

**SHEBA METAL CASTING COMPANY  
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM FINANCIAL STATEMENTS AND  
REVIEW REPORT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

**SHEBA METAL CASTING COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

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## **REPORT ON REVIEWING THE INTERIM FINANCIAL STATEMENTS**

To the president and members of the board of directors  
Sheba Metal Casting Company  
(Public Shareholding Company)

### **Introduction**

We have reviewed the accompanying Interim Statement of Financial Position for Sheba Metal Casting Company (P.L.C) as of September 30, 2023, and the related statements of Interim Comprehensive income, shareholders equity, and cash flows for the period then ended. The management is responsible for preparing and presenting the company's Interim financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to make inquiries of the Company's accounting and financial departments personnel as well as applying analytical procedures to financial data. The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

### **Conclusion**

Based on our review, nothing has come to the attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view following International Accounting Standard No. 34.

Modern Accountants

Walid M. Taha  
License No. (703)

Modern Accountants



Amman-Jordan  
October 29, 2023

**SHEBA METAL CASTING COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**THE STATEMENT OF INTERIM FINANCIAL POSITION (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023 AND DECEMBER 31, 2022**  
**(EXPRESSED IN JORDANIAN DINARS)**

|  | Note | 2023           | 2022           |
|--|------|----------------|----------------|
| <b>ASSETS</b>                                    |      |                |                |
| <b>Non-current assets</b>                        |      |                |                |
| Property plant and equipment                     |      | -              | 315,668        |
| <b>Total non-current assets</b>                  |      | -              | 315,668        |
| <b>Current assets</b>                            |      |                |                |
| Prepaid expenses and other receivables           |      | 8,724          | 5,825          |
| Accounts receivable                              |      | 51,428         | 61,497         |
| Inventory  |      | 19,862         | 19,862         |
| Cash and cash equivalents                        |      | 2,882          | 2,726          |
| <b>Total current assets</b>                      |      | 82,896         | 89,910         |
| Property plant and equipment held for sale       | 4    | 315,668        | -              |
| <b>TOTAL ASSETS</b>                              |      | <b>398,564</b> | <b>405,578</b> |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>       |      |                |                |
| <b>Shareholders equity</b>                       |      |                |                |
| Share capital                                    | 1    | 625,000        | 625,000        |
| Statutory reserve                                |      | 1,017          | 1,017          |
| Accumulated losses                               |      | (312,866)      | (307,836)      |
| <b>Total Shareholders equity</b>                 |      | <b>313,151</b> | <b>318,181</b> |
| <b>Current liabilities</b>                       |      |                |                |
| Accrued expenses and other payables              |      | 66,170         | 64,514         |
| Accounts payable                                 |      | 19,243         | 22,883         |
| <b>Total current liabilities</b>                 |      | <b>85,413</b>  | <b>87,397</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b> |      | <b>398,564</b> | <b>405,578</b> |

The accompanying notes are an integral part of these interim financial statements

**SHEBA METAL CASTING COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
(EXPRESSED IN JORDANIAN DINAR)

|   | From the period                                  |  | From the beginning of the year to |                       |
|---|--|--|-----------------------------------|-----------------------|
|   | From July 1,<br>2023 to<br>September 30,<br>2023 | From July 1,<br>2022 to<br>September 30,<br>2022 | September 30,<br>2023             | September 30,<br>2022 |
| Sales   | -  | 11,219   | -                                 | 56,745                |
| Cost of sales                                 | -  | (3,190)  | -                                 | (55,036)              |
| <b>Gross profit</b>                           | -  | 8,029  | -                                 | 1,709                 |
| General and administrative expenses           | (3,209)  | (7,275)  | (10,776)                          | (16,958)              |
| Financial charges                             | -  | (177)  | (184)                             | (510)                 |
| Other revenues                                | 3,640  | -  | 5,930                             | 7,380                 |
| <b>Loss for the period</b>                    | <b>431</b>                                       | <b>577</b>                                       | <b>(5,030)</b>                    | <b>(8,379)</b>        |
| Other comprehensive income:                   |  |  |                                   |                       |
| <b>Total comprehensive losses</b>             | <b>431</b>                                       | <b>577</b>                                       | <b>(5,030)</b>                    | <b>(8,379)</b>        |
| Loss per Share:                               |  |  |                                   |                       |
| Loss per Share JD / Share                     | 0,001  | 0,001  | (0,01)                            | (0,01)                |
| Weighted average of outstanding share - share | 625,000  | 625,000  | 625,000                           | 625,000               |

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**SHEBA METAL CASTING COMPANY**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF INTERIM SHAREHOLDERS EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
(EXPRESSED IN JORDANIAN DINAR)

|                                     | Share capital | Statutory reserve | Accumulated losses | Total   |
|-------------------------------------|---------------|-------------------|--------------------|---------|
| Balance at January 1, 2023          | 625,000       | 1,017             | (307,836)          | 318,181 |
| Comprehensive income for the period | -             | -                 | (5,030)            | (5,030) |
| Balance at September 30, 2023       | 625,000       | 1,017             | (312,866)          | 313,151 |
| Balance at January 1, 2022          | 625,000       | 1,017             | (303,417)          | 322,600 |
| Comprehensive income for the period | -             | -                 | (8,379)            | (8,379) |
| Balance at September 30, 2022       | 625,000       | 1,017             | (311,796)          | 314,221 |

The accompanying notes are an integral part of these Interim financial statements

**SHEBA METAL CASTING COMPANY**  
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**STATEMENT OF INTERIM CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
(EXPRESSED IN JORDANIAN DINAR)

|  | For the nine<br>months ended<br>September 30,<br>2023 | For the nine<br>months ended<br>September 30,<br>2022 |
|--|---|---|
| <b>Operating Activities</b>  |   |   |
| Loss for the period  | (5,030)   | (8,379)   |
| Adjustments on loss for the period:  |   |   |
| Depreciations  | -   | 10,730  |
| Financial Charges  | 184   | 510   |
| Changes in operating assets and liabilities :                                |   |   |
| Accounts receivable and checks under collection                              | 10,069  | (5,443)   |
| Inventory  | -   | 8,219   |
| Prepaid expenses and other receivables                                       | (2,899)   | 1,725   |
| Accounts payable   | (3,640)   | (17,905)  |
| Bank overdraft   | 1,656   | 25,686  |
| Accrued expenses and other payables  | -   | (5,703)   |
| <b>Net Cash available from operating activities</b>                          | <b>340</b>  | <b>9,440</b>  |
| <b>Investing Activities</b>  |   |   |
| Change in property and equipment   | -   | (499)   |
| <b>Net cash used in investing activities</b>                                 | <b>-</b>  | <b>(499)</b>  |
| <b>FINANCING ACTIVITIES</b>  |   |   |
| Financial Charges paid   | (184)   | (510)   |
| <b>Net cash used in financing activities</b>                                 | <b>(184)</b>  | <b>(510)</b>  |
| <b>The net change in cash and cash equivalents</b>                           | <b>156</b>  | <b>8,431</b>  |
| Cash and cash equivalents, January1  | 2,726   | 651   |
| <b>Cash and cash equivalents September 30</b>                                | <b>2,882</b>  | <b>9,082</b>  |
| <b>Non cash item :</b>   |   |   |
| Transfer from property and equipment to property and equipment held for sale | 315,668   | -   |

The accompanying notes are an integral part of these interim financial statements

**SHEBA METAL CASTING COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
**(EXPRESSED IN JORDANIAN DINAR)**

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**1. ORGANIZATION AND ACTIVITY**

Sheba Metal Casting Company is a Jordanian public shareholding limited company ("the company"), registered on June 2, 1992, with the Companies Controller at the Ministry of Industry and Trade under the number (383), with an authorized capital of 1,250,000 JD and subscribed and paid value of 1,250,000 JD divided into 1,250,000 shares. The value of each share is one JD.

Based on the decision of the General Assembly in its extraordinary meeting held on August 17, 2021 that the company's authorized and paid-up capital has been reduced from (1,250,000) JD/share to (625,000) JD / share, by amortizing an amount of (504,296) JD of the accumulated losses which amount is 755,073 JD and amortization of the balance of the issue discount account amounting to (120,704), as on December 31, 2020, and the procedures were completed with the Ministry of Industry and Trade on November 9, 2021.

The principal activity of the company is to construct, own and operate foundries, import and export raw materials, and machinery, sell their products to the local market, and export.

The Company headquarter is in Amman.

**2. NEW AND AMENDED IFRS STANDARDS**

**The following new and revised Standards and Interpretations are not yet effective**

**It is valid for annual periods beginning on or after**

|  |                       |
|--|-----------------------|
| Classification of liabilities as current or not- current (Amendments to IAS 1)   | January 1, 2023       |
| IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts  | January 1, 2023       |
| Definition of Accounting Estimate (Amendments to IAS 8)  | January 1, 2023       |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2)                                   | January 1, 2023       |
| Deferred Tax related to Assets and liabilities arising from a Single Transaction (Amendments to IAS 12)                  | January 1, 2023       |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | Deferred Indefinitely |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.



**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
(EXPRESSED IN JORDANIAN DINAR)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim financial statements have been presented in Jordanian Dinars because the majority of the Company's transactions are recorded in Jordanian Dinars.

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

The interim financial statements do not include all the information and clarifications required in the annual financial statements and should be read in conjunction with the annual financial statements that ended on December 31, 2022. In addition, the results for the nine months ended September 30, 2023, are not necessarily indicative of the results to be expected for the financial year ended on December 31, 2023.

**Significant accounting policies**

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2022.

**Reclassifications**

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in the business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

**Impairment**

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances;
- Trade and other receivables;
- Due to related party.

Except for purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date(referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances of cash and bank balances, Trade and other receivables, and due from a related party at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs is deducted from the gross carrying amount of assets. For debt securities, an FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis based on the previous company experience and on the available credit score including forward-looking information.

For certain categories of financial assets, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade, and other receivables and due from a related party, are presented separately in the interim statement of income and interim of other comprehensive income.

The Company considers debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

**Measurement of ECL**

The Company employs statistical models for ECL calculations. For measuring ECL under IFRS 9, the key input would be the termstructure of the following variables.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters will be derived from internally developed statistical models and other historical data. They will be adjusted to reflect forward-looking information.

**Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Credit-impaired financial assets are referred to as stage 3 assets. At each reporting date, the Company assesses Whether financial assets are carried at amortized costs and debt securities at FVTOCI at credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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**DE-recognition of financial assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

If DE recognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

If DE recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss but is reclassified to retained earnings.

**Presentation of allowance for ECL is presented in the interim financial information**

**Loss allowances for ECL are presented in the interim financial information as follows:**

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets.

for debt instruments measured at FVTOCI, no loss allowance is recognized in the interim condensed statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the re-evaluation reserve and recognized in interim of other comprehensive income.

**Revenue recognition**

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

**Step 1: identify the contract with the customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

**Step 2: Identify the performance obligations in the contract:** performance obligation in a contract is a promise to transfer a good or service to the customer

**Step 3: Determine the transaction price** Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the goods and services to a customer excluding the amount collected on behalf of third parties.

**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognize revenues as and when the entity satisfies the performance obligation**  
The Company recognizes revenue over time if any one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the Company's performance as The Company performs.

The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Company performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

the Company allocates the transaction price to the performance obligations in a contract based on the input method which requires the revenue recognition based on the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects to determine the amount of revenue to be recognized.

When the Company satisfies A performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. where the amount of consideration received from the customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually agreed terms of payment. the Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent and has concluded that it is acting as a principal all of its revenue arrangements.

Revenue is recognized in the interim financial statements to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if and when applicable, can be measured reliably.

**Critical accounting judgments and key sources of estimation uncertainty**

The preparation of interim financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant Judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the interim financial statements.

**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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**Critical judgments in applying the Company's accounting policies in respect of IFRS 9**

**Business model assessment**

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how the Company's financial assets were managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Significant increase of credit risk**

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**Establishing a Company's assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are Company collected based on shared risk characteristics (eg, instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required to ensure that should credit risk characteristics change there is an appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company's assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of the ECLs changes because the credit risk of the portfolios differ.

**Models and assumptions used**

The Company uses various models and assumptions in measuring the fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

**Key sources of estimation uncertainty in respect of IFRS 9**

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in interim financial statements.

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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
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Establishing the number and relative weightings of forward-looking scenarios for each type of product / market determining the forward-looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

**Probability of Default**

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

**Loss Given to Default**

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

**Cash and cash equivalents**

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

**Accounts receivable**

Accounts receivable are recorded at the original amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when the collection of the full amount is no longer probable

**Accounts payable and accruals**

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

**Inventories**

Inventory is stated at the lower of cost or net realizable value. Cost is determined, on a First In First Out cost basis.

**Expenses**

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles. Allocations between general and administrative expenses and the cost of sales are made consistently when required.

**Provisions**

The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the financial position statement date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed as for the cost of improvements they are considered capital expenses. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

|   | <u>Annual depreciation rate</u> |
|---|---------------------------------|
| Buildings and hangars                     | %2                              |
| Machines and tools                        | %10 - %20                       |
| Vechile                                   | %15                             |
| Furniture and decorations                 | %15                             |
| Extensions, generators and others         | %5 - %10                        |
| Computer hardware, software, and printers | %35                             |

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period are appropriate with the expected economic benefits of property and equipment.

An impairment test is performed to the value of the property and equipment that appears in the Interim Statement of Financial Position when any events or changes in circumstances show that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets.

At any subsequent exclusion of property and equipment, the value of gains or losses resulting are recognized, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Interim Statement of Financial Position, Gross Profit and loss.

**Property plant and equipment held for sale**

Property plant and equipment are classified as assets held for sale if their cost will be recovered through a highly probable sale transaction and when the following conditions are met:

- The management of the company must be committed to selling the assets within one year from the date of their classification as assets for sale.
- The assets are available for sale in their current condition.

Non-current assets intended for sale are recognized at cost or fair value less selling costs, whichever is lower.

**The sector report**

The business sector represents a collection of assets and operation engaged together in providing product or services subject to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision-makers in the Company.

A geographical segment is associated with providing products in aparticular economic environment subject to risks and returns that are differed from those for sectors to work in an economic environment.

**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**  
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**Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reflected in the interim statement of financial position only when there are legal rights to offset the recognized amounts, and when it intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

**Income tax**

The company is subject to Income Tax Law and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the temporary differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the interim financial statements since it's immaterial.

**Foreign currency translation**

Foreign currency transactions are translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the interim statements of financial position are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim statements of comprehensive income statement.

**4. PROPERTY PLANT AND EQUIPMENT HELD FOR SALE**

This item represents the net book value of property plant and equipment

|   | 2023    | 2022 |
|---|---------|------|
| Balance at the beginning of the period / year | -       | -    |
| Transfers from property plant and equipment * | 315,668 | -    |
| Transfers to property plant and equipment     | -       | -    |
| Disposal                                      | -       | -    |
| Balance at the end of the period / year       | 315,668 | -    |

\* Property and equipment held for sale and transferred from property plant and equipment are as follows:

|                                   | 2023    | 2022 |
|-----------------------------------|---------|------|
| Historical cost                   | 649,934 | -    |
| Deduct : accumulated depreciation | 334,266 | -    |
|                                   | 315,668 | -    |

**5. THE LEGAL STATUS OF THE COMPANY**

**Summary of cases filed by the company:**

There is no cases filed by the company against third parties as on September 30, 2023.

**Summary of cases filed against the company:**

There are cases filed by third parties against the company, and the value of the cases amounted to 44,968 JD as of September 30, 2023 .



**SHEBA METAL CASTING COMPANY**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS (continued)**  
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**6. FINANCIAL INSTRUMENTS**

**The management of the financial risks**

The Company's activities might be exposed mainly to the followed financial risks:

**Management of the foreign currencies risks**

The company is not exposed to significant risks related to foreign currency price changes, as all company transactions are in JD.

**Management of the interest price risks**

Risk related to interest rate results mainly from borrowing money at varying interest rates and short-term deposits at fixed interest rates.

The Company is exposed to interest rates risk due to the borrowed money for the period of financial statements.

**Credit risk management**

The credit risks that are resulting from the cash are specific because the parts that are dealing with it are local banks that have good reputations and have been controlled by control parties.

The amounts had listed in the interim statements of financial position data represent the highest credit risk exposure to the trade accounts receivable and the cash and cash equivalent.

**Liquidity risk**

The liquidity risk management are responsible by the board of directors to manage the company need of short and long term liquidity.

Liquidity risk management by control on cash flows and comparing them with maturities of assets and financial liabilities.

**7. COMPARITIVE YEAR FIGURES**

Certain figures for 2022 have been reclassified to conform to the presentation for the nine months ended September 30, 2023.

**8. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The interim financial statements were approved by the Board of Directors and authorized for issuance on October 29, 2023.