 . Shareholders Withholdings

	2021	2020
Shareholders' withholdings against dividends	253,905	257,064
Shareholders' withholdings against capital decrease	311,903	324,399
	565,808	581,463

13 . Other Current Liabilities

	2021	2020
Accrued employees' incentives	138,867	155,174
Provision for income tax (Note 21)	89,037	-
Social security withholdings	22,544	24,223
Accrued expenses	9,743	23,465
Others	7,930	10,670
	268,121	213,532

14 . Segment Information

The Company manufactures and trades electrical wires and cables.

The following is an analysis of the Company's sales based on geographical area:

	2021	2020
Local sales	20,690,851	15,658,683
Foreign sales	16,419,897	15,736,461
	37,110,748	31,395,144

15 . Cost of Sales

	2021	2020
Beginning balance of finished goods and work in process inventories	7,990,820	7,833,751
Raw materials used in production	35,324,708	27,544,436
Manufacturing expenses (Note 16)	3,223,716	3,040,998
Ending balance of finished goods and work in process inventories	(11,450,856)	(7,990,820)
	35,088,388	30,428,365

16 . Manufacturing Expenses

	2021	2020
Salaries, benefits and allowances	1,223,613	1,177,879
Depreciation (Note 3)	1,217,868	1,197,942
Insurance	218,358	194,267
Travel and transportation	146,137	147,584
Maintenance	132,512	101,185
Loading and lifting	64,686	37,038
Safety and security	47,357	41,114
Consumables	38,300	35,733
Quality control	33,903	27,939
Electricity	25,224	25,831
Hospitality and cleaning	21,371	13,044
Water	11,120	7,080
Vehicles expenses	10,966	8,095
Professional fees	-	2,950
Others	32,301	23,317
	3,223,716	3,040,998

17 . Administrative Expenses

	2021	2020
Salaries, benefits and allowances	455,219	492,317
Professional and legal fees	90,785	51,595
Subscription and governmental fees	37,069	48,846
Depreciation (Note 3)	35,077	29,562
Insurance	14,780	13,512
Rents	13,500	13,500
Vehicles expenses	11,154	10,999
Bank fees	9,559	24,476
Travel and transportation	5,919	1,091
Telephone, internet and post	4,337	3,120
Utilities	1,682	2,103
Hospitality and cleaning	989	1,160
Printing and advertising	389	1,504
Maintenance	209	714
Others	1,124	1,581
	681,792	696,080

18 . Selling and Distribution Expenses

	2021	2020
Salaries, benefits and allowances	92,102	85,786
Loading and lifting	220,780	165,702
Tenders expenses	124,387	41,034
Exhibitions	71,438	-
Stamps and tenders	30,990	28,459
Bank commissions and expenses	14,628	38,942
Exporting expenses	12,882	15,381
Advertisement and promotions	4,958	2,800
Travel and transportation	2,319	2,140
Price changes	-	268
Others	32,214	53,655
	606,698	434,167

19 . Executive Management Remuneration

The remuneration of executive management during the years 2021 and 2020 amounted to JOD (315,840) and JOD (241,154) respectively.

20 . Basic and Diluted Earnings per Share

	2021	2020
Profit for the year	422,738	646,541
Weighted average number of shares	35,000,000	35,000,000
	0.012	0.018

21 . Income Tax

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

	2021	2020
Balance at beginning of the year	(43,391)	(43,391)
Prior years income tax	53,079	-
Income and National Contribution tax for the year	102,293	-
Paid income tax	(22,944)	-
Balance at end of the year (Notes 6 & 13)	89,037	(43,391)

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

	2021	2020
Income tax expense for the year	96,692	-
National Contribution tax for the year	5,601	-
Prior years income tax	53,079	-
	155,372	-

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2019.
- The Income tax return for the year 2020 has been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The Income and National contribution tax provision for the year ended in 31 December 2021 was calculated in accordance with the Income Tax Law.

22 . Contingent Liabilities

	2021	2020
Letters of credit	1,020,960	1,109,101
Bank guarantees	920,957	904,340

23 . Lawsuits Against the Company

The Company appears as a defendant in several lawsuits amounting to JOD (185,000). The management and Company's lawyer believe that the claimants have no right in their claims, since the company has fulfilled all its contractual obligations towards them, and these cases will have no material effect on the financial position of the Company.

24 . 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.

25. 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 (2,212,084) from the total balance of outstanding accounts and notes receivables as at 31 December 2021, JOD (2,925,916) as at 31 December 2020.

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.

2021	Less than one year	More than one year	Total
Bank facilities	4,881,778	3,201,920	8,083,698
Accounts payable	3,947,190	-	3,947,190
Shareholder's withholdings	565,808	-	565,808
Postdated checks	51,279	-	51,279
Other current liabilities	268,121	-	268,121
	9,714,176	3,201,920	12,916,096

2020	Less than one year	More than one year	Total
Bank facilities	3,094,804	3,540,021	6,634,825
Accounts payable	2,605,050	-	2,605,050
Shareholder's withholdings	581,463	-	581,463
Postdated checks	225,260	-	225,260
Other current liabilities	213,532	-	213,532
	6,720,109	3,540,021	10,260,130

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.

26 . 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:

	2021	2020
Total Debt	8,083,698	6,634,825
Total Equity	34,344,437	33,921,699
Debt to Equity ratio	24%	20%