



P.O. Box 6899 Amman 11118 Jordan

الشركة الأردنية لصناعة الأنابيب (م.م)

JORDAN PIPES MANUFACTURING CO.LTD.

الإشارة : ١٩٧/٢/١٥/٢

التاريخ : ٢٠١٧/٥/١٠

السادة بورصة عمان المحترمين

تحية واحترام ،،،

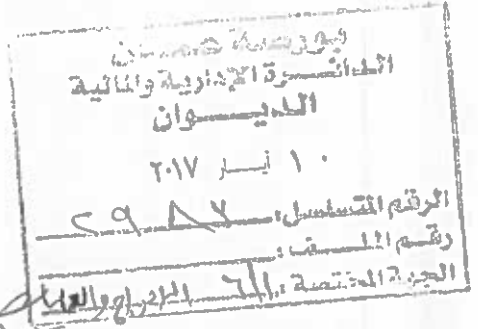
بناء على طلبكم نرفق لكم طيه الآتي :

١. نسخة من البيانات المالية المرحلية للشركة كما في ٢٠١٧/٣/٣١ باللغة الانجليزية .
٢. نسخة من البيانات المالية عن السنة المالية المنتهية في ٢٠١٦/١٢/٣١ باللغة الانجليزية .

واقبلوا فائق الاحترام ،،،

المدير العام

خير ابو صعيلىك



THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA-THE HASHEMITE KINGDOM OF JORDAN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED MARCH 31, 2017

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQHA -THE HASHEMITE KINGDOM OF JORDAN

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE INTERIM FINANCIAL STATEMENTS

To the Shareholders of
THE JORDAN PIPELINE INDUSTRY COMPANY
Public Shareholding Company
ZARQHA-THE HASHEMITE KINGDOM OF JORDAN

Introduction

We have reviewed the accompanying statement of financial position as of 31 March 2017 and the statement of comprehensive income and the statement of changes in equity and the statement of cash flows for the period ended 31 March 2017 . Management of the company is responsible for the preparation and presentation of these interim financial statements in accordance with the IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 interim financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Professional Controllers


Jamal Hammoudeh (JCPA, ACPA)

License #478)

Amman 26, April 2017



THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

FINANCIAL POSITION STATEMENT AS OF MARCH 31, 2017

	Notes	31 MARCH 2017 JD	31 DECEMBER 2016 JD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	13,906	932
Checks under collection & Notes receivable		295,499	304,350
Net Accounts receivables	4	423,096	583,014
Letter of credits		8,397	1,118
Ending finished goods	5	1,738,148	1,869,412
Ending goods under process	5	1,303,918	1,396,496
Row material		399,400	379,362
Net spare part IUV	6	582,721	567,358
Other receivable	7	37,032	23,154
TOTAL		4,802,117	5,125,196
NON CURRENT ASSETS			
Net cash of property and equipment	8	1,368,195	1,360,470
Real Estate Investments	9	583,520	583,520
TOTAL		1,951,715	1,943,990
TOTAL ASSETS		6,753,832	7,069,186

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS**

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQHA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-A

FINANCIAL POSITION STATEMENT AS OF MARCH 31, 2017

	<u>Notes</u>	<u>31 MARCH 2017 JD</u>	<u>31 DECEMBER 2016 JD</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit bank	10	1,507,994	1,613,001
Deferred checks		-	182,166
Accounts Payable		98,045	64,344
Shareholder Deposits		175,100	175,706
Different provisions	11	7,871	10,120
Other credit balances	12	26,970	48,959
Total Current Liabilities		<u>1,815,980</u>	<u>2,094,296</u>
SHAREHOLDER EQUITY			
Capital		3,575,000	3,575,000
Legal Reserve	13	1,007,789	1,007,789
Voluntary Reserve	14	917,000	917,000
Accumulated Profit(loss) - Exhibit C		<u>(561,937)</u>	<u>(524,899)</u>
Total Shareholder Equity		<u>4,937,852</u>	<u>4,974,890</u>
TOTAL LIABILITIES AND EQUITY		<u>6,753,832</u>	<u>7,069,186</u>

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS**

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-B

COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

	<u>Notes</u>	<u>31 MARCH 2017</u>	<u>31 MARCH 2016</u>
		<u>JD</u>	<u>JD</u>
Net Sales	15	417,144	768,749
<u>Cost of sales</u>			
Beginning finished goods		1,869,412	2,159,355
Costs of production	16	285,124	519,440
Ending finished goods		<u>(1,738,148)</u>	<u>(1,844,733)</u>
Cost of sales		<u>(416,388)</u>	<u>(834,062)</u>
Gross Profit (loss)		<u>756</u>	<u>(65,313)</u>
Accumulated Income of Galvanah	17	27,813	6,870
Different Income	18	5,759	2,532
Selling and Distribution Expenses	20	(1,719)	(3,522)
Administrative Expenses	21	(39,464)	(46,014)
Benefits & bank commissions		<u>(30,183)</u>	<u>(34,367)</u>
Profit (loss) for the period before tax		<u>(37,038)</u>	<u>(139,814)</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

THE JORDAN PIPELINE INDUSTRY COMPANY
LIMITED LIABILITY COMPANY
ZARQA - THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT- C

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

	CAPITAL JD	LEGAL RESERVE JD	VOLUNTARY RESERVE JD	PROFIT (LOSS) OF PRIOR YEARS		TOTAL JD
				JD		
Balance as of January 1,2016	3,575,000	1,007,789	917,000	(390,186)		5,109,603
Profit (Loss) for the period - Exhibit B	-	-	-	(139,814)		(139,814)
Balance as of March 31, 2016 - Exhibit A	3,575,000	1,007,789	917,000	(530,000)		4,969,789
Balance as of January,2017	3,575,000	1,007,789	917,000	(524,899)		4,974,890
Profit (Loss) for the period - Exhibit B	-	-	-	(37,038)		(37,038)
Balance as of March 31, 2017 Exhibit - A	3,575,000	1,007,789	917,000	(561,937)		4,937,852

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE FINANCIAL STATEMENTS

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQA -THE HASHEMITE KINGDOM OF JORDAN

EXHIBIT-D

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

	31 MARCH 2017 JD	31 MARCH 2016 JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit (loss) for the year before tax	(37,038)	(139,814)
Depreciation	20,212	33,589
<u>Changes in Capital items</u>		
Checks under collection	8,851	(158,585)
Accounts receivable	159,918	(167,356)
Letters of credit	(7,279)	(176,639)
Finished goods & under process	223,842	330,145
Raw material & inventory	(35,401)	11,226
Other credit balances	(13,878)	(12,780)
Accounts payable	33,701	12,587
Other accounts payable	(21,989)	20,316
Defferd checks	(182,166)	-
Different provisions	(2,249)	(287)
Net cash from operating activities	146,524	(247,598)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
property and equipment	(27,937)	(379)
Projects under construction	-	(4,515)
Net cash from investing activities	(27,937)	(4,894)
<u>CASH FLOWS FROM FINANCIAL ACTIVITIES</u>		
Credit banks	(105,007)	262,500
Distributed Profits	(606)	(627)
Net cash uses to from financing activities	(105,613)	261,873
Net change in cash account to(loss) / increase	12,974	9,381
Cash and equivalents - beginning of the year	932	795
Cash and cash equivalents - end of the period - Exhibit A	13,906	10,176

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

THE JORDAN PIPELINE INDUSTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
ZARQHA -THE HASHEMITE KINGDOM OF JORDAN

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS AND ACTIVITIES

- THE PIPELINE INDUSTRY JORDAN COMPANY was established as private company in accordance with companies law and recorded under No. (225) on the year 1969 ,on 21,5,1974 the company converted to public shareholding company and recorded under No (86)
- The company activities represent of pipeline industry and every thing related to this industry with different kinds or size in order to sell, marketing or to export.
- The Financial Statements are signed by the Board of Directors on their second resolution, Decision No (1) Dated 26,2,2017 .

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the International Financial Reporting Standards and the related Interpretations issued by the International Financial Reporting Interpretations Committee, and the following is a summary of the significant policies applied:

a) Basis of measurement

The financial statements are prepared according to the base of historical cost. For some assets this base is changed as follows.

b) Cash and cash equivalents

For the purpose of preparing the cash flow statement, "cash and cash equivalents" represents cash in hand, current accounts .

c) Impairment provision for accounts recivable.

Impairment provision of accounts Recivable was taken when management has doute to collect them.

d) Warehouses

- The company flows the average cost policy to evaluate row materials and spereparts in warehouses.
- The finished goods evaluate with the sell price after deducting arate equal the less of the cross profit or net collected value .

e) Property and equipment

Property and equipment are recorded at net book value after deducting - except for land - accumulated depreciation and any impairment in value.

The company uses the straight - line method of depreciating its property and equipment over estimated useful lives at the following annual rates:

Buildings	2 %
Vehicles	15%
Computers	20%
Furniture	6 %
Machines and equipment	3,5%
Decorations	10%

If any of the property and equipment is disposed of, the net book value for the disposed asset on the date of disposition is omitted from the Company's records, and the result, whether income or loss, is posted to the statement of income.

f) Real state Investment

The real state appeared on cost.

g) Revenues recognition

The Company sales exist when the products received from the client after deducting any discounts.

h) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Company's financial instruments principally comprise of cash and bank balances, accounts receivable and payable, investments and loans.

3. CASH AND CASH EQUIVALENTS

This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Cash	13,672	277
Petty Cash	234	655
Total	13,906	932

4. ACCOUNTS RECEIVABLE

This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Trade Receivable	1,062,696	1,222,614
Less :		
Accounts Receivable impairment provision	(639,600)	(639,600)
Total	423,096	583,014

5. WAREHOUSES

This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Finished goods	1,738,148	1,869,412
Goods under process	1,303,918	1,396,496
Total	3,042,066	3,265,908

6. NET SPARE PARTS

This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Spare Parts	717,721	702,358
Less :		
Slowmoviny spare parts provision	(135,000)	(135,000)
Total	582,721	567,358

7. OTHER DEBIT BALANCES

a - This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Refundable Deposits	11,300	11,300
Work injury Claims	10,464	10,418
Emploweecs saving fund - 7 B	3,548	-
Prepaid Expenses	11,617	1,333
Income Tax Deposits	103	103
Total	37,032	23,154

b - The Employees Saving Fund balance (JD 3,548) represent the amount required from the saving fund ,Although the company share is %11 of the salary.

8. PROPERTY AND EQUIPMENT

A) Property and equipment are shown at the balance sheet date as follows:

Cost	Lands	Constructions and Buildings	Equipment and Machines	Vehicles	Furniture and office tools	Production of décor Machines	Tools	Computers	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
As of January 1, 2017	28,297	1,460,456	4,806,331	92,558	107,689	23,785	558,384	107,504	7,185,004
Additions during the period	-	-	-	33,000	-	-	-	-	33,000
Disposals during the period	-	-	-	(27,750)	-	-	-	-	(27,750)
As of March 31, 2017	28,297	1,460,456	4,806,331	97,808	107,689	23,785	558,384	107,504	7,190,254
Accumulated Depreciation									
As of January 1, 2017	-	(864,778)	(4,099,637)	(81,313)	(92,080)	(23,785)	(557,407)	(105,534)	(5,824,534)
Depreciation for the period	-	(7,274)	(11,592)	(422)	(739)	-	(35)	(150)	(20,212)
Disposals during the period	-	-	-	22,687	-	-	-	-	22,687
As of March 31, 2017	-	(872,052)	(4,111,229)	(59,048)	(92,819)	(23,785)	(557,442)	(105,684)	(5,822,039)
Net book value									
As of March 31, 2017 exhibit A	28,297	588,404	695,102	38,760	14,870	-	942	1,820	1,368,195
As of March 31, 2016 exhibit A	28,297	595,678	706,694	11,245	15,609	-	977	1,970	1,360,470

B) The Factory land and building , Equipment, Machines and Tools are mortgage for Arab Bank limited against facilities .

9. Real Estate Investments

This item consists of the following:

Represent the cost of the land No (150) of the No (6) basin of the Red will number (17) is (807) square meters of the land at the city of Aqaba and No (205) of the No (7) basin of the north poet No (7) is (155) square meters of the land of the city of Aqabq and the Building on it.

Represent the cost of the land No (826) of the (4) basin of the Hanoo AL-Magaba No (29) is (1131/330) square meters of the land south of Amman where the share of the company (1000) share from Total share (1125) where it's prohibited to dispose the share of the company.

Represent the cost of the land No (576) of the No (11) basin of AL-jilha'a No (10) is (1813/620) square meters of the land Nahor where it's prohibited to dispose of the land.

Total

JD
350,712/-
61,300/-
171,508/-
583,520/-

10. CREDIT BANK

The credit facilities from the Arab Bank Limited amounted to maximum (JD 2,600,000)is granted by mortgage the factory land and factory building, equipment's, machines and tools.

11. DIFFERENT PROVISIONS

This item consists of the following:

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Scientific Research Fund Fees	7,820	9,568
Tax Income provision	31	31
Occupations Income Tax Deposits	20	521
Total	7,871	10,120

12. OTHER CRILIT BALANCES

A- This item consists of the following

	31 MARCH 2017 JD	31 DECEMBER 2016 JD
Employees Saving Fund -11 B	-	3,328
Accrued expenses unpaid	14,260	20,394
Sales Tax Deposits	12,710	25,237
Total	26,970	48,959

B- The Employees Saving Fund balance (JD 3,328) represent the amount required from the company ,Although the company share is %11 of the salary.

13. LEGAL RESERVE

This item represent the accumulated ammonts converted from the annual profits with the rate of 10% according to the companies low, this amount must not distribute to the share holders. This reserve reached more than 25% of the capital, but it can increased under the agreement of the General assembly.

14. VOLUNTRY RESERVE

This item represent the accumulated ammonts converted from the annual profits with the rate of 20% according to the companies low, distribute to the share holders From this reserve. Under the agreement of the General assembly dated 23/4/2014 ammount of (JD 34,496/-).

15. SALES

This item consists of the following

	31 MARCH 2017 JD	31 MARCH 2016 JD
Local sales	406,558	657,274
Export sales	10,586	111,475
Total	417,144	768,749

16. COST OF PRODUCTION

A) This item consists of the following

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Row material used in production		
Beginning Row material	379,362	427,494
Row material purchases	81,824	320,692
Ending row material	(399,400)	(412,427)
Total	61,786	335,759
Salaries, wages and affiliated	71,170	74,689
Other operation expenses - 15 B	44,229	63,498
Equipment and Property Depreciation	15,361	29,971
Total	192,546	503,917
Beginning goods under process	1,396,496	1,474,995
Ending goods under process	(1,303,918)	(1,459,472)
Costs of production	285,124	519,440

B) OTHER OPERATING EXPENSES

This item consists of the following

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Electricity	13,075	16,786
maintenance	3,906	10,103
Spare Parts	2,876	3,137
Laborer Transport	2,254	2,189
Consumable Equipment	251	646
Gases	10,180	12,294
Greases and oils	779	297
Cars expenses	981	1,281
Processing and protection	103	199
Strap and punching materials	1,272	1,752
Water	608	868
Quality check expenses	1,789	3,341
Miscellaneous expenses	-	2
Customs fees	4,466	3,714
Production cost For others	1,689	6,889
Total	44,229	63,498

7. ACCUMULATED INCOME OF GALVANAH

A) This item consists of the following:

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Income of Galvanah	79,750	25,447
Less:		
Cost of Galvanah - 17 B	(51,937)	(18,577)
Total	27,813	6,870

B) COST OF GALVANAH

This item consists of the following

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Consumable of Row material	19,786	6,655
Salaries, wages	6,595	1,023
Fuel and gas	13,190	7,716
Electricity	1,649	360
Maintenance expenses	2,473	683
Depreciation	3,298	1,000
Administrative expenses	4,946	1,140
Total	51,937	18,577

18. OTHER INCOME

This item consists of the following:

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Revenues of balance	1,022	732
Land Rent	2,000	1,800
Other/ Vehicles sales	2,737	-
Total	5,759	2,532

19. SALES AND DISTRIBUTIONS EXPENSES

This item consists of the following

	31 MARCH 2017	31 MARCH 2016
	JD	JD
freight expenses	868	2,322
Stamp Fees	345	187
Guaranteed expenses	506	1,013
Total	1,719	3,522

20. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	31 MARCH 2017	31 MARCH 2016
	JD	JD
Salaries, wages and Allowances	17,310	22,721
Social security participation	3,112	3,302
Health Insurance participation	652	716
Saving Fund participation	2,008	2,250
Subscriptions to associations	1,996	2,241
Printing and stationery	868	836
Advertisement	51	-
Car expenses	1,855	1,311
Travel and transfers	2,463	2,463
Hospitality and cleaning	208	286
Postage , telephone and fax	922	794
Professional fees	3,108	2,775
Miscellaneous	310	11
Depreciation of property and equipment	1,553	2,617
Legal expenses	2,916	651
Maintenance and cleaning for Aqaba	-	2,623
maintenance	132	417
Total	39,464	46,014

21. INCOM TAX

- No provision were taken because of accumulated losses.
- The financial statement were accepted by the Income Tax Department according to the sample system .

22. LAWYER'S LETTER

According to the lawyer's letter, there are legal actions from others against the company amounting to JD 759,588/- they were still outstanding on the date of the balance sheet.

23. CONTINGENT LIABILITIES

There is contingent liabilities against the company as fowlls : (JD 218,004/720) of letter of credit and Guarantees (JD 312,095/11) as at December 31,2016 .

24. FINANCIAL INSTRUMENTS

a) Fair value

Carrying value of financial assets and liabilities are approximately equal to their fair values.

Notes to the financial statements indicate the fair value of those instruments. In addition, some of the accounting policies in note (2) present methods used in evaluating those instruments.

b) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises the following risks:

- Currency risk

- Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Risks related to the financial instruments denominated in USD are low due to the constancy of exchange rate of JD against USD. Risks related to other foreign currencies were reflected in the income statement.

- **Interest rate risk**

- Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The financial instruments in the balance sheet are not subject to interest rate risk with the exception of current accounts, deposits and loans payable that are subject to interest rates applicable in the market.

- **Other price risk**

- Other price risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices -other than those arising from interest rate risk or currency risk- whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market.
- The financial instruments in the balance sheet are not subject to other price risk with the exception of investments.

c) **Credit risk**

- Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The Company maintains cash at financial institutions with suitable credit rating.
- The Company maintains a proper control over the customers' credit limits and collection process.

d) **Liquidity risk**

- Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

25. COMPARATIVE FIGURES

Some comparative figures were reclassified to confirm to the current year financial statements presentation.