



الشركة الوطنية لصناعة الكوابل والأسلاك الكهربائية م.ع.م
National Cable & Wire Manufacturing Co.

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Subject: Audited Financial Statements for the Fiscal
Year ended 31/12/2016

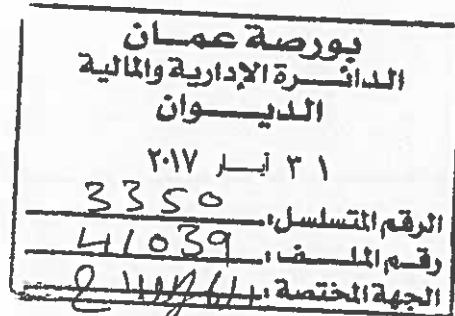
Dear Sir,

Attached the Audited Financial Statements of National Cable And Wire Manufacturing Company for the fiscal year ended 31/12/2016.

Kindly accept our high appreciation and respect,

General Manager

Eng. Khalid Said



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**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2016**

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
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**To the Shareholder of National Cable and Wire Manufacturing
Public Shareholding Company
Amman - Jordan**

Opinion

We have audited the financials statements of National Cable and Wire Manufacturing, which comprise the statement of financial position as of 31 December 2016, the statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Cable and Wire Manufacturing as of 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 other ethical requirements in Jordan that are relevant to our audit of the company financial statements, and we have fulfilled our other ethical responsibilities.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Provision for Accounts Receivable

The provision for accounts receivable is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 4 128 097 as of December 31, 2016. This requires making assumptions and using estimates to take the provision for the impairment in those receivables.

Scope of Audit to Address Risks

The followed audit procedures Included understanding accounts receivable and testing the adopted internal control system in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed, those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure.

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Valuation of inventories

The evaluation of inventories to net realizable value is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the comparing the recoverable amount of the inventories with the book value. The Company has large values of inventories which increases the risk of having impairment of these amounts the balance of inventories amounted to JD 8 521 025 as of December 31, 2016. This requires making assumptions and using estimates to take the provision for the impairment in those inventories.

Scope of Audit to Address Risks

The followed audit procedures included understanding inventories and testing evaluation of inventories to net realizable value. As such, we have studied and understood the Company's adopted policy for pricing the inventories Comparison with historical cost.

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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 financial reporting process.

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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, 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 International Standards on Auditing, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated 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 and 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 material 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 consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Company maintains proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan

2 March 2017



**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016**

Assets		2016	2015
Current Assets	NOTES	JD	JD
Cash and cash equivalents	3	495 619	610 419
Checks under collection	4	3 339 268	5 521 450
Accounts receivable	5	4 128 097	5 107 900
Inventory	6	8 521 025	10 625 037
Other debit balances	7	159 060	205 821
Total Current Assets		16 643 069	22 070 627
Non - Current Assets			
Financial assets at fair value through comprehensive Income	8	42 958	42 958
Property, plant and equipment	9	11 227 586	12 039 912
Total Non - Current Assets		11 270 544	12 082 870
Total Assets		27 913 613	34 153 497
Liabilities and Equity			
Liabilities			
Current Liabilities			
Postdated checks		-	40 000
Short-term notes payable	10	7 169 328	10 193 841
Accounts payable		261 058	1 136 002
Other credit balances	11	643 221	734 007
Total Current Liabilities		8 073 607	12 103 850
Non - Current Liabilities			
Long-term notes payable	10	488 082	1 084 230
Total Liabilities		8 561 689	13 188 080
Equity	12		
Share capital		19 299 747	19 299 747
Statutory reserve		2 712 777	2 712 777
Fair value reserve		(20 768)	(20 768)
Accumulated losses		(2 639 832)	(1 026 339)
Total Equity		19 351 924	20 965 417
Total Liabilities and Equity		27 913 613	34 153 497

The accompanying notes from 1 to 26 are an integral part of these financial statements

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2016**

	NOTES	2016 JD	2015 JD
Net sales	13	15 249 572	17 295 157
Cost of sales	14	(14 484 576)	(16 199 866)
Gross profit		764 996	1 095 291
Packing and wrapping materials		(210 084)	(209 320)
Selling and distribution expenses	16	(304 578)	(322 317)
Net sales profit		250 334	563 654
Other revenues		431	5 849
Administrative expenses	17	(486 504)	(516 294)
Financing expenses	10	(1 281 527)	(417 962)
Provision for doubtful accounts	5	(96 227)	-
Total comprehensive losses for the year		(1 613 493)	(364 753)
 Basic and diluted loss per share		 (0.084) JD	 (0.019) JD
Weighted average number of outstanding share		19 299 747	19 299 747

The accompanying notes from 1 to 26 are an integral part of these financial statements

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2016**

	Share capital JD	Statutory reserve JD	Fair value reserve JD	Accumulated Losses JD	Total JD
31 December 2014	19 299 747	2 712 777	(20 768)	(661 586)	21 330 170
Total comprehensive losses for the year	-	-	-	(364 753)	(364 753)
31 December 2015	19 299 747	2 712 777	(20 768)	(1 026 339)	20 965 417
Total comprehensive losses for the year	-	-	-	(1 613 493)	(1 613 493)
31 December 2016	19 299 747	2 712 777	(20 768)	(2 639 832)	19 351 924

The accompanying notes from 1 to 26 are an integral part of these financial statements

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
31 December 2016**

	2016	2015
	JD	JD
Operating activities		
Total comprehensive losses for the year	(1 613 493)	(364 753)
Adjustments for:		
Depreciation	839 328	843 240
Financing expenses	1 281 527	417 962
Provision for doubtful accounts	96 227	-
Gain from sale of property, plant and equipment	-	(2 918)
Changes in operating assets and liabilities		
Checks under collection	2 182 182	(1 708 402)
Accounts receivable	883 576	(1 050 776)
Inventory	2 104 012	19 998
Other debit balances	46 761	219 096
Postdated checks	(40 000)	40 000
Accounts payable	(874 944)	529 272
Other credit balances	(90 786)	69 349
Net cash from operating activities	4 814 390	(987 932)
Investing activities		
Purchase of property, plant and equipment	(27 002)	(228 083)
Sales of property, plant and equipment	-	2 918
Net cash used in investing activities	(27 002)	(225 165)
Financing activities		
Note payable	(3 620 661)	(812 134)
Paid financing expenses	(1 281 527)	(417 962)
Net cash used in financing activities	(4 902 188)	(1 230 096)
Net change in cash and cash equivalents	(114 800)	(2 443 193)
Cash and cash equivalents at 1 January	610 419	3 053 612
Cash and cash equivalents at 31 December	495 619	610 419

The accompanying notes from 1 to 26 are an integral part of these financial statements

1. General

The company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (181) during 1983. The company's share capital is JD 19 299 747.

The Company's main activities are producing wires and cables of copper or Aluminum conductors insulated /sheathed ordinary or special types or synthetic rubber according to the International, British or German standards to comply with Jordanian and international markets.

The accompanying financial statements were approved by the Board of Directors in its meeting on 2 March 2017 and are subject to the approval of the General Assembly of Shareholders.

2. Basis of preparation

The accompanying financial statements of the company have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The financial information's are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the financial information.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies adopted in the preparation of the financial information are consistent with those adopted for the year ended 31 December 2015 except for the effect of the adoption new standards and interpretations as Note (25A).

Segment reporting

Business segments represent distinguishable components of the Company that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.

A provision for doubtful debts is booked when there is objective evidence that the Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible or are derecognized

Inventory

Inventories are stated at the lower of cost or net realizable value.

Cost is determined by the first in, first out (FIFO) method.

The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads determined by weighted average.

Financial assets at fair value through comprehensive Income

- These financial assets represent the investments in equity instruments held for the long term.
- These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.
- No impairment testing is required for these assets.
- Dividends are recorded in the consolidated statement of Income.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Recognition of financial assets date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Impairment in Financial Assets

The company reviews the value of financial assets on the date of the consolidated statement of financial Position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio, in case such indications exist the recoverable value is estimated so as to determine the impairment loss. Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the consolidated statement of income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the consolidated statement of income

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	<u>%</u>
Buildings	4
Machines line (subject to the plant utilized capacity)	16 - 5
Machines	20 - 7
Office equipment's	15 - 12
Vehicles	15
Furniture	9

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2016**

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.
- The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.
- Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

Trade payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Income taxes

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized

Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized

Provisions

Provisions are recognized when the company has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Revenue recognition and expenses realization

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the company.

Other income is realized and recognized on the accrual basis.

Dividends are recognized when the shareholders' right to receive payment is established.

Expenses are recognized on an accrual basis.

Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured

Offsetting

Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the company intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Accounting estimates

Preparation of the financial statements and the application of the accounting policies requires the management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2016**

3. Cash and cash equivalents

	2016 JD	2015 JD
Cash on hand	23 926	17 652
Current accounts at bank	471 693	592 767
	495 619	610 419

4. Checks under collection

	2016 JD	2015 JD
1 – 3 months	1 507 100	2 016 554
4 – 6 months	896 668	2 195 685
7 – 9 months	635 500	1 036 711
10 – 12 months	300 000	272 500
	3 339 268	5 521 450

5. Accounts receivable

	2016 JD	2015 JD
Trade receivable	4 578 523	5 106 855
Other receivable	191 326	543 635
Employees receivable	8 321	11 256
Total	4 778 170	5 661 746
Less: Provision for doubtful accounts	(650 073)	(553 846)
	4 128 097	5 107 900

The movement of the provision for doubtful accounts was as follow:

	2016 JD	2015 JD
Balance at beginning of the year	553 846	553 846
Provision for the year	96 227	-
Balance at ending of the year	650 073	553 846

6. Inventory

	2016 JD	2015 JD
Finished goods	3 609 472	3 941 164
Semi-manufactured inventory	1 632 930	2 468 167
Raw materials	1 944 884	2 857 616
Spare parts	865 063	880 663
Packing and wrapping materials	468 676	477 427
	8 521 025	10 625 037

7. Other debit balances

	2016 JD	2015 JD
Refundable deposits and cash margins	128 050	138 967
Letters of credit	10 328	51 045
Prepaid expenses	20 682	15 809
	159 060	205 821

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2016**

8. Financial assets at fair value through other comprehensive income

This item represents the Company share in National Multi Engineering Industries / Namico under compulsory liquidation as of 31 December 2009.

9. Property, Plant and equipment

	Lands JD	Buildings JD	Machines JD	Equipment's JD	Vehicles JD	Furniture JD	Total JD
Cost							
31 December 2015	351 178	6 038 597	20 603 148	562 860	235 128	174 510	27 965 421
Additions	-	10 638	11 359	4 434	-	571	27 002
31 December 2016	351 178	6 049 235	20 614 507	567 294	235 128	175 081	27 992 423
Accumulated depreciation							
31 December 2015	-	2 672 129	12 485 571	480 760	143 621	143 428	15 925 509
Depreciation	-	212 845	583 835	15 565	20 509	6 574	839 328
31 December 2016	-	2 884 974	13 069 406	496 325	164 130	150 002	16 764 837
Net book value							
31 December 2015	351 178	3 366 468	8 117 577	82 100	91 507	31 082	12 039 912
31 December 2016	351 178	3 164 261	7 545 101	70 969	70 998	25 079	11 227 586

*The Company's lands in Al Russeifa area, section number 4 blocks number 648, 506, 507, 1055, and buildings are mortgaged amounted to JD 3 470 000 and endorsing insurance policy against fire against the Jordan Islamic Bank notes payable

The cost of fully depreciated property, plant and equipment was JD 7 954 028 as 31 December 2016.

10. Note payable

	2016		2015	
	Maturing during the year JD	Maturing during more than a year JD	Maturing during the year JD	Maturing during more than a year JD
Note payable	7 169 328	488 082	10 193 841	1 084 230

The table below illustrates the obligations from notes payable as of 31 December 2016

	2016		2015	
	Payments installments JD	Net present value JD	Payments installments JD	Net present value JD
Balances due within a year				
2016	1 213 919	1 213 919	11 313 665	10 193 841
2017	6 491 380	5 955 409	1 211 997	1 084 230
2018	528 338	488 082	-	-
	8 233 637	7 657 410	12 525 662	11 278 071
Less: deferred financing expenses	(576 227)	-	(1 247 591)	-
Note payable	7 657 410	7 657 410	11 278 071	11 278 071

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2016**

11. Other credit balances

	2016	2015
	JD	JD
Shareholders' deposits	259 685	260 914
Provision for staff indemnity	250 000	250 000
Sales tax provision	56 935	149 988
Provident fund payable	33 296	30 749
Social Security payable	28 075	26 080
Income tax payable	10 456	12 526
Accrued expenses	4 774	3 750
	643 221	734 007

12. Equity

Capital

The authorized and share capital of the Company is JD19 299 747 divided into 19 299 747 shares at JD 1 per share.

Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.

13. Sales

	2016	2015
	JD	JD
Local sales	10 492 907	13 447 383
Export sales	1 072 927	2 094 489
Sales of free zone and the Aqaba special economic zone	3 683 738	1 753 285
	15 249 572	17 295 157

14. Cost of sales

	2016	2015
	JD	JD
Finished goods and semi-manufactured at beginning of the year	6 409 331	6 584 302
Raw materials used in production	9 887 899	12 506 787
Salaries and related benefits	1 808 059	1 741 217
Depreciation	824 738	825 708
Electricity and water	358 279	399 038
Medical expenses	115 008	132 113
Maintenance and spare part	138 425	221 339
Other manufacturing expenses – note (15)	185 239	198 693
Finished goods and semi-manufactured end of the year	(5 242 402)	(6 409 331)
	14 484 576	16 199 866

**NATIONAL CABLE AND WIRE MANUFACTURING
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENT
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15. Other manufacturing expenses

	2016 JD	2015 JD
licenses and fees	60 470	62 257
Buffet	31 072	36 687
Vehicles	25 263	33 918
Insurance	29 760	27 116
Transportation and travel	11 087	10 098
Uniform	9 854	9 971
Other	5 518	5 265
Stationary	4 981	4 362
Services	2 172	3 063
Telephone and post	3 277	3 338
Rent	1 785	2 618
	185 239	198 693

16. Selling and distribution expenses

	2016 JD	2015 JD
Salaries and related benefits	129 745	121 870
Loading and transportations	49 788	75 511
Tenders and exporting	57 382	49 525
Sales commission	16 322	37 013
Guarantees commissions	31 735	29 669
Exhibitions	9 355	3 453
Advertising	4 610	2 758
Medical expenses	4 040	2 257
Transportation and travel	1 601	259
Other	-	2
	304 578	322 317

17. Administrative expenses

	2016 JD	2015 JD
Salaries and related benefits	288 258	275 201
Board of director's transportation allowance	66 000	66 000
Rent	20 400	34 680
licenses and fees	25 313	28 479
Legal expense and fees	7 698	21 624
Depreciation	14 590	17 532
Medical expenses	9 609	13 149
Vehicles	8 835	9 323
Professional fees	7 500	7 500
Electricity and water	6 890	7 373
Telephone and post	5 676	6 021
Transportation and travel	5 795	4 993
Stationary	2 617	4 157
Maintenance	3 495	3 975
Computer	3 262	3 220
Hospitality	2 355	3 197
Bank charge	2 806	2 356
Board Committees fees	2 200	2 200
Advertising	1 011	2 015
Customs consulting fees	1 130	1 250
Other	264	1 249
Companies controller's fees	600	600
Donations	200	200
	486 504	516 294

18. Risk management

Murabaha Price Risks

Murabaha price risk is the risks related to the change in the value of financial instruments due to changes in Murabaha market rates. Moreover, the Company continuously manages the exposure to Murabaha price risks. It evaluates the different options such as financing, renewing current positions, and carrying out alternative financing.

Currency risks

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

Credit risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the company's default on its liabilities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	JD	JD
Current accounts at bank	471 693	592 767
Checks under collection	3 339 268	5 521 450
Accounts receivable	4 128 097	5 107 900
Other debit balances	138 378	190 012
	8 077 436	11 412 129

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The following are the contracted maturities of financial liabilities:

	Maturing during the year JD	Maturing during more than a year JD	Total JD
2016			
Accounts payable	261 058	-	261 058
Other credit balances	643 221	-	643 221
Note payable	7 169 328	488 082	7 657 410
	8 073 607	488 082	8 561 689
2015			
Postdated checks	40 000	-	40 000
Accounts payable	1 136 002	-	1 136 002
Other credit balances	734 007	-	734 007
Note payable	10 193 841	1 084 230	11 278 071
	12 103 850	1 084 230	13 188 080

19. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, checks under collection, account receivables and other debit assets, financial liabilities consist of postdated checks, accounts payable and other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

20. Income tax

- The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2007.
- The Company submitted the tax returns for the years 2008, the Income and Sales Tax Department was accepted the losses amounted to JD 1 211 349 from total accumulated losses amounted to JD 3 474 182. Consequently, the Company filed a lawsuit objecting to the review, a decision by the Tax Court of First Instance was issued to accept JD 1 932 455.
- The Company submitted the tax returns for the years 2009, the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 28 046. Consequently, the Company filed a lawsuit objecting to the review, decision by the Tax Court of First Instance was issued to exempt the company from the obligation, and the lawsuit is still before the Tax Court of Cassation.
- The Company submitted the tax returns for the years 2010, the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 139 343. In the opinion of the Company's management, the obligation issued by the Income and Sales Tax Department will be canceled due to accumulated losses.
- The company has reached to a final settlement with the income and sales tax department for the years 2011, 2012, 2013, and 2014.
- The tax return for the year 2015 has been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these financial statements.
- No income tax provision has been calculated for the year ended 31 December 2016 due to increase in the deductible expenses on the taxable income.

21. Segmental Information

A. Information on the company's Operating Segments

Segmental information for the basic sectors:

For management purposes, the Company is organized into one major business segment:

Copper wire and cables: producing wires and cables of copper or Aluminum conductors insulated /sheathed ordinary or special types or synthetic rubber.

B. Information on Geographical Distribution:

This note represents the geographical distribution of the Company operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations, and it also operations outside the Kingdom.

22. Contingent liabilities

At the date of the statement of financial position, the company was responsible for:

	2016 JD	2015 JD
Letters of guarantee	1 041 598	1 210 280
Letters of credit	1 611 118	255 689
	2 652 716	1 465 969

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23. Related parties' transactions

Related parties represent major shareholders, directors and key management personnel of the company, and entities controlled or significantly influenced by such parties.

The following the transactions with Jordan Islamic Bank during the year:

	Natural of Relationship	2016 JD	2015 JD
A- The balances include in the statement of financial position			
Assets			
Current accounts at bank	Operation	366 686	334 840
Checks under collection	Operation	3 339 268	5 521 450
Liabilities			
Note payable	Financing	(7 657 410)	(11 278 071)
B- The balances don't include in the statement of financial position			
Murabaha Ceiling	Financing	12 000 000	12 000 000
Guarantee Ceiling	Financing	2 500 000	2 500 000

Compensation of key management personnel of the company is as follows:

	2016 JD	2015 JD
Salaries and other benefit	182 105	165 636

24. Capital Management

The primary objective of the company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The company manages its capital structure and makes adjustments to it in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

Capital comprises share capital, reserves and accumulated losses, and is measured at JD, 19 351 924 as at 31 December 2016 (2015: JD20 965 417).

25. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

A) New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs have been adopted in the preparation of the Company financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements.

Disclosure Initiative (Amendments to IAS 1)

Amends IAS 1 'Presentation of Financial Statements' to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Amends IFRS 11 'Joint Arrangements' to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 'Business Combinations') to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

Amends IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' to:

- clarify that a depreciation method that is based on revenue that is generated by an use activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Amends IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such use assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Amends IAS 27 'Separate Financial Statements' to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset use from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 – Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 – Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Amends IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amends IAS 12 'Income Taxes' to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the
- Debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 permits an entity, which is a first-time adopter of International Financial Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

Entities which are eligible to apply IFRS 14 are not required to do so, and so can chose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

(Effective for annual periods beginning on or after 1 January 2016)

B) New and Revised IFRSs Issued but not yet effective

The Company has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Amends IFRS 2 'Share-based Payment' to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 'Insurance Contracts' provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Disclosure Initiative (Amendments to IAS 7)

Amends IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9 Financial Instruments

A finalised version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement'. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities
- (Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts the five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

(Effective for annual periods beginning on or after 1 January 2018)

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset have a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. New disclosures about leases are also introduced.

(Effective for annual periods beginning on or after 1 January 2019)

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Company's financial statements when they are applicable and adoption of these new standards, interpretations and amendments except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the period of initial application, Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018 and IFRS 16 for the annual year beginning on or after 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

26. Comparative Figures

Some of the comparative figures for the year 2015 have been reclassified to correspond with the year ended 31 December 2015 presentation and it did not result in any change to the last year's operating results or equity.