

<p>Ref: 2017/ 35 / ص ع ك</p> <p>Date : May 15TH 2017</p>	<p>الرقم : ص ع ك / 35 / 2017</p> <p>التاريخ : 2017/05/15</p>
<p>To: Jordan Securities Commission</p> <p>Amman Stock Exchange</p> <p>Securities Depository Center</p>	<p>السادة هيئة الأوراق المالية</p> <p>السادة بورصة عمان</p> <p>السادة : مركز ايداع الأوراق المالية</p>
<p>Subject: Audited financial statements for the</p> <p>fiscal year ended 31/12/2016</p>	<p>الموضوع : البيانات المالية المدققة للسنة المنتهية</p> <p>في 2016/12/31</p>
<p>Attached</p> <p>The Audited financial statements in</p> <p>English of Arab Electrical Industries</p> <p>company PLC for the fiscal year ended at</p> <p>31/12/2016</p>	<p>مرفق طيه</p> <p>البيانات المالية المدققة باللغة الانجليزية</p> <p>للشركة العربية للصناعات الكهربائية م ع م ،</p> <p>عن السنة المالية المنتهية في 2016/12/31 م .</p>
<p>Kindly accept our highly appreciation and</p> <p>respect</p> <p>Arab Electrical Industries company PLC</p> <p>Manager's Signature</p> <p>MOHAMMED MAHMUOD ELQAISI</p>	<p>وتفضلوا بقبول فائق الاحترام...</p> <p>الشركة العربية للصناعات الكهربائية م ع م</p> <p>توقيع المدير العام</p> <p>محمد محمود القيسي</p> <p>العربية</p> <p>للصناعات</p> <p>الكهربائية م.ع.م</p>

بورصة عمان

الدائرة الإدارية والمالية

الديوان

١٥ أيار ٢٠١٧

الرقم المتسلسل: 3100

رقم الملف: 41072

الجهة المختصة: 2017/6/1

**Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

**Financial Statements
and Independent Auditor's Report
as of December 31, 2016**

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

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Independent Auditors' Report

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To the Shareholder of
Arab Electrical Industries Co
Public Shareholding Company
Amman- The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the Accompanying financial statements of **Arab Electrical Industries Co (Public Shareholding Company)**, which comprise the statement of financial position as at December 31, 2016, and the statements of comprehensive income, changes in owner's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

Basis for Opinion

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

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

Basic uncertainty about continuity

Without modification in our opinion, we would like to draw your attention to the fact that the Company recognized total loss from its sales due to the decrease in foreign sales. This resulted in a net loss as at 31 December 2016. These events or circumstances indicated to material uncertainty exists that may cast significant doubt on the Company's ability to continue, that the Company's ability to continue as a going concern depends on the extent of implementation of the future plan (note 34).

Key Audit Matters

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

Impairment of trade receivables

- Due to the estimated nature of the provision for impairment of trade receivables, the management estimates the impairment in the value of the receivables through the use of assumptions and estimates and, because of their importance, is considered an important audit risk and the company recognized a provision for impairment against doubtful receivables.

The most important audit procedures the audit procedures:

- Studying the control procedures used by the company on the process of collection of trade receivables
- Verify the balances of a sample of customers' receivables by receiving direct orders
- The adequacy of the provision for impairment in respect of trade receivables has been examined by assessing the management assumptions taking into consideration the available external information about the risk of future accounts
- The adequacy of the Company's disclosures about the important estimates of the provision for doubtful debts as stated in Note 8.3.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. We expected that we will give the annual report after our report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when its available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

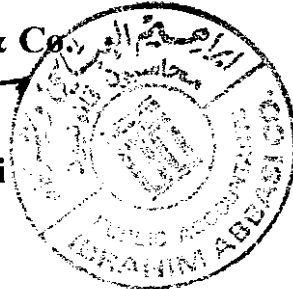
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements by the general assembly.

Ibrahim Abbasi & Co.

Ahmed M. Abbasi
License 710



Amman in
23 March 2017

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan
Statement of Financial Position as of December 31 , 2016

	<u>Note</u>	<u>2016</u> JD	<u>2015</u> JD
<u>Assets</u>			
<u>Non-current assets</u>			
Properties , plant & equipment - Net	5	2,973,490	3,101,363
Intangible assets - Net	6	6,304	5,902
Investment in associate company	7	239,210	239,647
Total Non-current assets		3,219,004	3,346,912
<u>Current Assets</u>			
Trade receivables - Net	8	1,452,756	1,464,613
Associate receivable	9	193,682	218,532
Cheques under collection - Short Term	10	250,000	1,073,548
Inventory - Net	11	2,157,704	2,457,086
Financial assets at fair value through income statement	12	510	606
Other debit balances	13	170,865	208,868
Cash and Cash equivalent	14	7,292	16,283
Total Current Assets		4,232,809	5,439,536
Total Assets		7,451,813	8,786,448
<u>Owners' Equity and Rights of non-controlling</u>			
Paid up Capital	15	6,000,000	6,000,000
Statutory reserve	16	288,966	288,966
Accumulated (Loss) at the end of the year	17	(2,156,827)	(1,108,774)
Total Owners' equity		4,132,139	5,180,192
<u>Non-current liabilities</u>			
Loan - Long Term	19	2,066,455	-
Total Non-current liabilities		2,066,455	-
<u>Current Liabilities</u>			
Banks overdrafts	18	-	817,943
Loan - Short Term	19	403,140	210,740
Accounts payable	20	596,890	625,563
Notes payable and deferred LC Acceptance	21	-	1,607,272
Other credit balances	22	253,189	344,738
Total Current Liabilities		1,253,219	3,606,256
Total Liabilities and Owners' Equity		7,451,813	8,786,448

The accompanying notes form an integral part of this statement .

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

Statement of comprehensive Income For The Year Ended December 31,2016

	<u>Note</u>	<u>2016</u> JD	<u>2015</u> JD
Net sales	23	1,423,519	2,993,105
Cost of sales	24	(1,952,833)	(3,451,408)
Gross (Loss)		(529,314)	(458,303)
General & administrative expenses	25	(278,279)	(279,560)
Selling and distribution expenses	26	(53,337)	(88,197)
Financing Expenses		(211,872)	(190,067)
Depreciation & Amortizations		(8,760)	(8,431)
Doubtful debts		(10,650)	-
The Company's share of the results of the associate		(437)	(818)
Other revenues (expenses)	27	48,626	60,888
(Loss) for the year		(1,044,023)	(964,488)
Total comprehensive income		(1,044,023)	(964,488)
		<u>JD / Share</u>	<u>JD / Share</u>
Basic and diluted earning per share	28	(0.174)	(0.161)

The accompanying notes form an integral part of this statement .

Arab Electrical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Statement of Changes in Owners Equity For The Year Ended December 31,2016

Description	Capital	Statutory Reserve	Accumulated (Loss)	Total
	JD	JD	JD	JD
Balance as of December 31,2015	6,000,000	288,966	(1,108,774)	5,180,192
prior years Adjustments	-	-	(4,030)	(4,030)
Adjusted Opening Balance	6,000,000	288,966	(1,112,804)	5,176,162
(Loss) of the period	-	-	(1,044,023)	(1,044,023)
Balance as of December 31,2016	6,000,000	288,966	(2,156,827)	4,132,139
Balance as of December 31,2014	6,000,000	288,966	(132,869)	6,156,097
prior years Adjustments	-	-	(11,417)	(11,417)
Adjusted Opening Balance	6,000,000	288,966	(144,286)	6,144,680
(Loss) of the period	-	-	(964,488)	(964,488)
Balance as of December 31,2015	6,000,000	288,966	(1,108,774)	5,180,192

The accompanying notes form is an integral part of these statements

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

Statement of Cash Flows For The Year Ended December 31, 2016

	2016	2015
	JD	JD
<u>Cash Flows From Operating Activities</u>		
(Loss) for the Year	(1,044,023)	(964,488)
Adjustments :		
Financing Expenses	211,872	190,067
prior years expenses	(4,030)	(11,417)
Doubtful debts	10,650	-
The Company's share of the results of the associate	437	818
Adjustments to the fair value	96	67
Depreciation & Amortizations	129,446	157,298
Adjusted (Loss)	(695,552)	(627,655)
Cheques under collection	823,548	471,208
Accounts receivable	1,207	(27,479)
Associate receivable	24,850	-
Inventory	299,382	616,405
Margins & expenses on letters of credit	-	282,896
Other receivables	38,003	(79,043)
Accounts payable	(28,673)	(144,880)
Other payables and provisions	(91,549)	148,630
Net Cash from Operating Activities	371,216	640,082
Finance Expenses	(211,872)	(190,067)
Net Cash from Operating Activities	159,344	450,015
<u>Cash flows from investing activities</u>		
Changes of property, plant and equipment	-	(31,470)
Intangible assets - Net	(1,975)	(5,902)
Projects under construction	-	17,915
Net cash flows from investing activities	(1,975)	(19,457)
<u>Cash Flows From Financing Activities</u>		
Banks overdrafts	(817,943)	(83,827)
Notes payable	(1,607,272)	(293,696)
Loan	2,258,855	(38,613)
Net Cash (used in)Financing Activities	(166,360)	(416,136)
Net (decrease) increas in Cash and cash equivalent	(8,991)	14,422
Cash on hand and at banks at beginning of year	16,283	1,861
Cash on hand and at banks at the end of the year	7,292	16,283

The accompanying notes form an integral part of this statement .

**Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

Notes to The Financial position

1- Company's Registration and Objectives

Arab Electrical Industries Co. was formed in accordance with Companies' Law No. 12 of 1964 as private shareholding company. It was registered at the registry of private shareholding companies at the Ministry of Industry and Trade on 11/5/1983 under the no. 1167. The company was given the right to start working on 14/6/1983. In accordance with the instructions of Companies' Law No. 1 of 1989, the company's legal status was changed to become a public shareholding company under the no 228 at 18/5/1993 and it was given the right to start working on 8/9/1993.

Arab Electrical Industries Co. aims to manufacture and import supplies needed for electrical fixtures in addition to other objectives stipulated in the company's by-law.

2- Basis of Preparation of Financial Statements

General

- The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets
- Financial statements are stated in Jordanian Dinar which is the functional currency of the Company.

3- Use of estimates

The preparation of the financial statements in conformity with IFRSs requires 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 period in which the estimates are revised and in any future periods affected.

4- Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company. Accounting policies followed in financial statements' preparation for this year are consistent with the policies followed the last year .

- Foreign currency translation

Foreign currency transactions are converted into Jordanian Dinars at exchange rates prevailing at the date of the transaction. Assets and liabilities expressed in foreign currencies are converted into Jordanian Dinars at exchange rates prevailing at the financial position date. Exchange differences arising from these conversions are included as part of the statement of comprehensive income for the year.

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

Notes to The Financial position

- Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. They are depreciated when ready for use on a straight-line Method over the expected useful life Using the following annual rates :

Buildings and Hangars	4%
Vehicles	15%
Industrial tools	20%
Machinery and molds	1-15%
Furniture	15%
Power transformers	15%

Where the recoverable amount of a property and equipment is less than its net book value, its carrying amount is reduced to its recoverable amount and the amount of the impairment loss is recognized in the statement of income

The estimated useful life of the property and equipment is reviewed at the end of each year. If the estimated useful life is different from the previously estimated, the remaining carrying amount is amortized over the remaining useful life after reassessment from the year in which the revaluation was made

Investments in financial assets at fair value through income statement

Financial assets are recognized at their acquisition value when they are acquired plus all transaction costs associated with them except for trading financial assets. The Company classifies its financial assets as follows :

Investments in financial assets at fair value through income statement

Financial assets at fair value through statement of income are assets acquired primarily for the purpose of selling or repurchasing them at short notice to achieve short-term profits. Are recorded at fair value on acquisition. The costs associated with the acquisition, such as commission paid and recognized immediately as an expense, are not added to this value. And it is revalued at the date of the financial statements at fair value and changes in fair value. Changes in fair value are recorded in the statement of comprehensive income in the same period of time and the dividends or interest earned are recognized in the statement of comprehensive income

Other financial assets

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

Offsetting for financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

Notes to The Financial position

Impairment of financial assets

Financial assets, as of the date of the financial position, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. If impaired, the loss is recognized in the statement of comprehensive income.

Intangible assets

Computer software

Software is stated at cost and amortized at 20% per annual

Investment in associates

Associates are those entities in which the Company exercises effective influence over financial and operating policy decisions (It is not controlled by the company) Where they hold between 20-50% of the voting rights Investments in associates are accounted for using the equity method

Inventory

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

Raw materials and spare parts

Raw materials and spare parts are stated at cost and are stated in accordance with the first-in, first-out method (FIFO)

The Production under operation

The Production under operation appears at the actual cost of the output commands that are still under operation

Trade receivables

Trade receivables are recognized initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Fair value

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

Impairment of financial assets

The Company reviews the amount of financial assets recognized in the Company's records at the balance sheet date to determine whether there is any indication of impairment If such indicators exist, the recoverable amount of the asset is estimated to determine the impairment loss If the recoverable amount is less than the net carrying amount recognized in the Company's records, the impairment is recognized in the statement of income

**Arab Electrical Industries Co
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Amman - The Hashemite Kingdom of Jordan**

Notes to The Financial position

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.

Provisions

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

Income tax

The Company is subject to Income Tax Law no 34 of 2014 and subsequent amendments thereto and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on an accrual basis. Income tax is computed based on adjusted taxable income

Sales

Revenue from sales is recognized when the invoice is issued and the goods are delivered to the customer. Sales represent the value of the invoices issued for the goods sold to the customers during the current financial year

Recognition of expenses

Expenses are recognized on accrual basis

Arab Electrical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements

-5 Property, plant and equipment - Net

This item consists of :

	Lands		Buildings and Hangars		Machinery and molds		Vehicles		Furniture & Decoration		Power transformers		Computers		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Cost																
Cost as of t january 1, 2016	179,784		943,266		5,261,425		139,578		251,801		29,826		9,222		6,814,902	
Additions during the year	-		-		-		-		-		-		-		-	
Disposals during the year	-		-		-		-		-		-		-		-	
Cost at December 31, 2016	179,784		943,266		5,261,425		139,578		251,801		29,826		9,222		6,814,902	
Accumulated Depreciation																
balance as of january 1, 2016	-		331,389		2,985,105		133,320		228,696		29,825		5,204		3,713,539	
Additions during the year	-		37,834		80,066		2,564		6,093		-		1,316		127,873	
balance as of December 31, 2016	-		369,223		3,065,171		135,884		234,789		29,825		6,520		3,841,412	
Net book value as of December 31, 2016	179,784		574,043		2,196,254		3,694		17,012		1		2,702		2,973,490	
Net book value as of December 31, 2015	179,784		611,877		2,276,320		6,258		23,105		1		4,018		3,101,363	

- There are mortgage loans against bank facilities granted to the company from local banks and these mortgages of the first class on the plots of land owned by the company at 1343000 Jordanian dinars and has been converted to the insurance policy on fixed assets owned by the company for the bank

Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan

Notes to The Financial position

6- Intangible Assets - Net

This item consists of :

		2016	
		Computer software	Total
		JD	JD
<u>Cost</u>			
Balance as of January 1,2016		15,074	15,074
Additions		1,975	1,975
Balance as of December 2016		17,049	17,049
<u>Accumulated Amortization</u>			
Balance as of January 1,2016		9,172	9,172
Amortization for the year		1,573	1,573
Balance as of December 2016		10,745	10,745
Net book value as of December 31,2016		6,304	6,304

		2015	
		Computer software	Total
		JD	JD
<u>Cost</u>			
Balance as of January 1,2015		8,221	8,221
Additions		6,853	6,853
Balance as of December 2015		15,074	15,074
<u>Accumulated Amortization</u>			
Balance as of January 1,2015		8,221	8,221
Amortization for the year		951	951
Balance as of December 2015		9,172	9,172
Net book value as of December 31,2015		5,902	5,902

**Arab Electrical Industries Co
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

Notes to The Financial position

7- Investment in associate company

A. This item consists of :

	2016	2015
	JD	JD
Arab Electrical Industries Co / Eygpt	213,407	213,407
Albetraa For General Importations LTD \ Sudan	25,803	26,240
Total	239,210	239,647

B. Arab Electrical Industries Co / Eygpt

This investment represents the value of the Company's share in the capital of the Arab Electrical Industries Co / Eygpt (P.S.C) with a capital of LE 6,000,000 Distributor over 6,000 shares Where the company owns 29,400 shares. At the meeting of the Board of Directors on September 25, 2010, the Company was suspended The site was leased and the rental proceeds were used to pay the debts of the Egyptian company to the parent company in Jordan And then recover the investment from the rental income note that the company is still in Egypt and was not liquidated

C. Albetraa For General Importations LTD \ Sudan

This investment represents the value of the Company's share in the capital of the Albetraa For General Importations LTD / Sudan Its registered capital consists of 100 shares with a total value of USD 300,000, valued at USD 3,000 per share

The share of the Arab Company for Electrical Industries 38.5% or 115,500 US dollars equivalent to 82,005 JD and the company began work at the beginning of 2007

Investment was evaluated in the associate - Albetraa For General Importations LTD \ Sudan depending on the financial statements as December 31, 2016 prepared by the company's management

Arab Electrical Industries Co
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Notes to The Financial position

8- Trade receivables - Net

This item consists of :

	2016	2015
	JD	JD
Export receivables	1,213,792	1,193,070
Other trade receivables	259,436	281,365
Total	1,473,228	1,474,435
Less : Provision for doubtful debts	(20,472)	(9,822)
Net	1,452,756	1,464,613

The collection of the amount 936,860 JD from Accounts receivable foreign During the subsequent period (During the first quarter of 2017)

9- Associate receivable

This item consists of :

	2016	2015
	JD	JD
Arab Electrical Industries Co / Egypt	136,986	161,836
Albetraa For General Importations LTD \ Sudan	56,696	56,696
Total	193,682	218,532

10- Cheques for collection

This item consists of :

	2016	2015
	JD	JD
Cheques to be matured during three months	96,000	514,776
Checks to be mature after three months to one year	154,000	558,772
Total	250,000	1,073,548

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11- Inventory - Net

This item consists of :

	2016	2015
	JD	JD
Raw materials	990,247	1,079,900
Finished goods	913,739	969,267
materials under Process	353,718	507,919
Total	2,257,704	2,557,086
Less : Provision for slow moving and slack items	(100,000)	(100,000)
Net	2,157,704	2,457,086

12- Financial assets at fair value through income statement

This item consists of :

	2016	2015
	JD	JD
<u>listed Shares</u>		
listed Shares	510	606
fair value	510	606

13- Other debit balances

This item consists of :

	2016	2015
	JD	JD
Margin On Guarantees	10,014	10,014
Prepaid expenses	26,703	28,610
Refundable deposits	14,890	14,890
Employees advances	468	265
Notes discount	0	20,399
Cash Margin On Bills & Loans	26,888	80,009
sales tax withholding	81,643	44,422
Expenses of declaring obsolete stocks	8,384	8,384
Prepaid Income Tax	1,875	1,875
Total	170,865	208,868

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14- Cash and Cash equivalent

This item consists of :

	2016	2015
	JD	JD
Cash on hand	6,376	15,748
Cash at the banks - local currency	294	242
Cash at the banks - Foreign currency	622	293
Total	7,292	16,283

15- Capital

The paid-up capital and unauthorized amounted to 6,000,000 Jordanian dinars, divided into 6,000,000 shares, the par value per share is JD one shares) value per share of nominal dinars).

16- Statutory reserve

The accumulated amounts in this account represent what has been diverted from the annual profit before tax increased by 10% during the year and prior years in accordance with the Companies Act and is not available for distribution to shareholders

17- Retained Earning at the end of the year

This item consists of the following:

	2016	2016
	JD	JD
Balance at the beginning of the year	(1,108,774)	(132,869)
prior years adjustments	(4,030)	(11,417)
(loss) for the year	(1,044,023)	(964,488)
Balance at end of year	(2,156,827)	(1,108,774)

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Notes to The Financial position

18- Banks overdrafts

A. This item consists of :

	2016 JD	2016 JD
Capital bank	-	503,426
Commercial Jordanian Bank	-	314,517
Total	-	817,943

B. The balances of the banking facilities were repaid by obtaining bank loans from the same banks through which the balances of the accounts in question were rescheduled and merged into the new loans account (note 19)

19- Loans

A- This item consists of :

	2016		2015
	long-term	short term	Total
	JD	JD	JD
Capital bank (19 B)	1,536,318	272,640	-
Commercial Jordanian Bank (19 C)	530,137	130,500	210,740
Total	2,066,455	403,140	210,740

B- The company received a loan from Capital Bank of US \$ 2,700,000 which is used to schedule the full Balances of the facilities granted to the Company for one time with interest rate (3% + Liabor 6 Months) The loan is repayable for a period of (84) monthly installments With a grace period of 6 months By guaranteeing mortgages based on bank facilities granted to the company

C- The company received a loan from Commercial Jordanian Bank amounting to JD 730,941 wich is Used to merge accounts from the balances of facilities and loans and withdrawals of credits granted to the company at an interest rate (8%) A payment of 36,265 was made and the rest of the loan is repaid over 84 monthly installments Where the first installment is due on 31/7/2016 By guaranteeing mortgages based on bank facilities granted to the company The loan was repaid in full on March 23, 2017

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Notes to The Financial position

20- Accounts payable

This item consists of :

	2016	2015
	JD	JD
Trade payable	526,950	555,946
Export payable	69,940	69,617
Total	596,890	625,563

21- Note payable

This item consists of :

	2016	2015
	JD	JD
Note payable	-	1,607,272
Total	0	1,607,272

Since 2006, the company has financed its purchases of raw materials by signing an agreement to financing to import a Saudi Commodity with Capital Bank on behalf of the Saudi Development Fund Which includes payment terms for the value of the bonds after 12 months on which the Fund pays the supplier's credit By issuing bills of through the Jordanian Capital Bank as a guarantee to transfer the dues of the documentary credits issued in its favor and under easy credit terms

22- Other credit balances

This item consists of the following:

	2016	2015
	JD	JD
Outstanding loan installments	10,907	35,112
Dividends payable to shareholders	33,802	33,807
Postdated checks	62,322	135,474
Board of directors paybles	26,343	20,824
Jordanian university fees	16,050	16,050
Accrued expenses	46,300	36,786
Revenue received in advance	8,333	8,333
Employees Payables	720	1,011
Income tax withholding	16,240	5,813
Due to social security	32,172	51,528
Total	253,189	344,738

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Notes to The Financial position

23- Net sales

This item consists of the following:

	2016	2015
	JD	JD
Local sales	189,284	296,920
External sales	1,234,235	2,696,185
Total	1,423,519	2,993,105

The export sales ratio was (87%) for 2016 to (90%) for 2015

24- Cost of sales

	2016	2015
	JD	JD
Rawmaterial at the Beginning of the year	1,079,900	611,910
Purchased Rawmaterial	1,087,393	2,127,400
Rawmaterial at the end of the year	(990,247)	(1,079,900)
Cost of materials used in production	1,177,046	1,659,410
Salaries and wages & related costs (24 B)	282,424	345,353
Depreciation	120,686	148,866
Indirect expenses (24 C)	148,577	200,370
Total manufacturing Costs	551,687	694,589
Cost of goods available for sale	1,728,733	2,353,999
Goods under operating at the Beginning of thr year	507,919	1,614,050
Finished goods at begining year	969,267	947,531
Purchases finished goods	14,372	13,014
Finished goods at year end	(913,740)	(969,267)
Goods under operating at the end of thr year	(353,718)	(507,919)
Cost of sales	1,952,833	3,451,408

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B. Employee cost

	2016	2015
	JD	JD
Salaries and wages	244,827	305,381
Social security	33,324	35,050
Medical expenses & medicines	4,273	4,922
Total	282,424	345,353

C. Manufacturing costs

	2016	2015
	JD	JD
Vehicles Expenses	15,012	24,566
General Maintenance	10,772	14,721
Electricity	74,870	106,434
Water	2,380	4,314
Transport factory	26,612	26,440
Printing and dyeing, industrial	3,944	5,068
Sample testing	675	1,630
Insurance - Industrial	4,352	4,386
Cleaning	1,860	1,860
Tools	7,500	10,351
Security	600	600
Total	148,577	200,370

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Notes to The Financial position

25- Administrative and general expenses

	2016	2015
	JD	JD
Employee cost	155,885	165,158
Company's contribution to social security	11,930	13,294
Traveling and Transportation	796	-
Subscriptions and Licenses	20,724	19,828
Stationary and Printings	445	1,224
Telephone	12,852	14,946
Board of Directors' Transportation	13,750	15,000
Rent	7,500	7,500
Hospitality & reception	1,694	1,654
Professional fees	8,500	8,465
Maintenance	4,433	2,357
Water and Electricity	1,183	2,337
Administrative supplies and services	4,853	6,209
Donations	3,095	1,645
Transportation	11,172	8,110
Expenses general assembly meeting	3,741	4,292
Reward and benefits of staff	3,375	2,610
Expenses and computer hardware	4,189	4,385
Benefits of premium delay - Social Security	5,639	-
Miscellaneous	2,523	546
Total	278,279	279,560

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Notes to The Financial position

26- Distributing and selling expenses

	<u>2016</u>	<u>2015</u>
	JD	JD
Employee cost	40,320	39,932
Company's contribution to social security	5,544	4,945
Export, Transportation and Shipping	7,462	32,040
Advertisement	-	7,236
Traveling	-	4,003
Samples	11	41
Total	<u>53,337</u>	<u>88,197</u>

27- Other Revenue

	<u>2016</u>	<u>2015</u>
	JD	JD
Rental income	50,000	50,000
Currency Exchange	(2,852)	(3,738)
Revenue from insurance company	-	8,414
Revenue of the Accreditation Unit	1,574	5,425
Profit on sale of property	-	854
Unrealized losses on financial assets	(96)	(67)
Total	<u>48,626</u>	<u>60,888</u>

28- (loss) Per Share

	<u>2016</u>	<u>2015</u>
	JD	JD
(Loss) for the Period	(1,044,023)	(964,488)
Weighted average number of shares	6,000,000	6,000,000
Basic and diluted, earnings per share	<u>(0.174)</u>	<u>(0.161)</u>

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Notes to The Financial position

29- income tax Position

- The annual estimate of 2013 & 2014 was presented within the legal period of the Income and Sales Tax Department and They were accepted within the sampling system
- The annual estimate of 2015 was presented within the legal period of the Income and Sales Tax Department and has not yet been reviewed
- No tax provision has been made for the results of the Company for the Year ended at Decmber 31, 2016 due to losses arising from the increase in expenses on revenues, according to the opinion of the tax advisor

30- Related Party Transactions

Related party transactions include transactions with associate companies and subsidiaries and the member of the board of directors and main owners.

- A. The following is a summary of the benefits (salaries, bonuses, other benefits) executive management

	2016	2015
	JD	JD
Benefits ,Salaries and wages	142,100	141,734

- B. the following is summary of the balnces with related party shown in the financial positions.

	2016	2015
	JD	JD
Philadelphia General Supplies	244,026	254,491
AL-Intemaa' for General Trading	160,777	69,506
United Metal Industries	13,170	12,626
Petra General Supplies / Sudan	56,696	56,696
Arab Electrical Industries Co / Egypt	136,986	161,836
Total	611,655	555,155

- C. The balances of checks on collection from related parties are summarized as follows

	2016	2015
	JD	JD
Philadelphia General Supplies	250,000	979,000
AL-Intemaa' for General Trading	-	94,548
Total	250,000	1,073,548

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Notes to The Financial position

31- Risk management

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

Market risk

Foreign currency risk

Most of the company's transactions are in Jordanian Dinars and US Dollars. The dinar is pegged to a fixed rate with the US Dollar, and therefore the impact of currency risk is not significant to the financial statements.

Interest rate risks:

The Company may be exposed to interest rate risk on its financial assets and liabilities that appear interest, such as: banks. Once bank overdrafts are short-term ones, and other assets and liabilities do not bear any interest rates, so the risks that may affect the Company are insignificant.

Credit risks

These risks arise from cash, cash equivalent, bank deposits in financial institutions and receivables treatments which may cause defaults from parties to pay their commitments.

As for financial institutions, the Company treats with solid and reputable institutions.

As for receivables, the management has a credit policy with limits and there is an ongoing following up procedures to collect matured amounts. The management believes that the credit risk the Company exposed to is low.

Liquidity risks

The management plans the cash flows of the Company. There is an ongoing monitoring policy to ensure the cash adequacy to cover and finance operations with no violations or breaches to any committed bank facilities conditions

	2016		
	Less than 12 Monthes	More than 12 Mothes	Total
Loan	403,140	2,066,455	2,469,595
Accounts payable	596,890	-	596,890
Other credit balances	253,189	-	253,189
Total	1,253,219	2,066,455	3,319,674

	2016		
	Less than 12 Monthes	More than 12 Mothes	Total
Banks overdrafts	817,943	-	817,943
Loan	210,740	-	210,740
Accounts payable	625,563	-	625,563
Notes payable and deferred LC Acceptance	1,091,386	515,886	1,607,272
Other credit balances	344,738	-	344,738
Total	3,090,370	515,886.00	3,606,256

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Notes to The Financial position

32- Capital management

The main objective of the Company's capital management is to ensure that appropriate capital ratios are maintained in a manner that supports the Company's activity and maximizes equity.

The Company manages the capital structure and makes necessary adjustments in light of changes in working conditions. The Company did not make any changes to the objectives, policies and procedures related to capital structure during the current and previous financial year.

33- Contingent Liabilities

At the date of financial statements there was contingent liabilities represented of Banks Guarantees 100,000 JD

Future Plan

- Follow up the international markets for raw materials and choose the best suppliers to obtain the raw materials of high quality and lowest prices and best offers
- Make all efforts and exploit all opportunities to strengthen and strengthen the local market and Increase the market share and meet the needs of new products and commensurate with the economic situation of Jordan
- Follow-up to the Iraqi private and public market and work on signing new contracts with public and private government agencies as well as follow up the foreign markets, especially Libya, Yemen and Saudi Arabia
- To continue to study and update the internal systems of the company to cope with the various legal and legislative changes
- Update and develop production lines to increase the production capacity of all varieties and produce new varieties to meet the needs of the markets and increase sales
- The Management's commitment to cost reduction policies and scaled some activities inside the factory
- Increase the collectible capacity of customers' receivables and establish credit limits for them and continue to increase the Company's solvency

34- Comparative Figures

Certain comparative figures were reclassified to conform with the presentation of the current period.