العربية لصناعة المواسير المعدنية
Arabian Steel Pipes Manufacturing

P.O.Box 13 industrial estate sahab
11512 Amman - Jordan
+962 6 4022136 +962 6 4022890
www.asp-jo.com info@asp-jo.com

Date: 30/10/2017
Our ref: 1/48/

M/S: Jordan Securities Commission

Subject: Audited Financial Statements for the fiscal year ended 30/09/2017

Attached the Audited Financial Statements of Arabian steel pipes manufacturing corporation ltd for the fiscal year ended 30/09/2017

Kindly accept our high appreciation and respect

Best Regards,

GENERAL MANAGER

Eng. MAZEN KHANJI

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٠٦ تشرين الثاني ٢٠١٧
الرقم المتسلسل ٣٠٢٨٢٢
الجهة المختصة ....

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN - JORDAN

CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT ON THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN – JORDAN

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Contents **Page**

Kawasmy & Partners CO.
Amman - Jordan
Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28
Tel : +962 6 5650700, Fax : +962 6 5688598

A Translation of the Independent Auditors' Report on the Condensed Consolidated Interim Financial Information Originally Issued In Arabic

To the Chairman and the Members of Board of Directors
Arabian Steel Pipes Manufacturing Company
And It's Subsidiary (The Group)
(Public Shareholding Company)
Amman – Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of **Arabian Steel Pipes Manufacturing Company-public shareholding company-and it's subsidiary** ("the Group"), as at 30 September 2017 which comprise condensed consolidated interim statements of financial position and the related condensed consolidated interim statements of profit or loss and other comprehensive income, Changes in Shareholders' Equity and cash flows for the Nine Months period then ended and the notes about condensed consolidated interim financial information. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information 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 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 condensed consolidated interim financial information as at 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

KPMG Kawasmy and Partners

KPMG
Kawasmy & Partners Co.

Hatem Kawasmy
License no. (656)

Amman - Jordan
October 30, 2017

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Jordanian Dinar		**As of September 30, 2017**	**As of December 31, 2016**
Assets			
Non-Current Assets			
Property, plants and equipment	5	4,128,758	4,087,212
Intangible assets	6	2,287	3,620
Projects under construction		1,318	-
Financial assets at fair value through other comprehensive income		882,178	784,215
Deferred tax assets	7	10,943	19,273
Total Non-Current Assets		**5,025,484**	**4,894,320**
Current Assets			
Other debit balances		204,449	217,245
Inventory		7,947,254	6,373,590
Due from related party	8	-	2,246
Trade receivables		2,110,824	3,473,579
Cheques under collection		560,385	462,014
Cash and cash equivalents		737,098	984,515
Total Current Assets		**11,560,010**	**11,513,189**
Total Assets		**16,585,494**	**16,407,509**
Equity and Liabilities			
Equity			
Share capital	1	9,000,000	9,000,000
Retained earnings		1,132,384	1,237,988
Statutory reserve		2,400,000	2,400,000
Voluntary reserve		1,061,503	1,061,503
Fair value reserve		117,171	19,208
Total Equity		**13,711,058**	**13,718,699**
Liabilities			
Other credit balances		352,265	300,027
Income tax payable	7	-	14,030
Trade payables		329,501	358,383
Notes payable due within a year		2,192,670	2,016,370
Total Current Liabilities		**2,874,436**	**2,688,810**
Total Liabilities		**2,874,436**	**2,688,810**
Total Equity and Liabilities		**16,585,494**	**16,407,509**

*The accompanying notes on pages from (6) to (14) are an integral part of these condensed consolidated interim financial information and to be read therewith.

The condensed consolidated interim financial information approved on October 26, 2017 and authorized by:

Chairman of Board **General Manager** **Financial Manager**

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the Three months ended September 30,		For the Nine months ended September 30,	
Jordanian Dinar	**Note**	**2017**	**2016**	**2017**	**2016**
Continued operation					
Revenues		2,194,583	784,950	4,937,243	4,094,245
Cost of revenues		(1,769,217)	(963,355)	(4,059,247)	(3,895,216)
Gross profit		**425,366**	**(178,405)**	**877,996**	**199,029**
Administrative expenses		(97,699)	(106,412)	(288,689)	(366,928)
Selling and distribution expenses		(106,175)	(18,500)	(172,837)	(85,637)
Murabha expenses		(28,546)	(40,846)	(95,983)	(117,879)
Loss from selling Subsidiary		-	-	-	(80,168)
Dividends on financial assets at fair value through other comprehensive income		-	-	5,550	27,390
Investment portfolios income		-	-	13,348	20,210
Other income		-	22,880	1,163	37,463
Slow moving inventory provision		(250)	-	13,299	-
Profit (Loss) for the period before tax		**192,696**	**(321,283)**	**353,847**	**(366,520)**
Income tax for the period	7	(2,058)	2,500	(9,451)	(6,753)
Profit (Loss) for the period		**190,638**	**(318,783)**	**344,396**	**(373,273)**
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income		38,640	36,585	97,963	(56,907)
Total comprehensive income for the period		**229,278**	**(282,198)**	**442,359**	**(430,180)**
Profit (Loss) for the period attributable to:-		190,638	(318,783)	344,396	(381,046)
Shareholders		-	-	-	7,773
Non-controlling interests					
Total		**190,638**	**(318,783)**	**344,396**	**(373,273)**
Total comprehensive income for the period attributable to:-					
Shareholders		229,278	(282,198)	442,359	(437,953)
Non-controlling interests		-	-	-	7,773
Total		**229,278**	**(282,198)**	**442,359**	**(430,180)**
Weighted average number of shares		**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**
Basic earnings (Loss) per share		**0.021**	**(0.035)**	**0.038**	**(0.042)**
Diluted earnings (Loss) per share		**0.021**	**(0.035)**	**0.038**	**(0.042)**

*The accompanying notes on pages from (6) to (14) are an integral part of these condensed consolidated interim financial information and to be read therewith.

The condensed consolidated interim financial information approved on October 26, 2017 and authorized by:

Chairman of Board **General Manager** **Financial Manager**

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHARHOLDERS EQUITY

Jordanian Dinar	Share capital	Retained earnings	Statutory reserve	Voluntary reserve	Proposed Dividends	Fair value reserve *	Total Equity Of The Owners: Total before Non-Controlling interest	Non-controlling interest	Total
For the Nine months ended September 30, 2017									
Balance as of January 1, 2017	9,000,000	1,237,988	2,400,000	1,061,503	-	19,208	13,718,699	-	13,718,699
Profit for the period	-	344,396	-	-	-		344,396	-	344,396
Change in fair value of financial assets designated at fair value through other comprehensive income	-	-	-	-	-	97,963	97,963	-	97,963
Dividends Paid –Note (11)	-	(450,000)	-	-	-	-	(450,000)	-	(450,000)
Balance as of September 30, 2017	**9,000,000**	**1,132,384**	**2,400,000**	**1,061,503**	**-**	**117,171**	**13,711,058**	**-**	**13,711,058**
For the Nine months ended September 30, 2016									
Balance as of January 1, 2016	9,000,000	1,131,223	2,442,885	1,061,503	-	87,037	13,722,648	134,095	13,856,743
Loss for the period	-	(381,046)	-	-	-	-	(381,046)	7,773	(373,273)
Change in fair value of financial assets designated at fair value through other comprehensive income	-	-	-	-	-	(56,907)	(56,907)	-	(56,907)
Dividends Paid –Note (11)	-	(450,000)	-	-	-	-	(450,000)	-	(450,000)
Disposal of subsidiary	-	23,355	(42,885)	-	-	-	(19,530)	(141,868)	(161,398)
Balance as of September 30, 2016	**9,000,000**	**323,532**	**2,400,000**	**1,061,503**	**-**	**30,130**	**12,815,165**	**-**	**12,815,165**

* The fair value reserve is resulting from changes in fair value and impairment of equity instruments at fair value through other comprehensive income. According to Jordan securities commission instructions it is prohibited to dispose of fair value reserve credit balance whether by distribution, capitalization, losses redemption or any other means.

*The retained earnings as of September 30, 2017 include deferred tax assets amounting to JD 10,943 that is prohibited to be disposed of or distributed to shareholders according to the instructions of the Securities Commission.

The accompanying notes on pages from (6) to (14) are an integral part of these condensed consolidated interim financial information and to be read therewith.

ARABIAN STEEL PIPES MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY (THE GROUP)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the Nine months ended September 30, 2017	2016
Cash flows from operating activities			
Profit (Loss) for the period before income tax		353,847	(366,520)
Adjustments:			
Depreciation and amortization		225,709	244,303
Dividends on financial assets at fair value through other comprehensive income		(5,550)	(27,390)
Gain from selling of property, plants and equipment		(1,163)	80,168
Murabha expenses		95,983	(14,583)
Disposal of subsidiary		-	117,879
Operating profit before change in working capital items		**668,826**	**33,857**
Changes in:			
Inventory		(1,573,664)	6,775
Receivables from related party		2,246	(13)
Trade receivables		1,362,755	1,244,437
Other debit balances		12,796	481,072
Cheques under collection		(98,371)	48,582
Trade payables		(28,882)	(75,143)
Due to related parties		-	(31,491)
Other credit balances		(98,777)	5,483
Net cash flows from operating activities		**246,929**	**1,713,559**
Income tax Paid		(15,151)	(21,785)
Cash flows from investing activities:		**231,778**	**1,691,774**
Additions to property, plant and equipment		(265,923)	(108,893)
Projects under construction		(1,318)	-
Proceeds from selling of property, plants and equipment		1,164	17,261
Proceeds from distribution of profits of financial assets through other comprehensive income		5,550	27,390
Proceeds from Disposal of subsidiary		-	(236,594)
Net cash flows used in investing activities		**(260,527)**	**(300,836)**
Cash flows from financing activities:			
Murabha notes payable		176,300	(227,796)
Dividends Paid		(298,985)	(276,286)
Paid Murabha finance expenses		(95,983)	(117,879)
Net cash flows used in financing activities		**(218,668)**	**(621,961)**
Net Change in cash and cash equivalents during the period		(247,417)	768,977
Cash and cash equivalents, beginning of the period		984,515	1,001,502
Cash and cash equivalents, end of the period		**737,098**	**1,770,479**

The accompanying notes on pages from (6) to (14) are an integral part of these condensed consolidated interim financial information and to be read therewith.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1) GENERAL

Arabian Steel Pipes Manufacturing Company was established under the Companies Act of 1964 as a private shareholding Company and recorded in the Companies Registration department under number 1185 dated September 12, 1983, and its status has been adjusted as a limited liability on September 5, 1989 under the Companies Act No. 1 of 1989 with the aim to manufacture steel pipes for water, electricity works and, blacksmithing and selling it, the company's commercial production began in February 15, 1989. The company's paid-up capital is JD 9,000,000 divided into 9,000,000 shares and each share equal 1 JD.

Based on General Assembly decision at its extraordinary meeting held on November 4, 1993 to convert the company into a public shareholding company ,the company obtained the approval of the Minister of Industry and Trade to transfer the legal status of the company to public shareholding company on April 19, 1994 and recorded in the Public Shareholding Companies registration department under number 251 on August 3, 1994 under the companies Act of 1989, the company was given the right to commence work on November 2, 1994.

On March 9, 2016 the company signed an agreement requiring the company to sell its share in Net Arabic Romanian Electromechanical Contracting Company's Assets for the total amount of 104,000 JD.

The main objective of the Company:

- Pipe manufacturing with different diameters (2/1-6)
- import and export
- General Trading
- producing electricity pillars of its different types, tubular and polygonal , and telecommunication towers ,in addition to processing platelet boards and producing the components of metal structures for personal use
- General Galvanizing
- Manufacturing of iron towers and all necessary parts to extend electricity networks for medium voltage, high voltage in addition to communication and lighting towers.
- Isolate pipes using all isolation methods

- The Company's main address is the industrial city, Amman - The Hashemite Kingdom of Jordan.

The company owns, as of September 30, 2017 the following subsidiary:

1. **Arabian Column pipes Company**

Arabian Column Pipes Company was established as a limited liability company on April 27, 1999, and registered in the Companies Registration department under number (5681) at the Ministry of Industry and Trade, with a capital of 150,000 JD

The main objective of the Company:

- Manufacturing, trade, import and export of column pipes.
- Manufacture of Electric poles for high and low voltage.

2) Basis of preparation of condensed consolidated interim financial information

The fiscal year of the Group ends at December 31 of each year and the accompanying condensed consolidated interim financial information has been prepared for the managements and Security commission purposes. Moreover the condensed consolidated interim financial information should be read with audited consolidated financial statement for the year ended December 31, 2016 as it does not include information and disclosures that would appear in the consolidated financial statement which has been prepared in accordance with international financial reporting standards (IFRS). Also the condensed consolidated interim financial performance for the period ended September 30, 2017 not an indication of consolidated financial performance for the year which ends on December 31, 2017.

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with international financial reporting standards number (34) interim financial reporting.

The condensed consolidated interim financial information was approved by the Board of Directors on October 26, 2017.

(b) Basis of consolidated interim financial information

The condensed consolidated interim financial information comprise the consolidated financial information of Arabian Steel Pipes Company (the parent company) and its subsidiary, which are subject to its control. Subsidiaries are entities controlled by the Group.
The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiaries are included in the consolidated financial information from the date on which controls commences until the date on which control ceases.
The financial information for the subsidiary prepare at the same period of the parent Company and at the same accounting policies used by the parent Company.

The company own the following subsidiary as of September 30, 2017:

Company Name	Capital	Percentage of ownership	Nature of operation	Country of operation
		%		
Arabian Column pipes	150,000	100	Manufacturing	Jordan

- The following table represents the financial position and financial performance of the subsidiary as of September 30, 2017:

	As of September 30, 2017			
In Jordanian Dinar	**Total Assets**	**Total Liabilities**	**Total Revenue**	**Loss for the Period**
Arabian Column pipes	316,858	67	-	(3,085)

The Group accounts for business combinations of a subsidiary in the condensed consolidated interim statement of profit and loss and other comprehensive income starting from the date of the acquisition which is the date when control is transferred to the Group.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred in the condensed consolidated interim statement of profit or loss and other comprehensive income except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as shareholders' equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these condensed consolidated interim financial information.

(c) Basis of measurement

The condensed consolidated interim financial information have been prepared on the historical cost basis, except for the financial assets at the fair value through other comprehensive income are measured at fair value and other financial assets and liabilities measured at amortized cost.

(d) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Group's functional currency.

(e) Use of Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.
In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

- A provision for impairment on account receivables is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).
- Management estimates the provision for income tax in accordance with the prevailing laws and regulations and Financial Reporting Standards (IFRS).
- Management periodically reassesses the economic useful lives of property, plant and equipment based on the general condition of these assets and the expectation for their useful economic lives in the future.
- Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company legal advisors. This study highlights potential risks that the Company

- Fair value measurement :
  The group has to identify and detect the level of fair value structure , in which the fair value measurement is entirely classified ,and the separation of the fair value measurement in accordance with the levels set out in the international of financial reporting standards, in addition the group has to distinguish between level 2 and level 3 fair value measurement meaning that the assessment of whether the inputs are observable and whether the unobservable inputs is important to the financial statements ,and that may require judgment and careful analysis of inputs used to measure fair value including the study of determent factors of assets and liabilities.

  Management believes that the assumptions and estimates are reasonable and sufficient.

3) SIGNIFICANT ACCOUNTING POLICIES

The group has early adopted the international financial reporting standard No. 9 on the measurement and classification of financial assets in the preparation of consolidated financial statements for the year ended January 1, 2011 based on the instructions of the Jordan securities commission, note that the compulsory adoption at January 1, 2018.

The accounting policies applied by the Company in the condensed interim financial information for the Nine-months period ended September 30, 2017 are the same as those applied by the Company in its financial statements for the year ended December 31, 2016, except for the International Financial Reporting Standards that became effective after January 1, 2017, which are as follow:

- IFRS (14) Regulatory Deferral Accounts.
- Amendments to IFRS (11): Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS (16) and IAS (38): Clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS (16) and (41): Bearer plants.
- Amendments to IAS (27): Equity method in separate financial statements.
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards.
- Amendments to IFRS (10), IFRS (12) and IAS (28) Investment Entities: Applying the consolidation exception.
- Amendments to IAS (1).

International Financial Reporting Standards which are not yet applicable but available for early adoption:

- International Financial Reporting Standards (15): Revenue from contracts with customers (effective on 2017).
- International Financial Reporting Standards (9): Financial Instruments (effective on 2017)
- International Financial Reporting Standards (16): Leases (effective on 2017).

The application of the above amended standards does not affect the amounts and disclosers included in the condensed interim financial information.

4) SEGMENT REPORTING

Segment is a group of components of the Company affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within economic environments known as geographical segments.

A. Operating Segment

Jordanian Dinar	Manufacturing	Investments	Other	Total
For the period ended September 30, 2017				
Segment revenue	4,937,243	18,898	14,462	4,970,603
Total Segment Revenue	**4,937,243**	**18,898**	**14,462**	**4,970,603**
Murabaha expenses	(95,983)	-	-	(95,983)
Depreciation and amortization	(225,709)	-	-	(225,709)
Income tax	(9,451)	-	-	(9,451)
Segment Profit	**311,036**	**18,898**	**14,462**	**344,396**
As of September 30, 2017				
Total Segment Assets	**15,703,316**	**882,178**	**-**	**16,585,494**
Total Segment Liabilities	**2,874,436**	**-**	**-**	**2,874,436**
Shareholders' equity	**12,828,880**	**882,178**	**-**	**13,711,058**

Jordanian Dinar	Manufacturing	Investments	Other	Total
For the period ended September 30, 2016				
Segment revenue	4,094,245	47,600	37,463	4,179,308
Total Segment Revenue	**4,094,245**	**47,600**	**37,463**	**4,179,308**
Murabaha expenses	(117,879)	-	-	(117,879)
Depreciation and amortization	(244,303)	-	-	(244,303)
Income tax	(6,753)	-	-	(6,753)
Segment (Loss) Profit	**(458,336)**	**47,600**	**37,463**	**(373,273)**
As of December 31, 2016				
Total Segment Assets	**15,623,294**	**784,215**	**-**	**16,407,509**
Total Segment Liabilities	**2,688,810**	**-**	**-**	**2,688,810**
Shareholders' equity	**12,934,484**	**784,215**	**-**	**13,718,699**

B. Geographical Seg ment

Comprise of the group’s activities inside Jordan.

5) PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment additions during the period is amounted to JD 265,923 (31 December 2016: JD 1,130) and the disposal during the period is amounted to JD 10,475 (31 December 2016: JD 237,114 resulted from subsidiary disposal) and depreciation expenses during the period is amounted to JD 224,376 (30 September 2016: JD 225,206) and the accumulated depreciation disposal is amounted to JD 10,474 during the period (31 December 2016: JD 107,939 resulted from subsidiary disposal).

6) INTANGIBLE ASSETS

The intangible assets additions during the period is amounted to Zero and the amortization expenses during the period is amounted to JD 1,333 (30 September 2016: JD 19,097).

7) DEFERRED TAX ASSETS

Items that result in Deferred Tax Assets	Deferred Tax Assets: Balance at The beginning of the period	Additions	Disposals	Balance as the end of the period	As of 30 September 2017
Inventory impairments	336,336	-	(170,925)	165,411	8,271
Provision for employee vacations	49,117	10,473	(6,158)	53,432	2,672
	385,453	**10,473**	**(177,083)**	**218,843**	**10,943**

Items that result in Deferred Tax Assets	Deferred Tax Assets: Balance at The beginning of the year	Additions	Disposals	Balance as the end of the year	As of 31 December 2016
Inventory impairments	502,046	-	(165,710)	336,336	16,817
Provision for employee vacations	61,411	-	(12,294)	49,117	2,456
	563,457	**-**	**(178,004)**	**385,453**	**19,273**

INCOME TAX EXPENSE

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company calculated an income tax provision for the period ended 30 September 2017 of 9,451 JD (for the period ending 30 September 2016: JD 6,753).
The parent Company obtained final clearance from income and sales tax department until the year end 2013.
The subsidiary Company obtained final clearance from income and sales tax department until the year end 2014.

8) RELATED PARTIES

Represents transactions that have been made with Group companies and partners in the Company and the entities that wholly or partially has influence of these parties. The management decides prices policy and terms of the transactions with these related parties which is under normal commercial conditions.

8-1) Due from related party

Jordanian Dinar	Nature of relationship	Nature of transaction	As of September 30, 2017	As of December 31, 2016
Amman for Investment and securities Company	Member of the Board of Directors	Brokerage	-	2,246
			-	**2,246**

8-2) Transactions with related party

The transactions with related parties during the period was included in the activity and on mutually agreed terms as follows:

Jordanian Dinar	Nature of relationship	Nature of transaction	As of September 30, 2017	As of December 31, 2016
Amman for Investment and securities Company	Member of the Board of Directors	Brokerage	-	-

*The Company received financing from the Jordan Islamic Bank – main shareholder - (board member) against Murabaha notes payables where the Murabaha expense recognized during the period ended September 30, 2017 in amount of 95,983 JD, compared to the amount of (117,879 JD for the period ended September 30, 2016).

8-3) Key management salaries and benefits

Board of director's, management directors and Executive management salaries and benefits during the period ended at September 30, 2017 amounted to JD 122,540 (Compared to September 30, 2016: JD 86,000).

9) BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Jordanian Dinar	For the Nine Months ended September 30	
	2017	2016
Profit (Loss) for the period	344,396	(373,273)
Weighted average for number of shares	9,000,000	9,000,000
	0.038	**(0.042)**

10) CONTINGENT LIABILITIES

The group had contingent liabilities on the condensed consolidated interim financial information as follows :

Jordanian Dinar	As of September 30, 2017	As of December 31, 2016
Letters of credit	855,648	444,126
Bank guarantees*	673,984	699,616
	1,529,632	**1,143,742**

There is deposits against bank guarantees amounting to JD 67,398 as of September 30, 2017 (31 December 2016 37,808 JD) and letter of credit deposits in amount of 3,744 JD as of September 30, 2017 (31 December 2016 : 1,615 JD).

There are outstanding litigation against more than sixty companies, including the treasury of the Hashemite Kingdom of Jordan and the Ministry of Trade and Industry and the Institution of industrial cities and general manager of land Department in addition to his job to recover the stakes in the land case number (3) of the basin no. (15) of Sahab territory, mentioned that the Arabian Steel Pipes Company one of these defendants companies, the value of the case was not assessed and is still under consideration, the management believes that there is no need to take any provisions with regard to this issue.

11) DIVIDENDS DISTRIBUTIONS

The General Assembly decided on it's annual meeting held on 13 April 2017 to distribute a dividends to shareholders, at a rate equal 5% of the capital, equivalent to 450,000 JD (2016: 450,000 JD)

12) FINANCIAL RISK MANAGEMENT MARKET RISK

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Fair Value

The fair value for the financial assets and liabilities do not significantly differ from it is book value in the condensed consolidated interim statement of financial position.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Financial assets and liabilities that are measured at fair value on a recurring basis:

Jordanian Dinar	Carrying Amount	Fair value Level 1	Level 2	Level 3
As of September 30, 2017				
Financial assets at fair value through other comprehensive income	882,178	882,178	-	-
As of December 31, 2016				
Financial assets at fair value through other comprehensive income	784,215	784,215	-	-

b. Financial assets and liabilities that are not measured at fair value:

With the exception of the table below, the Company's management believes that the carrying value of financial assets and liabilities approximate their fair value below as result of the maturity of these assets and liabilities in the short term

Jordanian Dinar	Carrying Amount	Fair value Level 1	Level 2	Level 3
As of September 30, 2017				
Cash and cash equivalent	737,098	737,098	-	-
Checks under collection	560,385	-	560,385	-
Trade receivables	2,110,824	-	2,110,824	-
Other debit balances	204,449	-	204,449	-
Other credit balances	(352,265)	-	(352,265)	-
Trade payables	(329,501)	-	(329,501)	-
Murabaha notes payable	(2,192,670)	-	(2,192,670)	-

Jordanian Dinar	Carrying Amount	Fair value Level 1	Level 2	Level 3
As of December 31, 2016				
Cash and cash equivalent	984,515	984,515	-	-
Checks under collection	462,014	-	462,014	-
Trade receivables	3,473,579	-	3,473,579	-
Other debit balances	217,245	-	217,245	-
Due from related party	2,246	-	2,246	-
Other credit balances	(300,027)	-	(300,027)	-
Trade payables	(358,383)	-	(358,383)	-
Murabaha notes payable	(2,016,370)	-	(2,016,370)	-

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on effective Interest rates and the agreed upon pricing models, which reflects credit risks for parties dealing with the Company. Management believes that the carrying amount of these financial assets approximate their fair value due to their short term maturities.

The company must disclose any transfers between Level 1 and Level 2 of the fair value and the reason behind this conversion and the company's policy that determines when switching between the fair values levels hold.

13) COMPARATIVE FIGURES

The comparative figures represents the Consolidated Statement of Financial Position as of December 31, 2016 in addition to the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Shareholders' Equity and the Condensed Consolidated Interim Statement of Cash Flow for the Nine months ended September 30, 2016.