



MANASEER
Iron & Steel

To: Jordan Securities Commission
Amman Stock exchange

Date: 14 May 2017

Subject: Quarterly report as of 31 April. 2017

Attached the quarterly report of united iron and steel as of 31 April.2017.

Kindly accept our highly appreciation and respect.

United Iron and steel Co.

| |
|---------------------------|
| بورصة عمان |
| الدائرة الإدارية والمالية |
| الديوان |
| ١٥ أيار ٢٠١٧ |
| الرقم المتسلسل: 3079 |
| رقم الملف: 4122 |
| الجهة المختصة: 211/6 |

Eng. Mohammad Issa Al-Kharabsheh

Managing Director



الشركة المتحدة لصناعة الحديد والصلب
United Iron & Steel Mfg. Co.

United Iron & Steel Manufacturing Co. P.L.C

(Manaseer Group)

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**UNITED IRON AND STEEL MANUFACTURING
COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIMCONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

**UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

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REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors

United Iron And Steel Manufacturing Company

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for United Iron And Steel Manufacturing Company (P.L.C.) as of March 31, 2017, and the related statements of Interim Consolidated Comprehensive income, Owners' equity and cash flows for the period then ended, The management is responsible of preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue 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". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Conclusion

Based on our review, except what was mentioned in basis of qualification above, nothing has come to our attention that causes us to be believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Ghosheh & Co.

Sinan Ghosheh
License No.(580)



Amman-Jordan
April 26 , 2017

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

THE STATEMENT OF INTERIM CONSOLIDATED FINANCIAL POSITION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINARS)

| | Note | 2017 | 2016 |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipments | | 15,637,006 | 15,937,883 |
| Total non-current assets | | 15,637,006 | 15,937,883 |
| Current assets | | | |
| Prepaid expenses and other receivables | | 3,178,204 | 2,625,188 |
| Inventory and spare parts | | 20,325,142 | 29,837,187 |
| Due from related parties | | 1,776,406 | 981,311 |
| Financial assets designated at fair value through comprehensive income | | 21,394,789 | 18,631,263 |
| Accounts receivable and checks under collection | | 16,703,380 | 13,941,975 |
| Cash and cash equivalents | | 3,532,281 | 3,476,158 |
| Total current assets | | 66,910,202 | 69,493,082 |
| TOTAL ASSETS | | 82,547,208 | 85,430,965 |
| LIABILITIES AND OWNERS' EQUITY | | | |
| Owners' equity | | | |
| Share capital | 1 | 32,165,176 | 32,165,176 |
| Statutory reserves | | 2,256,359 | 2,256,359 |
| Accumulated losses | 1 | (8,927,483) | (8,999,279) |
| Total owners' equity | | 25,494,052 | 25,422,256 |
| Current liabilities | | | |
| Accrued expenses and other liabilities | | 2,913,567 | 1,800,156 |
| Due to related parties | | 5,797,857 | 5,975,039 |
| Accounts payable | | 6,721,142 | 5,519,784 |
| Short-term loans | | 9,270,000 | 6,600,000 |
| Banks over draft | | 8,423,920 | 7,482,839 |
| Deferred letter of credit | | 23,926,670 | 32,630,891 |
| Total current liabilities | | 57,053,156 | 60,008,709 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 82,547,208 | 85,430,965 |

The accompanying notes are an integral part of these consolidated financial statements

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

| | For the three months ended March 31, 2017 | For the three months ended March 31, 2016 |
|---|---|---|
| Sales | 15,602,805 | 13,721,389 |
| Cost of Sales | (17,274,601) | (14,568,757) |
| Gross loss | (1,671,796) | (847,368) |
| Selling and Marketing expenses | (44,391) | (76,494) |
| General and Administrative expenses | (370,901) | (329,117) |
| Financial Charges | (604,642) | (241,089) |
| Unrealized gain from financial assets designated at fair value through comprehensive income | 2,763,526 | - |
| Other Revenues and expenses | - | 4,269 |
| PROFIT/ (LOSS) FOR THE PERIOD | 71,796 | (1,489,799) |
| Other Comprehensive Income : | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 71,796 | (1,489,799) |
| Profit / (loss) per Share: | | |
| Profit / (loss) per Share JD/Share | 0,002 | (0,46) |
| Weighted Average of Outstanding Shares | 32,165,176 | 32,165,176 |

The accompanying notes are an integral part of these consolidated financial statements

**UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**STATEMENT OF INTERIM CONSOLIDATED OWNERS' EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

| | Share capital | Statutory reserve | Accumulated losses | Total |
|---------------------------------|---------------|-------------------|--------------------|-------------|
| Balance at January 1, 2017 | 32,165,176 | 2,256,359 | (8,999,279) | 25,422,256 |
| Comprehensive income for period | - | - | 71,796 | 71,796 |
| Balance at March 31, 2017 | 32,165,176 | 2,256,359 | (8,927,483) | 25,494,052 |
| Balance at January 1, 2016 | 32,165,176 | 2,201,750 | (9,490,758) | 24,876,168 |
| Comprehensive income for period | - | - | (1,489,799) | (1,489,799) |
| Balance at March 31, 2016 | 32,165,176 | 2,201,750 | (10,980,557) | 23,386,369 |

The accompanying notes are an integral part of these consolidated financial statements

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF INTERIM CONSOLIDATED CASH FLOWS(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

| | For the three months ended March 31, 2017 | For the three months ended March 31, 2016 |
|--|---|---|
| Operating Activities | | |
| Profit / (loss) for the period | 71,796 | (1,489,799) |
| Adjustments on Profit / (loss) for the period: | | |
| Depreciation | 423,515 | 181,537 |
| Financial charges | 604,642 | 241,089 |
| Unrealized gain from financial assets designated at fair value through comprehensive income | (2,763,526) | - |
| Changes in operating assets and liabilities : | | |
| Accounts receivables and checks under collection | (2,761,405) | (2,738,696) |
| Inventory and spare parts | 9,512,045 | 7,700,617 |
| Prepaid expenses and other receivables | (553,016) | 507,144 |
| Accounts payable | 1,201,358 | 3,400,041 |
| Accrued expenses and other liabilities | 1,113,411 | (804,690) |
| Due from related parties | (795,095) | (717,200) |
| Due to related parties | (177,182) | (175,802) |
| Cash available from operating activities | 5,876,543 | 6,104,241 |
| Finance charges paid | (604,642) | (241,089) |
| Net cash available from operating activities | 5,271,901 | 5,863,152 |
| Investing Activities | | |
| Changes in property and equipments | (122,638) | (1,301) |
| Net cash used in investing activities | (122,638) | (1,301) |
| Financing Activities | | |
| Bank overdraft and deferred letter of credit | 941,081 | (965,186) |
| Loans | 2,670,000 | (225,946) |
| Deferred letter of credits | (8,704,221) | - |
| Net cash used in from financing activities | (5,093,140) | (1,191,132) |
| Net change in cash and cash equivalents | 56,123 | 4,670,719 |
| Cash and cash equivalents, January 1 | 3,476,158 | 3,573,878 |
| Cash and cash equivalents, March , 31 | 3,532,281 | 8,244,597 |

The accompanying notes are an integral part of these consolidated financial statements

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITY

The United Iron and Steel Company is a Public Shareholding Company (the "Company") registered as Public Shareholding Companies on September 30, 2007 under No. (445) It is the direct result of converting the company's legal status from a limited liability company to a Public Shareholding Company, and it was registered in the register of Public Shareholding Companies under No. (2852) on June 27, 1992 ,the Company's authorized and paid up capital is JD 32,165,176 divided into 32,165,176 shares each for of JD 1.

At its extraordinary meeting held on March 27, 2017, the Company decided to amortize the accumulated losses amounting to JD 8,999,279 as of December 31, 2016 in the capital so that the new capital of the Company is JD 23,165,897. The Company decided to increase the capital by JD 16,834,103 so the capital will amount to JD 40,000,000 through an special stockholding for Ziad Khalaf Mohammed Al-Manaseer. The reduction procedures were not completed until the date of the interim consolidated financial statements.

The principal activity of the Company is to produce, manufacture all kinds of iron and steel .

The Company's headquarter is in Amman.

The consolidated financial statements as of March 31, 2017 and december 31 ,2016 include the financial statements of the following subsidiary company (Al-Majal Modern for Scrap Iron L.T.D):

| Subsidiary Company | Registration place | Registration years | Ownership and dates interest (%) | Principal activity |
|--------------------------------------|-----------------------------|--------------------|----------------------------------|--------------------|
| Al-Majal Modern for Scrap Iron L.T.D | Hashemite Kingdom of Jordan | 2015 | 100% | Scrap iron trading |

The Company has not performed any operational activity up until the date of these consolidated financial statements.

As of March 31, 2017 and December 31, 2016 the summary of the total assets, liabilities items are as follows:

| | | |
|--------------------------|---------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Total assets | 30,000 | 30,000 |
| Total owners equity | 30,000 | 30,000 |
| Cash and cash equivalent | 30,000 | 30,000 |
| Capital | <u>30,000</u> | <u>30,000</u> |

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

| <u>New Standards</u> | <u>Effective Date</u> |
|---|-----------------------|
| (IFRS) No.9 – Financial Instruments | January 1,2018 |
| (IFRS) No.15 – Revenue from Contract with Customers | January 1,2018 |
| (IFRS) No.16 – Leases | January 1,2019 |

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's interim financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim consolidated financial statements have been presented in Jordanian Dinars because the majority of the Company's transactions are recorded in Jordanian Dinars.

The interim consolidated financial statements have been prepared on the historical cost basis.

The consolidated interim financial statements do not include all the information and clarifications required in the annual financial statements and should be read in conjunction with the annual financial statements ended December 31, 2016. In addition, the results for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the financial year ended on December 31, 2017

The Basics of preparation

The consolidated financial statements have been prepared on the historical cost basis , However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the company as follows :

Sales

Sales are realized when the goods are delivered and the invoice is issued, and they are shown net of trade discount or quantity discount.

Expenses

Selling and marketing expenses are mainly comprised of costs incurred from the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include both direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Cash and cash equivalents

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Inventory

Inventories are valued at cost or net realizable value, whichever is lower, which includes the cost of purchase, costs of conversion and other costs expended in order to bring it to warehouses, and cost is determined on the basis of the weighted average method.

Property and Equipments

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis except power plant and equipment and machinery (melting furnace) depreciation is calculated on production capacity basis, the depreciation percentage for the assets as follows:

| | <u>Annual depreciation rate</u> |
|------------------------------------|---------------------------------|
| Buildings and constructions | 4%-10% |
| Equipments and machinery | 10% |
| Power plant | 4%-15% |
| Electrical transfer station | 4%-15% |
| Electrical interconnection station | 10% |
| Vehicles | 15% |
| Furniture and office equipments | 10%-20% |
| Tools | 10%-20% |

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position when any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At any subsequent exclusion of property and equipment, the value of gains or losses resulting recognized, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as an asset of the Company at the present value of the minimum lease payments or the fair market value of the asset at the date of the inception of the lease, whichever is less.

The Finance costs, which represent the difference between total obligations leases and the present value of minimum lease payments or the fair market value of the asset at the date of inception lease, whichever is less, are recorded to the income statement during the period of the lease and to reach a fixed rate for the residual amounts of obligations for each accounting period.

The accrued leases under operating leases are recorded on income statement during the period of the operating lease by using the straight-line method.

UNITED IRON AND STEEL MANUFACTURING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Income tax

The Company is subject to the Income Tax Law for the year and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

Foreign currency translation

Foreign currency transaction are translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated financial position are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are be included in the comprehensive income statement

4. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and shareholders equity balances. The Company's strategy doesn't change from 2016.

Structuring of Company's capital includes debts, which includes the disclosed borrowings in note No.12, and 14 and 15, and the shareholders equity in the Company which includes share capital, reserves, and retained earnings as it listed in the changes in owners'equity statement.

The management of the financial risks

Market risks

The Company's activities might be exposed mainly to the followed market risks:

Management of the foreign currencies risks

The company maybe exposed to significant risks related with the foreign currencies changing, especially with regard to the procurement of iron albelt by (EUR) where the efective mangement for this exposed.

Management of the interest price risks

Risk related to interest rate result mainly from borrowing money at varying interest rates and short term deposits at fixed interest rates.

Credit risk management

The credit risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may required from the Company to pay or receive.