

United Cable Industries Company
Public Shareholding Company
Financial Statements
31 December 2024

United Cable Industries Company
Public Shareholding Company

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of **United Cable Industries Company PLC**, which comprise the statement of financial position as at 31 December 2024, 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, except for the effect of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The accompanying financial statements include an overdue receivable from one of the main customers of the Company, amounting to JOD (4,403,713) as at 31 December 2024. It is noted that the customer has declared bankruptcy pursuant to the Bankruptcy Law and related regulations during the year. The Company holds first mortgage bonds from that customer amounting to approximately (2) million Jordanian Dinar. The Company has taken legal action against the client. additionally; no provisions have been recorded by the Company's management against the outstanding balance from the customer due to insufficient information regarding the expected amounts to be collected from that outstanding balance. Moreover, the report of court-appointed expert indicates that the net wealth of that customer exceed his liabilities.

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 qualified 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 2024 financial assets totaling JOD (15,232,816), 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 2024 finished goods and work in process totaling JOD (15,352,593). As determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

Other Information

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

United Cable Industries Company PLC maintains for the year ended at 31 December 2024 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, taking into consideration what is stated in the basis of qualified opinion paragraph.

18 February 2025
Amman – Jordan




Arab Professionals
Amin Samara
License No. (481)

United Cable Industries Company
Public Shareholding Company
Statement of Financial Position
As at 31 December 2024
(In Jordanian Dinar)

	Notes	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	3	13,685,734	14,882,552
Projects under construction	4	267,889	-
Total non - current assets		<u>13,953,623</u>	<u>14,882,552</u>
Current assets			
Inventories	5	17,724,362	15,362,754
Spare parts		1,081,982	985,340
Sales tax withholdings		-	92,800
Other current assets	6	277,685	417,031
Accounts receivable	7	11,943,103	12,545,191
Notes receivable	8	168,377	195,144
Checks under collection		2,193,738	3,591,813
Cash and cash equivalents	9	1,238,407	1,785,245
Total current assets		<u>34,627,654</u>	<u>34,975,318</u>
Total assets		<u>48,581,277</u>	<u>49,857,870</u>
Equity and Liabilities			
Equity	10		
Paid-in capital		35,000,000	35,000,000
Statutory reserve		363,937	137,314
Retained earnings		1,464,205	882,528
Total equity		<u>36,828,142</u>	<u>36,019,842</u>
Liabilities			
Non-current liabilities			
Bank facilities – long term	11	671,512	1,243,701
Current liabilities			
Bank facilities – short term	11	4,742,195	7,159,892
Accounts payable		4,982,186	4,435,846
Shareholders’ withholdings	12	597,389	526,962
Other current liabilities	13	759,853	471,627
Total current liabilities		<u>11,081,623</u>	<u>12,594,327</u>
Total liabilities		<u>11,753,135</u>	<u>13,838,028</u>
Total equity and liabilities		<u>48,581,277</u>	<u>49,857,870</u>

"The attached notes from (1) to (25) 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 2024

(In Jordanian Dinar)

	Notes	2024	2023
Sales	14	67,605,823	57,163,806
Cost of sales	15	<u>(63,249,484)</u>	<u>(53,867,920)</u>
Gross profit		4,356,339	3,295,886
Administrative expenses	17	(818,810)	(626,228)
Selling and distribution expenses	18	(608,146)	(622,496)
Financing expenses		(368,799)	(543,894)
Provision for expected credit loss	6 , 7	(275,000)	(160,303)
Provision for slow moving inventory	5	(50,000)	-
Other revenues		30,650	30,172
Board of Directors remuneration		<u>(30,000)</u>	<u>(25,000)</u>
Profit for the year before income tax		2,236,234	1,348,137
Prior years income tax	21	-	(31,963)
Income tax expense for the year	21	(526,604)	(276,282)
National Contribution tax for the year	21	<u>(26,330)</u>	<u>(14,525)</u>
Total comprehensive income for the year		<u>1,683,300</u>	<u>1,025,367</u>
 Basic and diluted earnings per share	 20	 <u>0.048</u>	 <u>0.029</u>

"The attached notes from (1) to (25) 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 2024

(In Jordanian Dinar)

	Paid - in Capital	Reserves		Retained earnings	Total
		Statutory	Voluntary		
Balance as at 1 January 2024	35,000,000	137,314	-	882,528	36,019,842
Paid dividends (Note 10)	-	-	-	(875,000)	(875,000)
Total comprehensive income for the year	-	-	-	1,683,300	1,683,300
Statutory reserve	-	226,623	-	(226,623)	-
Balance as at 31 December 2024	35,000,000	363,937	-	1,464,205	36,828,142
Balance as at 1 January 2023	35,000,000	888,700	143,726	(1,037,951)	34,994,475
Extinguishment of accumulated losses	-	(888,700)	(143,726)	1,032,426	-
Total comprehensive income for the year	-	-	-	1,025,367	1,025,367
Statutory reserve	-	137,314	-	(137,314)	-
Balance as at 31 December 2023	35,000,000	137,314	-	882,528	36,019,842

"The attached notes from (1) to (25) 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 2024

(In Jordanian Dinar)

	2024	2023
Operating activities		
Profit for the year before income tax	2,236,234	1,348,137
Depreciation	1,488,097	1,337,032
Accrued employees' incentives	163,000	96,500
Provision for expected credit loss	275,000	160,303
Board of Directors remuneration	30,000	25,000
Gain on assets disposal	(16,818)	-
Provision for slow moving inventory	50,000	-
Changes in working capital		
Checks under collection	1,398,075	77,145
Accounts receivable	327,088	351,166
Notes receivable	26,767	(67,006)
Inventories	(2,411,608)	2,543,866
Spare parts	(96,642)	(14,141)
Other current assets	139,346	285,597
Accounts payable	546,340	377,908
Postdated checks	(77)	(46,795)
Other current liabilities	(115,686)	(165,861)
Sales tax withholdings	103,292	(209,110)
Paid income tax	(352,437)	(167,144)
Net cash flows from operating activities	<u>3,789,971</u>	<u>5,932,597</u>
Investing activities		
Property, plant and equipment and projects under construction	<u>(542,350)</u>	<u>(829,092)</u>
Financing activities		
Bank facilities	(2,989,886)	(4,010,627)
Paid dividends	(804,573)	-
Shareholders' withholdings	-	(32,697)
Net cash flows used in financing activities	<u>(3,794,459)</u>	<u>(4,043,324)</u>
Changes in cash and cash equivalents	(546,838)	1,060,181
Cash and cash equivalents, beginning of the year	1,785,245	725,064
Cash and cash equivalents, end of the year	<u><u>1,238,407</u></u>	<u><u>1,785,245</u></u>

"The attached notes from (1) to (25) are an integral part of these financial statements"

United Cable Industries Company
Public Shareholding Company
Notes to the Financial Statements
31 December 2024

(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 3 February 2025 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 amended standards effective as at the beginning of the year.

Changes in accounting policies

The following amendments to standards have been published that are mandatory for accounting periods beginning on or after 1 January 2024.

New IFRS and amendments	Effective Date
These amendments clarify that liabilities are classified as either 'current' or 'non-current' based on the rights available at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (such as receiving a waiver or a breach of financial covenants). The amendments also explain what is meant by settlement of a liability (Amendments to International Accounting Standard No (1) / Presentation of Financial Statements).	1 January 2024
These amendments require the seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not recognize any gain or loss related to the retained right of use. (Amendments to International Financial Reporting Standard No (16) / Leases).	1 January 2024
These amendments require disclosures to clarify the transparency of supplier finance arrangements and also their impact on the Company's liabilities, cash flows and the Company's exposure to liquidity risks. (Amendments to International Accounting Standard No (7) / Statement of Cash Flows).	1 January 2024

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

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

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

Property, Plant and Equipment

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

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

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

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

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

Projects under construction

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

Inventories, spare parts and raw materials

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

Accounts Receivable

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

Cash and Cash Equivalents

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

Accounts Payable and Accruals

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

Provisions

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

Offsetting

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

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

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

Revenues

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

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

Other revenues are recognized on the accrual basis.

Borrowings

Borrowing costs are expensed as incurred.

Foreign Currency

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

Income tax

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

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

3 . Property, Plant and Equipment

	<u>Lands</u>	<u>Buildings</u>	<u>Machinery & Equipment</u>	<u>Production tools</u>	<u>Solar power system</u>	<u>Others</u>	<u>Total</u>
Cost							
Balance as at 1/1/2024	465,403	6,868,262	18,236,705	4,705,632	2,802,911	2,093,547	35,172,460
Additions	-	217	75,892	139,298	-	79,407	294,814
Disposal	-	-	-	-	-	(41,790)	(41,790)
Balance as at 31/12/2024	<u>465,403</u>	<u>6,868,479</u>	<u>18,312,597</u>	<u>4,844,930</u>	<u>2,802,911</u>	<u>2,131,164</u>	<u>35,425,484</u>
Accumulated depreciation							
Balance as at 1/1/2024	-	2,362,069	11,147,819	4,327,407	737,238	1,715,375	20,289,908
Depreciation	-	231,365	916,277	91,912	140,529	108,014	1,488,097
Disposal	-	-	-	-	-	(38,255)	(38,255)
Balance as at 31/12/2024	-	<u>2,593,434</u>	<u>12,064,096</u>	<u>4,419,319</u>	<u>877,767</u>	<u>1,785,134</u>	<u>21,739,750</u>
Net book value as at 31/12/2024	<u>465,403</u>	<u>4,275,045</u>	<u>6,248,501</u>	<u>425,611</u>	<u>1,925,144</u>	<u>346,030</u>	<u>13,685,734</u>
Cost							
Balance as at 1/1/2023	465,403	5,190,236	16,489,188	4,562,948	2,675,072	2,028,261	31,411,108
Additions	-	50,778	29,073	142,684	127,839	81,725	432,099
Transfers from projects under construction	-	1,627,248	1,718,444	-	-	-	3,345,692
Disposal	-	-	-	-	-	(16,439)	(16,439)
Balance as at 31/12/2023	<u>465,403</u>	<u>6,868,262</u>	<u>18,236,705</u>	<u>4,705,632</u>	<u>2,802,911</u>	<u>2,093,547</u>	<u>35,172,460</u>
Accumulated depreciation							
Balance as at 1/1/2023	-	2,177,252	10,300,686	4,252,101	602,263	1,637,013	18,969,315
Depreciation	-	184,817	847,133	75,306	134,975	94,801	1,337,032
Disposal	-	-	-	-	-	(16,439)	(16,439)
Balance as at 31/12/2023	-	<u>2,362,069</u>	<u>11,147,819</u>	<u>4,327,407</u>	<u>737,238</u>	<u>1,715,375</u>	<u>20,289,908</u>
Net book value as at 31/12/2023	<u>465,403</u>	<u>4,506,193</u>	<u>7,088,886</u>	<u>378,225</u>	<u>2,065,673</u>	<u>378,172</u>	<u>14,882,552</u>

4 . Projects Under Construction

This item represents the cost of installing an additional solar energy system for the plastic and oil factory, along with the cost of a new machine that has not been operated yet. The estimated cost to complete the projects is expected to be JOD (285,000) and they are anticipated to be completed within the year 2025.

5 . Inventories

	2024	2023
Finished goods	6,137,740	6,045,461
Work in process	9,214,853	6,667,546
Raw materials, packaging and consumables	2,421,769	2,649,747
Provision for slow moving inventories	(50,000)	-
	17,724,362	15,362,754

The movement on the provision for slow moving inventories was as follows:

	2024	2023
Balance at beginning of the year	-	-
Provision for the year	50,000	-
	50,000	-

6 . Other Current Assets

	2024	2023
Refundable deposits	252,596	257,596
Employees receivable	51,105	50,528
Prepaid expenses	21,224	24,253
Letters of credit	3,005	110,425
Refundable sales tax withholdings	-	15,943
Accrued revenues	-	8,272
Others	58	317
Provision for expected credit loss - Employees receivable	(50,303)	(50,303)
	277,685	417,031

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

	2024	2023
Balance at the beginning of the year	50,303	40,000
Provision for the year	-	10,303
Balance at the end of the year	50,303	50,303

7 . Accounts Receivable

	2024	2023
Accounts receivable	12,705,351	13,032,439
Provision for expected credit loss	(762,248)	(487,248)
	11,943,103	12,545,191

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

	2024	2023
Balance at the beginning of the year	487,248	337,248
Provision for the year	275,000	150,000
Balance at the end of the year	762,248	487,248

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

8 . Notes Receivable

	2024	2023
Notes receivable	282,622	309,389
Provision for expected credit loss	(114,245)	(114,245)
	168,377	195,144

9 . Cash and Cash Equivalents

	2024	2023
Cash on hand	58,169	19,184
Current banks accounts	1,180,238	1,766,061
	1,238,407	1,785,245

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 2024 and 2023.

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.

Proposed dividends

The General Assembly has resolved in its meeting held during 2024 to distribute (2.5%) cash dividends of the paid in capital amounted to JOD (35,000,000) to the shareholders.

11 . Bank Facilities

Credit Type	Currency	Interest rate	Maturity date	JOD Equivalent Amount	
				Facility limit	Outstanding balance
Letters of credit financing loan	USD	6.375 % - 6.5%	2025	9,217,000	3,191,409
Loan	JOD	2.9%	2025	1,000,000	1,000,000
Murabaha loan	JOD	1.8%	2025 - 2028	1,034,798	1,034,798
Loan (Covid-19)	JOD	3%	2025	187,500	187,500
					5,413,707

The above loans are granted against two promissory notes with total amount of JOD (1,178,000).

12 . Shareholders' Withholdings

	2024	2023
Shareholders' withholdings against dividends	383,136	236,732
Shareholders' withholdings against capital decrease	214,253	290,230
	597,389	526,962

13 . Other Current Liabilities

	2024	2023
Provision for income tax (Note 21)	473,888	273,391
Accrued employees' incentives	163,000	96,500
Accrued expenses	37,125	28,875
Provision for Board of Directors remuneration	30,000	25,000
Social security withholdings	25,100	24,630
Sales tax withholdings	10,492	-
Employees payable	82	1,627
Others	20,166	21,604
	759,853	471,627

14 . Segment Information

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

2024				
	Cable Factory	PVC Factory	Oil Factory	Total
Local sales	29,432,244	5,145	475,851	29,913,240
Foreign sales	36,938,789	-	753,794	37,692,583
Total sales	66,371,033	5,145	1,229,645	67,605,823
2023				
	Cable Factory	PVC Factory	Oil Factory	Total
Local sales	25,806,100	189,716	198,517	26,194,333
Foreign sales	30,969,473	-	-	30,969,473
Total sales	56,775,573	189,716	198,517	57,163,806

15 . Cost of Sales

	2024	2023
Beginning balance of finished goods and work in process inventories	12,713,007	13,416,451
Raw materials used in production	61,390,175	49,252,981
Manufacturing expenses (Note 16)	4,498,895	3,911,495
Ending balance of finished goods and work in process inventories	<u>(15,352,593)</u>	<u>(12,713,007)</u>
	<u>63,249,484</u>	<u>53,867,920</u>

16 . Manufacturing Expenses

	2024	2023
Salaries, benefits and allowances	1,595,467	1,477,359
Depreciation (Note 3)	1,453,734	1,303,894
Electricity	286,872	212,204
Maintenance	268,370	177,810
Travel and transportation	200,405	176,039
Insurance	184,360	173,975
Consumables	146,739	43,233
Loading and lifting	127,638	97,569
Safety and security	47,737	45,800
Non-deductible tax	24,598	10,343
Hospitality and cleaning	24,113	29,598
Water	20,680	16,412
Quality control	18,844	77,620
Vehicles expenses	12,738	15,674
Others	<u>86,600</u>	<u>53,965</u>
	<u>4,498,895</u>	<u>3,911,495</u>

17 . Administrative Expenses

	2024	2023
Salaries, benefits and allowances	509,385	408,582
Professional and legal fees	151,290	49,908
Subscription and governmental fees	49,942	46,989
Depreciation (Note 3)	34,363	33,138
Insurance	17,251	13,293
Rents	13,500	13,500
Vehicles expenses	12,686	13,686
Bank fees and currency exchange differences	11,515	27,293
Travel and transportation	10,045	10,677
Telephone, internet and post	3,577	4,424
Utilities	1,844	1,997
Printing and advertising	1,502	1,387
Hospitality and cleaning	1,056	1,077
Others	854	277
	818,810	626,228

18 . Selling and Distribution Expenses

	2024	2023
Salaries, benefits and allowances	68,817	59,314
Loading and lifting	200,063	257,693
Tenders and customs expenses	93,001	156,822
Sale incentives for the clients	72,760	4,428
Stamps and tenders fees	52,548	23,125
Bank fees	23,499	22,070
Travel and transportation	17,799	-
Exporting expenses	16,551	18,572
Commissions	14,781	37,284
Health insurance	12,631	3,106
Advertisement and promotions	10,478	5,743
Foreign markets expenses	-	11,086
Others	25,218	23,253
	608,146	622,496

19 . Executive Management Remuneration

The remuneration of executive management during the years 2024 and 2023 amounted to JOD (343,430) and JOD (383,786) respectively.

20 . Basic and Diluted Earnings per Share

	2024	2023
Profit for the year	1,683,300	1,025,367
Weighted average number of shares	35,000,000	35,000,000
	0.048	0.029

21 . Income Tax

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

	2024	2023
Balance at beginning of the year	273,391	117,765
Prior years income tax	-	31,963
Income and National Contribution tax for the year	552,934	290,807
Paid income tax	(352,437)	(167,144)
Balance at end of the year (Note 13)	473,888	273,391

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

	2024	2023
Income tax expense for the year	526,604	276,282
National Contribution tax for the year	26,330	14,525
Prior years income tax	-	31,963
	552,934	322,770

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2022.
- The income tax return for the year 2023 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 2024 was calculated in accordance with the Income Tax Law.

22 . Contingent Liabilities

The Company is contingently liable with the following:

	2024
Letters of credit	3,615,900
Bank guarantees	1,285,629

23. 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.

24. Financial Risk Management

Credit Risk

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

The balance of the largest client amounted to JOD (4,403,713) from the total balance of outstanding accounts and notes receivables as at 31 December 2024, JOD (4,143,388) as at 31 December 2023.

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.

2024	Less than one year	More than one year	Total
Bank facilities	4,742,195	671,512	5,413,707
Accounts payable	4,982,186	-	4,982,186
Shareholders' withholdings	597,389	-	597,389
Other current liabilities	759,853	-	759,853
	11,081,623	671,512	11,753,135
2023	Less than one year	More than one year	Total
Bank facilities	7,159,892	1,243,701	8,403,593
Accounts payable	4,435,846	-	4,435,846
Shareholders' withholdings	526,962	-	526,962
Other current liabilities	471,627	-	471,627
	12,594,327	1,243,701	13,838,028

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.

25 . 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:

	2024	2023
Total Debt	5,413,707	8,403,593
Total Equity	36,828,142	36,019,842
Debt to Equity ratio	15%	23%