

**Middle East Complex For Eng.,
Electronics & Heavy Industries PLC
Public Shareholding Co., Ltd.**

Amman - The Hashemite Kingdom of Jordan

**Consolidated Financial Statements
And the independent Auditor's report
As of December 31, 2020**

Middle East Complex For Eng.,Electronics & Heavy Industries PLC
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

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Independent Auditors' Report

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To the Shareholder of

Middle East Complex for Eng. Electronics & Heavy Industries PLC

Public Shareholding Company

Amman- The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Accompanying Consolidated financial statements of **Middle East Complex For Eng. Electronics & Heavy Industries PLC** (Public Shareholding Company), which comprise the Consolidated statement of financial position as at December 31, 2020, and the Consolidated statements of comprehensive income, Consolidated changes in owner's equity and Consolidated Statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except the effect of what we have mentioned below notes (1-5) the accompanying Consolidated financial statements present fairly, in all material respects, the Consolidated financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis qualified opinion

- 1- We have not been provided with the audited financial statements of the subsidiary company, " Amman General Marketing – LLC For the consolidation purposes, Witch owns 95.48% of its capital (50 Million JD/Share) For non-issuance of Audited financial statements for the year 2020, due to Given the cumulative loss of capital investment The full value of the investment has been proved to be zero in the Company's records
- 2- We have not been provided with the audited financial statements of the subsidiary for 2020, Al Manzar International Trading & Investment LLC Company's witch is wholly owned by company , The Company's financial statements were approved by the Company's management .



- 3- Accounts receivable and indebtedness of subsidiaries, associates and related parties are very high , where its net value after provision was amounted at 46,824,505 JD , And due to the failure of these companies The provision for impairment should be increased In an appropriate amount to show the balances of these receivables with the recoverable amounts (Note 7 & 8)

As well as not providing us with a conformation of amounts due from accounts receivable, subsidiaries, associates and related parties as of December 31, 2020, Consequently, we were unable to confirm the authenticity of these balances .

- 4- We have not been provided with bank conformations for the bank balances that the company deal with, so we were not able to confirm the authenticity of these balances.
- 5- The company did not provide us with a summary of the accounting profit with the tax profit of the company for the purposes of reviewing the income tax on the business results for the year 2020, noting that the tax advisor's opinion of the company stated that there is no income tax due on the results of the company's business for the year 2020 ..

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to going concern:

The financial statements of the company have been prepared on the basis that they are a continuous establishment, so that the company achieved losses during the period ending on December 31, 2020 amounting to 562,450 JD and the accumulated losses on that date amounted to 22,998,970 JD, a rate of 51% of the company's paid capital without taking into consideration the effect of the qualification mentioned above , the company suffers from a lack of liquidity, knowing that the management of the company provides the financial resources when needed to pay the company's obligations, the company ceased to carry out its normal activities and this affects the ability of the company to continue in its business and fulfill its obligations due taking into consideration the impact of the qualification mentioned in the paragraph of the basis of the conservative opinion:

- The ability of the company to continue depends on the extent to which the future plan is implemented (note 26) .

Emphasis of matters

Without further reservation in our view above, we wish to note the following:

- As stated in note (25) there is a lawsuit filed by the Industrial and Real Estate Investors Company to claim the amount 9,065,260 JD. The case is pending in front of the Court of Appeal. According to the company's lawyer, the evidence has been submitted and is able to respond.
- As stated in note (25) There is a case No. 50/2020 with the Tax Court of First Instance, the subject of which is appeal, objection and prevention of claiming tax imposed and statutory compensation and demanding recycling of declared losses in budgets and all that was stated in the decision of the income tax estimator for the year / tax period 2016 and 2017, as the tax estimator has issued a decision to impose a tax Income on the company for the year 2016 with a value of 15,558,800 JD and for the year 2017 with a value of 4,353,652 JD, and the income tax estimator issued a decision to refund the loss for the year 2016 in the value of 29,302,068 JD and for the year 2017 with a value of 2,263,681 JD and not to supply them for subsequent years as the company objected to the decision issued within the legal period .

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 auditors' report thereon. We expected that we will give the annual report after our report. 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 when its available 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 and Those Charged with Governance for the Financial Statements

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

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



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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 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 auditors' 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

1- The accumulated losses of the company "Middle East Complex for Engineering and Electronic Industries and Heavy Public Share Company Limited" 75% of its paid-up capital, but the decision of the Extraordinary General Assembly to restructure the capital guarantees the correction of the company's conditions in accordance with the requirements of the law.

2-The losses of the subsidiary (**Al Manzar International Trading and Investment Limited Liability Company**) have exceeded its paid capital as of December 31, 2020 , therefore the company is required to comply with the requirements of the article (75B) of the companies' law.

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements by the general assembly after taking into consideration the basis for qualified opinion , Material Uncertainty related to going concern , Emphasis of matters paragraphs above .

Ibrahim Abbasi & Co.

Ahmed M. Abbasi
License 710



Amman in
25 January 2021

Middle East Complex For Eng.,Electronics & Heavy Industries PLC
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

Statement of Consolidated Financial Position as of December 31 , 2020

	Note	2020 JD	2019 JD
<u>Assets</u>			
<u>Non-current assets</u>			
Properties , plant & equipment - Net	5	3,099	3,348
Financial assets at fair value through comprehensive income	6	4,811	1,159,692
Total Non-current assets		7,910	1,163,040
<u>Current Assets</u>			
Account receivable - Net	7	17,540,444	17,927,817
Due from related parties	8	29,284,061	32,194,780
Other debit balances	9	723,323	748,074
Cash at the bank	10	3,752	307
Total Current Assets		47,551,580	50,870,978
Total Assets		47,559,490	52,034,018
<u>Owner's Equity</u>			
Authorized Capital		60,000,000	70,000,000
Paid up Capital	11	44,923,120	44,923,120
Accumulated (Loss) at the end of the year	12	(22,998,970)	(22,436,520)
Net Owners' equity		21,924,150	22,486,600
<u>Current Liabilities</u>			
Credit banks	13	19,558	558,806
Accounts payable		1,112,714	2,547,008
Due to related Parties	14	11,425,902	9,711,295
Checks payable	15	2,874,859	2,966,590
Asnad Qard	16	1,308,913	4,822,392
Bank loans payable	17	1,373,211	1,373,211
sales tax withholding	18	5,201,807	5,228,175
Other credit balances	19	2,318,376	2,339,941
Total current liabilities		25,635,340	29,547,418
Total Owner's Equity and liabilities		47,559,490	52,034,018

Accompanying notes form integral part of this statement

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Statement of Consolidated comprehensive Income For The Year Ended December 31, 2020

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		JD	JD
save from bank settlements	20	3,550,065	5,222,982
Savings from the payment of accounts payable		868,162	-
Other income		-	200,000
Total		4,418,227	5,422,982
General & administrative expenses	21	(430,173)	(354,962)
The company's share of amortization of financial assets losses	6	(1,154,881)	(5,259,908)
Financing Expenses	22	(91,741)	(286,772)
Impairment of receivables	7,8	(3,303,882)	-
(Loss) of the year		(562,450)	(478,660)
Total comprehensive (Loss)		(562,450)	(478,660)
		Fils/Dinar	Fils/Dinar
Basic and diluted earningig per share	23	(0.013)	(0.011)

Accompanying notes form integral part of this statement

Statement of Consolidated Changes in Owners Equity For The Year Ended December 31,2020

	Capital	Accumulated (Loss)	Total
	JD	JD	JD
Balance as of Jan 1, 2020	44,923,120	(22,436,520)	22,486,600
(loss) of the year	-	(562,450)	(562,450)
Balance as of Dec 31, 2020	44,923,120	(22,998,970)	21,924,150
Balance as of Jan 1, 2019	39,972,503	(21,911,148)	18,061,355
prior years expenses	-	(46,712)	(46,712)
Adjusted opening balance	39,972,503	(21,957,860)	18,014,643
(loss) of the year	-	(478,660)	(478,660)
Increase of capital (note 11)	4,950,617	-	4,950,617
Balance as of Dec 31, 2019	44,923,120	(22,436,520)	22,486,600

Accompanying notes form integral part of this statement

Middle East Complex For Eng.,Electronics & Heavy Industries PLC
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Statement of Consolidated Cash Flows For The Year Ended December 31, 2020

	2020	2019
	JD	JD
<u>Cash Flows From Operating Activities</u>		
(Loss) for the Year	(562,450)	(478,660)
Depreciation & Amortizations	400	-
impairment in accounts receivable & Related Parties	3,303,882	-
The company's share of amortization of financial assets losses	1,154,881	-
prior years expenses	-	(46,712)
changes in working capital	3,896,713	(525,372)
Account receivable - Net	1,341	-
Due from related parties	(7,131)	-
Other debit balances	24,751	7,509
Accounts payable	(1,434,294)	(5,223,521)
Due to related parties	1,714,607	3,468,404
Posted Dated cheque	(91,731)	-
Other credit balances	(47,933)	(2,015,903)
Net Cash from Operating Activities	4,056,323	(4,288,883)
<u>Cash flows from investing activities</u>		
purchase of property, plant and equipment	(151)	(350)
Financial assets at fair value through comprehensive income	-	5,301,841
Net cash flows from investing activities	(151)	5,301,491
<u>Cash Flows From Financing Activities</u>		
Increase of capitl	-	4,950,617
Credit banks	(539,248)	-
Repayment of loans	(3,513,479)	(5,963,612)
Net Cash (used in)Financing Activities	(4,052,727)	(1,012,995)
Net (decrease) increas in Cash and cash equivalent	3,445	(387)
Cash on hand and at banks at beginning of year	307	694
Cash on hand and at banks at the end of the year	3,752	307

Accompanying notes form integral part of this statement

Middle East Complex For Eng.,Electronics & Heavy Industries PLC

Public Shareholding Co., Ltd.

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Notes to the Consolidated Financial Statements

1- Incorporation

Middle East Complex for Engineering, Electronic and Heavy Industries - Public Shareholding Limited was established as a Public Shareholding Company and registered in the Register of Public Shareholding Companies at the Ministry of Industry and Trade under No. 255 dated 12 September 1994, Its authorized, subscribed and paid-up capital is 150 million JD divided into 150 million shares with a nominal value of JD per share The company's main location is located in Amman, Jordan, in the Wadi Sir area

Based on the decision of the General Assembly in its extraordinary meeting that held at December 24, 2013 and included Capital structuring through 1- Amortization of the accumulated losses on the company as of December 31, 2012 witch amounting to 125,000,000 JD, so that the company's capital becomes 25,000,000 JD JD 2- Increase the company's capital by 45,000,000 JD so that the authorized capital becomes 70,000,000 JD

Based on the decision of the General Assembly in its extraordinary meeting that held at June 24, 2018 the approval to capitalizing the Balance of Account Payable for Privatization Company / Jordan witch Ammounted 14,972,503 JD with 1JD/share ,that the Paid Up capital will be 39,972,503 JD The legal procedures were completed at the Ministry of Industry and Trade / Companies Control Department on September 27, 2018

On April 22, 2019, the legal procedures were completed at the Ministry of Industry and Trade / Companies Control Department with a capitalization of 4,950,617 JD, so that the paid-up capital became 44,923,120 JD

The company's goals include retailing of tools, electric motors, patent agencies, registration of fees and trademarks.

The accompanying financial statements have been approved by the Board of Directors at its meeting held on January 25, 2021 and are subject to the approval of the General Assembly of Shareholders

2- General

- The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Standards Board (IFRIC)
- The Jordanian Dinar is the currency of the presentation of the financial statements, which represents the Company's principal currency

Notes to the Consolidated Financial Statements

Consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The results of operations of subsidiaries are consolidated in the consolidated statement of comprehensive income as of the date of their acquisition, the date on which the control of the subsidiary is effectively transferred.

The consolidated financial statements for the year 2019 include the financial statements of the parent company and its subsidiary: Al Manar International Trading and Investment Limited Liability Company The financial statements of the subsidiary "Oman General Industrial and Marketing Limited Liability Company", for which the financial statements have not been issued, do not include the preparation of these consolidated financial statements.

As of December 31, 2020, the Company has the following subsidiaries :

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Notes to the Consolidated Financial Statements

The following table shows the capital and the percentage of ownership subsidiary companies and the carrying value of the investment

The Company's name	Company entity	Nature of activity	Location	Date of acquisition	Capital	Ownership	Book value of investment
Amman General Company for Industry and Marketing	Limited Liability	Investments	amman	2002	50,000,000	95%	-
Al Manzar International Trading & Investment Co.	Limited Liability	Trading & investments	amman	2011	10,000	100%	(8,228,470)

- There is no fair value for the above investments, being a limited liability company
- Summary of assets and liabilities and revenues and profits of subsidiary Company

The Company's name	Assets	Liabilities	Revenue
Amman General Company for Industry and Marketing	-	-	-
Al Manzar International Trading & Investment Co.	6,415,636	14,644,106	-

The consolidated financial statements for 2020 include the financial statements of Al Manzar International Trading and Investment Company , Amman General Company for Industry and Marketing has recorded a full Impairment in its book value due to doubts about the continuation of its operations, exceeding its losses to its capital, and the reflection of the special situations in the countries in which it conducts its activities on the possibility of continuing to suffer losses

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Notes to the Consolidated Financial Statements

3- 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 and expenses and the resultant provisions and particular , considerable judgement by management is required in the estimation of the amount and timing of future cash flows . .

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 change in such provisions

- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits . Any impairment is taken to the statement of comprehensive income.

4- Significant accounting policies

The financial statements have been prepared in accordance with the accounting policies applied in the last annual financial statements issued for the year ended December 31, 2019.

Change in accounting policies

During the current period, the company applied the following revised standards and improvements to the International Financial Reporting Standards, which are effective for annual periods beginning on January 1, 2020.

- * Amendments to the IFRS No. 3 "Business Combinations"
- * Amendments to IAS 1 "Presentation of Financial Statements"
- * Amendments to IAS 8 "Changes in accounting estimates and errors"
- * Amendments to IFRS 7 "Financial Instruments: Disclosures"
- * Amendments to IFRS 9 "Financial Instruments "

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the condensed consolidated interim financial statements,

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Notes to the Consolidated Financial Statements

The following is a summary of the significant accounting policies used:

Property, plant and equipment

Property & equipments are recorded at cost and depreciated (except lands) over its estimated useful lives under the **straight line** method by using Following annual depreciation rates 2% - 20%

An assets carrying amounts is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount , the impairment record in statement of comprehensive income .

The expected production life for assets is reviewed at end of the year , whenever ther are changes between the expected life and the estimated , the depreciation method is changed to depreciate on net book value based on the remaining production life after re-estimation from the year re-estimated on .

Impairment of non-financial assets

The carrying amount of the assets of the Company is reviewed at the end of each financial year to determine whether there is an indication of impairment and, if there is an indication of impairment, the recoverable amount of the asset is estimated.

If the carrying amount of the asset exceeds the recoverable amount of the asset, the impairment loss on that asset is recognized.

The recoverable amount represents the fair value of the asset less costs to sell or value of use of the asset, whichever is greater.

All impairment losses are recognized in the statement of comprehensive income.

Fair value

Closing prices in active markets represent the fair value of financial assets In the absence of quoted prices or lack of active trading on certain financial assets, their fair value is estimated by comparing them to the fair value of a similar instrument or by calculating the present fair value of future cash flows If the fair value of the financial asset can not be measured reliably, it is stated at cost less any impairment in value

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Notes to the Consolidated Financial Statements

Financial assets

Financial assets are recognized at their acquisition and establishment at their value plus all transaction costs associated with them except for financial assets at fair value through statement of income (for trading purposes). The Company classifies its financial assets as follows:

Financial assets at fair value through statement of income

Are assets acquired mainly for the purpose of selling or repurchasing them soon and for short-term profits.

Are recognized at fair value at the time of purchase and are not charged to the acquisition costs such as commissions paid and recognized immediately as an expense and are re-measured at the consolidated financial statements at fair value. Changes in fair value are recognized in the statement of comprehensive income in the same period of time, Or interest earned in the statement of comprehensive income

Other financial assets

Other financial assets such as receivables, notes receivable, other receivables, banks, loans and other credit balances are stated at amortized cost using the effective interest method after the impairment loss is reduced.

Offsetting

Offsetting of financial assets and financial liabilities is occurred and the net amount reported in the financial statements when the rights and legally enforceable right to offset the recognized amounts and the bank intends to either settle them on a net basis , or to realize the assets and settle the liability simultaneously

Impairment of financial assets

The carrying amount of the assets of the Company is reviewed at the end of each financial year to determine whether there is an indication of impairment and, if there is an indication of impairment, the recoverable amount of the asset is estimated.

If the carrying amount of the asset exceeds the recoverable amount of the asset, the impairment loss on that asset is recognized.

The recoverable amount represents the fair value of the asset less costs to sell or value of use of the asset, whichever is greater.

All impairment losses are recognized in the statement of comprehensive income.

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Notes to the Consolidated Financial Statements

Inventory

Finished and under-manufactured goods are priced at the lower-of-cost-or-Market . The cost includes the cost of direct manufacturing and partial indirect manufacturing costs

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale.

Accounts Receivables

Accounts receivable are stated at their net realizable value net of a provision for doubtful accounts , bad debts were written off when identified and deducted from its stated provision and the collected amounts from debts are identified to revenues .

Accounts payable

The accounts Payable and accrued amounts are recognized upon receipt of the goods by the company, whether billed by the supplier or not.

Trade payables are recognized at fair value and are subsequently measured using amortized cost using the effective interest method.

Loans

Loans are recognized at their fair value at the date of acquisition, less costs related to the operation and subsequently measured at amortized cost.

Income tax

Tax charges payable are calculated on the basis of taxable profits in accordance with Law No. 38 of 2018, and taxable profits differ from profits declared in the income statement because the declared profits include non-taxable revenues or expenses that are not downloadable in the fiscal year but rather in subsequent years or accumulated losses accepted Taxes or items that are not subject to or acceptable to download for tax purposes.

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Provisions

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

Foreign currency conversions

Foreign currency transactions are translated into Jordanian Dinars at the exchange rates prevailing at the date of transaction . Assets and liabilities expressed in foreign currencies are translated into Jordanian Dinars at the exchange rates prevailing as at the balance sheet date . Exchange differences arising from these translations are included in the statement of income .

Revenue recognition

- Revenue and expense are recognized on an accrual basis.

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Notes to the Consolidated Financial Statements

5- Properties , plant & equipment - Net

This item consists of the following:

	Vehicles	others	Total
	JD	JD	JD
Cost as of t januarey 1, 2020	525,350	3,627	528,977
Additions during the year	-	151	151
Disposals during the year	-	-	-
Cost at December 31, 2020	525,350	3,778	529,128
<u>Acumulated Depreciation</u>			
balance as of januarey 1, 2020	525,349	280	525,629
Additions during the year	-	400	400
Disposals during the year	-	-	-
balance as of December 31, 2020	525,349	680	526,029
Net book value as of December 31, 2020	1	3,098	3,099
Net book value as of December 31, 2019	1	3,347	3,348

Notes to the Consolidated Financial Statements

6- Investments in financial assets at fair value through Comprehensive income statement

This item consists of the following:

	2020	2019
	JD	JD
Shares in the National Integrated Complex Company	1,159,692	12,453,833
Impairment of financial assets	-	(6,034,233)
The company's share of amortization of losses National Integrated Complex Company	(1,154,881)	(5,259,908)
Total	4,811	1,159,692

- The capital of the National Integrated Complex for Private Joint Stock Company has been restructured, and as a result of the capital restructuring the company incurred losses of 617,030 JD
- The capital of the National Integrated Complex for Private Joint Stock Company has been restructured, and as a result of the capital restructuring the company incurred losses of 537,851 JD

7- Account receivable And Note Receivable - Net

This item consists of :

	2020	2019
	JD	JD
Account receivable	28,279,539	28,280,880
Less : Provision for doubtful debts	(10,739,095)	(10,353,063)
Total	17,540,444	17,927,817

The movement on provision for impairment of receivables is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	10,353,063	10,353,063
Transfer to provision for related party receivables	386,032	-
Balance at the ending of the year	10,739,095	10,353,063

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Notes to the Consolidated Financial Statements

8- Due from related parties

The balances of the related parties are as follows

		2020	2019
		JD	JD
Amman General Company for Industry and Marketing	Subsidiary	132,800,411	132,793,281
Darwish Al Khalili & Sons Co	Sister company	8,340,724	8,340,724
National Integrated Complex Company	Sister company	1,303,238	1,303,238
South Electronics Co	Sister company	5,061,680	5,061,679
Rum Alaa Eddin Engineering Industries Co	Sister company	5,914,380	5,914,380
National Star Company for Electronic Industries*	Sister company	6,527,052	6,527,052
Al Diyar Electronics & Electronics Trading Co. *	Sister company	190,790	190,790
International Electronics Company*	Sister company	4,994,918	4,994,918
International Electronics Company*	Sister company	3,555	3,555
Middle East Financial Investments Co.*	Sister company	5,564,918	5,564,918
Al Deera Company *	Sister company	525,828	525,828
Future Company for Industry and Electronics *	Sister company	691,629	691,629
International Investment & Trading Co.*	Sister company	14,200,000	14,200,000
Total		186,119,123	186,111,992
Provision for impairment in accounts receivable		(156,835,062)	(153,917,212)
Net		29,284,061	32,194,780

* The above companies are owned by the subsidiary Amman General Company for Industry and

The movement in provision for doubtful debts is as follows

	2020	2019
	JD	JD
Balance at the beginning of the year	153,917,212	161,417,212
Transfer from Provision of Impairment for Related Parties	2,917,850	-
Reduction of provision - Settlement of related party receivables	-	(7,500,000)
Balance at the End of the year	156,835,062	153,917,212

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9- **Other debit balances**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Insurance checks at the bank	102,522	102,522
Income tax deposit on bank interest	205,642	205,642
Other debit balances	413,468	413,468
Prepaid expenses	-	20,000
Payments to work	1,691	6,442
Total	<u>723,323</u>	<u>748,074</u>

10- **Cash on hand and at banks**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Petty cash	3,455	10
Cash at the banks - JD	297	297
Total	<u>3,752</u>	<u>307</u>

11- **Capital**

The authorized capital is 60,000,000 JD , divided into 60,000,000 shares, the value of the share is one JD The paid-up capital amounted to 44,923,120 JD

12- **(Accumulated Loss) at the end of the year**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance at the beginning of the year	(22,436,520)	(21,911,148)
Consulting expenses -prior years	-	(46,712)
(loss) for the year	(562,450)	(478,660)
Balance at end of year	<u>(22,998,970)</u>	<u>(22,436,520)</u>

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13- Credit banks

This item consists of the following:

	2020	2019
	JD	JD
Credit banks	19,558	558,806
Total	19,558	558,806

14- Due to related Parties

	2020	2019
	JD	JD
Privatization Holding - Jordan	11,388,628	9,636,544
Privatization Holding - Kuwait	37,274	74,750
Total	11,425,902	9,711,294

15- Checks payable

This item consists of the following:

	2020	2019
	JD	JD
Checks payable	2,874,859	2,966,590
Total	2,874,859	2,966,590

16- Asnad Qard

This item consists of the following:

	2020	2019
	JD	JD
Arab Bank*	-	2,936,969
Bank of Jordan	588,276	588,276
Al Arabi Investment Group**	-	576,510
Arab Jordanian Insurance Group	102,948	102,948
Darwish Al Khalili & Sons Company	29,413	29,413
Social Security Corporation	588,276	588,276
Total	1,308,913	4,822,392

* On 1/23/2020, the company settled the company's debt with the Arab Bank and obtained a clear settlement and clearance, and the settlement resulted in a saving of 3,048,607 JD.

** On 11/4/2020, the company settled the company's debt with the Al-Arabi Investment Group Company and obtained a settlement, conclusive and clearance. The settlement resulted in a saving of 501,458 JD.

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17- Bank loans due

This item consists of the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
BLOM Bank	1,373,211	1,373,211
Total	<u>1,373,211</u>	<u>1,373,211</u>

18- sales tax withholding

This item consists of the following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance at the beginning of the year	5,228,175	7,159,518
Other	(1,955)	(64,665)
Sales tax Deposits - Banks interests	(24,413)	-
Payment during the year (payment of the first installment)	-	(1,866,678)
Balance at end of year	<u>5,201,807</u>	<u>5,228,175</u>

*** sales tax**

The Income and Sales Tax Department visited the company and audited its accounts, For sales tax purposes up to January 31, 2012 Based on the review conducted by the Department, the amount of JD 7,041,642 was recognized as a sales tax and the Company is required to pay it In addition to JD 5,429,315 Fines owed on that amount

The Council of Ministers decided in its meeting held on 26 October 2018 to approve the extension of the work of its resolution No. (4427) issued on 28 May 2014 and for one year from the date of 27 November 2018 Which includes the following

- 1- exempting the company from all the fines due on the balances due to it for the Income and Sales Tax Department, which will be as of 1/1/2019 a total of 16782345 JD For the Rule of Article 3 / B of the law of exemption from public funds No. (28) for the year 2006
- 2- Installment of income and sales tax balances amounting to JD 9,333,388 in five annual installments commencing on 1/1/2019 under bank checks
- 3- Exemption of the company from the benefits of installment
- 4- The company is required to provide a legal guarantee in the amount of the discount for the Income and Sales Tax Department Provided that the workers who have been dismissed are reinstated within two years from the date of the decision

Checks were submitted to the Income and Sales Tax Department from a member of the Board of Directors of Insurance Checks and will be replaced upon maturity by checks certified by the Privatization Holding Company / Jordan by 4 checks for the value of each check 1,866,677 Dinars worth the first check on 31/12/2019 and the last 31/12/2022

The company paid the third installment 12/31/2020 maturity on 1/31/2021, the fourth installment remains 12/31/2021 maturity and the fifth installment 12/31/2022 maturity

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19- Other credit balances

This item consists of the following:

	2020	2019
	JD	JD
Shareholders Deposites	623,135	623,135
Accrued expenses	-	109
The Scientific Research Fund	105,133	105,133
University tuition fees	64,958	64,958
Provision for Operating Fund	122,759	122,759
tax deposites on transfers of members of the Board of Directors	6,458	6,458
Provision for laibilites and and other	113,438	151,936
Legal Cases	1,166,099	1,171,542
Accounts payable - Board of Directors	81,410	93,911
Receivables staff	34,986	-
Total	2,318,376	2,339,941

Tax Position

income tax Position

- The company was terminated with the Income Tax Department until 2012
- The annual estimate of 2013 ,2014,2016,2017,2018 was presented within the legal period of the Income and has not yet been reviewed and 2015 was not presented

The 2016 and 2017 years were reviewed by the Income and Sales Tax Department and as mentioned in the Income Tax Estimator Decision for the 2016/2017 tax period, as the tax estimator issued a decision to impose an income tax on the company for the year 2016 with a value of 15,558,800 dinars and for the year 2017 at 4,353,652 dinars (Note 24).

- According to the opinion of the tax advisor of the company, there is no need to make any provisions to meet the income tax obligation on the business results for the year 2020 because of the accumulated losses.

20 save from bank settlements

The amount of other revenues represents the savings resulting from the debt settlement of the Arab Bank, which took place on January 23, 2020, as follows:

	Balance
	JD
Arab Bank - Credit banks	539,248
Arab Bank - Attribution of the loan payable	2,936,969
Al Arabi Investment Group	576,510
Total	4,052,727
The amount paid	502,662
The savings from Arab Bank debt settlement	3,550,065

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21- Administrative and general expenses

This item consists of the following:

	2020	2019
	JD	JD
Salaries and wages	58,075	60,960
Transportation of members of the Board of Directors	45,000	45,000
Fees for the reconciliation committee	21,305	11,500
Expenses of the General Authority	9,898	3,645
Expenses of the shareholders department	0	350
Computer expenses	2,750	8,400
Rent	4,445	4,615
Governmental fees and registrations	87,563	24,908
Professional fees	133,665	131,478
Depreciation	13,752	-
Legal expenses	11,925	10,572
Assest movement expenses	11,600	13,500
Intrest and banks comisions	400	-
Other	29,795	40,034
Total	430,173	354,962

22- Finance charges

The financing amount represents the value of the amount claimed by the Privatization Holding Company / Jordan, amounting to 91,741 JD including the sales tax for the year 2020 that resulted from the loan granted to the Privatization Holding Company - Jordan from the investment bank from the Arab Investment Bank and for the purposes of financing part of the debt settlement of the Middle East Complex Company

23- (loss) Per Share

This item consists of the following:

	2019	2018
	JD	JD
(Loss) for the year	(562,450)	(478,660)
Weighted average number of shares	44,923,120	44,923,120
Basic and diluted, earnings per share	(0.013)	(0.011)

Notes to the Consolidated Financial Statements

24- **Financial risks**

The Company is exposed to the following risks as a result of the financial instruments it uses:

Market risk

Currency Conversion Risk

Most of the Company's transactions in Jordanian Dinars and most foreign transactions are denominated in US Dollars and its exchange rate is fixed against the Jordanian Dinar, which makes the impact of currency risk not material to the consolidated financial statements.

Interest rate risk

The Company may be exposed to interest rate risk on its interest bearing assets and liabilities such as: Creditors and loans, especially those bearing variable interest rates.

Credit risk

These risks arise from dealing in cash and cash equivalents and bank deposits with financial institutions and receivables, which may result from the default or inability of debtors and other parties to meet their obligations to the Company.

As for transactions with financial institutions, the company deals with full financial institutions.

As for transactions with customers, the company is committed to maintaining customer credit limits and ongoing receivables are monitored. The Company's management believes that it is exposed to credit risk arising from the accumulation of certain debts that the management knows that the accumulation is due to circumstances beyond the control of the dealers and not to bad credit.

As for the related parties, the management monitors these receivables and will be settled

Liquidity risk

The management of the company plans the cash flows of the company. These flows are monitored by the management and financial management on an ongoing basis to ensure that sufficient and sufficient liquidity is available to conduct the operational activities and to ensure at the same time not to violate or exceed the limits or conditions of any bank facilities.

However, the company suffered from a decrease in its cash flows due to the prevailing economic conditions and the low sales of 2014. The company has arranged for its debts due to the creditor banks and the loan holders and hopes that the plan to promote the company (note 24) will show the fruits of its efforts in the near term. Results for the coming years.

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The table below shows the distribution of financial liabilities (not discounted) based on the remaining contractual maturity and current market interest rates

	December 31,2020	
	less than one Year	Total
	JD	JD
Credit banks	19,558	19,558
Accounts payable	1,112,714	1,112,714
Due to related Parties - Privatization Company	11,425,902	11,425,902
Checks payable	2,874,859	2,874,859
Attribution of the loan payable	1,308,913	1,308,913
Bank loans payable	1,373,211	1,373,211
sales tax withholding	5,201,807	5,201,807
Other credit balances	2,318,376	2,318,376
Total current liabilities	25,635,340	25,635,340

	December 31,2019	
	less than one Year	Total
	JD	JD
Credit banks	558,806	558,806
Accounts payable	2,547,008	2,547,008
Due to related Parties - Privatization Company	9,711,295	9,711,295
Checks payable	2,966,590	2,966,590
Attribution of the loan payable	4,822,392	4,822,392
Bank loans payable	1,373,211	1,373,211
sales tax withholding	5,228,175	5,228,175
Other credit balances	2,339,941	2,339,941
Total current liabilities	29,547,418	29,547,418

Notes to the Consolidated Financial Statements

25- Legal Cases

Issues raised by the company to other

- * There is a case of criminal suit No. 3811/2013 set up by the company on "United Arab Investors - Public Joint Stock Company", Abdul Rahman Talal Abdul Rahman Daghmush and Haytham Khalid Abdul Karim Al Dahla for the claim 11,307,320 JD in return for check check and the case is still pending before the Court

On 10 March 2016, the Amman Court of Cassation issued its decision to convict the defendants

- * There is a preliminary issue of rights No. 765/2016, which was issued by the company to the members of the National Complex for Integrated Industries, which is located at the Court of First Instance Rights of Southern Amman to demand a wage allowance of 1,233,000 JD in addition to demanding the value of fees and expenses and fees. A court of first instance ordered a refund of the equivalent of one million dinars for the passage of time. The appeal court appealed the appeal And support the ruling of the First Court of First Instance, the company has distinguished the decision, and the case is still in front of the Court of Cassation
- * There is a lawsuit against Osama Darwish al-Khalili, the subject of which is the re-price of the waiver bonds and the sale of the compensation shares. The case was referred to the case management under No. 83/201
- * Case No. 50/2020 with the Tax Court of First Instance, the subject of which is appeal, objection and prevention of claiming tax imposed and statutory compensation and demanding recycling of declared losses in budgets and all that was stated in the decision of the income tax estimator for the year / tax period 2016 and 2017, as the tax estimator has issued a decision to impose a tax Income on the company for the year 2016 with a value of 15,558,800 JD and for the year 2017 with a value of 4,353,652 JD, and the income tax estimator issued a decision to refund the loss for the year 2016 in the value of 29,302,068 JD and for the year 2017 with a value of 2,263,681 JD and not to supply them for subsequent years as the company objected to the decision issued within the legal period.

According to the company's lawyer's opinion, the company's position is good in this case

Notes to the Consolidated Financial Statements

Issues arising from the subsidiary to others

- * There is a case of a criminal suit No. 2013/3808 Constructed from the subsidiary company - Al-Manasar Company on Al-Mutnasakah Investment Company and Haytham Khalid Abdul-Karim Al-Dahleh to claim 1,825,000 JD instead of a check and the case is still pending before the court.

On 19 November 2015, the Amman Court of Cassation issued its decision to convict the defenders

Issues raised by others on the company

- * Law No. 565/2015 at the Court of First Instance Rights of South Amman, in the presence of Messrs. Middle East Complex for Engineering, Electronic and Heavy Industries and other Plaintiffs, Hair Middle East, for devices that are subject to revocation of mortgage and execution procedures, recovery of property and prevention of opposition in its utility, The pledge of the mortgage and the entitlement and / or redemption of the equipment and the claim for a malfunction and damage allowance estimated at the higher limit for the purposes of the fees.

The court of first instance issued a ruling to dismiss the case and the appellant appealed the decision. The case is still pending before the Amman Court of Appeal

The appeal court appealed the appeal And support the ruling of the First Court of First Instance, the company has distinguished the decision, and the case is still in front of the Court of Cassation

- * Primitive Lawsuit No. 448/2019, which was set up by the National Integrated Complex Company, in the presence of the Middle East Complex for Engineering, Electronic and Heavy Industries and others. And the issue of preventing the claim value (1,414,180 JD in addition to the claim for compensation and damage of 300 ,000 JD, and the case is still in front of the Court of the beginning rights of West Amman.
- * There are cases filed by the General Prosecutor of Oman Customs and the general right to claim the double of the sales tax of 1,039,070 JD cases are still subject to appeal and discrimination.
- * * There is a claim No. 2019/341 filed by the Industrial and Real Estate Investors Company for a claim of 9,065,260 JD in front of the Court of First Instance of West Amman and a decision was issued by the esteemed court to impose the precautionary detention on the debtor until the dismissal of the case and the Middle East Complex Company appealed the decision and took number 37151 / 2019 in the Court of Appeal and the case is still pending before the courts. According to the lawyer, the evidence has been submitted and is able to respond. The Court of Appeal issued a decision dismissing the case and upholding the judgment issued by the Court of First Instance

Notes to the Consolidated Financial Statements

26- The future plan

- Completing the company's capital restructuring program with the relevant authorities
- Completing the work of financial settlements with banks and creditors to serve the company's interest
- Completing the work of financial settlements between companies and related parties through the debt settlement program in a way that serves the company's interest
- Work to implement the General Assembly's decision held on 28/1/2018 which includes (approval of the work plan to operate the factories and the current operation and ownership of the factories in the name of Privatization Holding Company - Jordan and it is only as a transitional phase and that the operation and ownership will return completely to the Middle East complex once and when the completion of Full settlement of legal matters

27- General events (Covid-19)

The World Health Organization announced in the first quarter of the year 2020 that Covid-19 has become a global epidemic, as the Jordanian government decided to disrupt business and economic activities in Jordan.

According to the company's management's opinion, the company is not operating and there is no effect of the Corona pandemic on the company, with the exception of the suspension of the financial and administrative structure of the company and its capital, in implementation of the defense's passage, and the company will continue to implement the decisions of its board of directors and its previous unusual public bodies related to restructuring its capital and making other settlements with creditors.

28- Subsequent events

The company's debt was settled with the Arab Bank, the actual implementation was made, the agreed amount was paid, and clearance was obtained, resulting in a saving of 3,068,165 JD

29- Comparative figures

Certain comparative year figures have been reclassified to conform to current year figures.