

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

**The Interim condensed financial statements
And the Review Report
as of June 30, 2021
(Reviewed Not audited)**

**Arabian Steel Pipes Manufacturing
Public Shareholding Co., Ltd.
Amman - The Hashemite Kingdom of Jordan**

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Report on the review of the condensed interim financial statements

To the Board of Directors of
Arabian Steel Pipes Manufacturing Co (P.S.C)
Amman - The Hashemite Kingdom of Jordan

Introduction:

We have reviewed the accompanying condensed interim financial statements of **Arabian Steel Pipes Manufacturing Co (P.S.C)** comprising of condensed interim statement of financial position as at 30 June 2021, and the related condensed interim statements of comprehensive income, changes in owners' equity and cash flows for six months ended 30 June 2021 and the related explanatory notes.

The management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with *IAS 34 –interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review:

We conducted our review in accordance with International Standard on Review 2410 "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed 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. Consequently, it 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 interim financial statements are not prepared, in all material respects in accordance with IAS 34.

Other matter:

Condensed interim financial statements were prepared for Instructions for listing the stock exchange in the Amman Stock Exchange & for management's purposes.

Al Abbasi & Partners Co.

(An independent member of Moore Global)



Ahmad Mohammed Alabbasi

License No. 710



**Amman in
27 July 2021**

**Arabian Steel Pipes Manufacturing
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The condensed interim Statement of financial position as of June 30 , 2021

		(Reviewed Not audited)	
	Note	30-Jun-21	31-Dec-20
		JD	JD
<u>Assets</u>		Reviewed	audited
<u>Non-current assets</u>			
Properties , trucks & equipment - Net	5	3,610,025	3,754,930
Intangible assets		16	16
Investment in a subsidiary	6	176,248	176,248
Financial assets at fair value through other comprehensive income		822,135	648,358
Total Non-current assets		4,608,424	4,579,552
<u>Current Assets</u>			
Cash and Cash equivalent		439,312	1,251,960
Financial assets at fair value through income statement		910,000	160,000
Account receivables & Cheques under collection	7	1,364,678	2,274,629
Inventory		8,076,120	7,626,912
Other debit balances		189,272	123,865
Total Current Assets		10,979,382	11,437,366
Total Assets		15,587,806	16,016,918
<u>Liabilities and Owners' Equity</u>			
<u>Owners' Equity</u>			
Paid up Capital		9,000,000	9,000,000
Statutory reserve		2,250,000	2,250,000
Voluntary reserve		1,061,503	1,061,503
Fair value reserve		304,403	130,626
Retained earnings	8	(122,691)	(115,591)
(Loss) for the period		(150,464)	-
Total Owners' equity		12,342,751	12,326,538
<u>Current Liabilities</u>			
Notes payable due within ayear	9	2,520,097	2,908,842
Account payable		162,721	135,857
Related party receivables	13b	269,211	269,211
Shareholders Deposits		20,590	23,848
Other credit balances		272,436	198,024
Total Current Liabilities		3,245,055	3,535,782
<u>Non - Current Liabilities</u>			
Notes payable due within ayear	9	-	154,598
Total Non - Current Liabilities		-	154,598
Total Liabilities and Owners' Equity		15,587,806	16,016,918

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**The condensed Interim Statement of comprehensive Income for the six monthes ended at June 30,2021
(Reviewed Not audited)**

	Note	For the six monthes ended at		For the three monthes ended at	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		JD	JD	JD	JD
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Sales		1,965,838	1,722,011	1,080,402	941,850
Cost of sales		(2,087,676)	(2,102,517)	(1,041,593)	(1,066,120)
Gross (Loss) Profit		(121,838)	(380,506)	38,809	(124,270)
General & administrative expenses		(194,366)	(195,780)	(96,663)	(98,387)
Selling and distribution expenses		(52,472)	(110,651)	(19,701)	(66,478)
Morabaha expenses		(41,839)	(74,653)	(22,117)	(34,615)
Return on provision for doubtful debts		204,230	-	-	-
Profits of a dedicated investment account in dollars		12,280	3,159	12,280	2,897
Return of slow moving goods		-	130,734	-	80,667
Other revenue		1,830	1,422	520	-
Dividends		36,220	20,475	36,220	20,475
Gain on sale of property and equipment		5,491	838	-	838
(Loss) for the Period before income tax		(150,464)	(604,962)	(50,652)	(218,873)
Income tax	10	-	-	-	-
(Loss) Period		(150,464)	(604,962)	(50,652)	(218,873)
<u>The other comprehensive income</u>					
Changes in fair value of financial assets at fair value through other comprehensive income		173,777	(11,106)	155,273	(9,555)
Losses on sale of financial assets at fair value through other comprehensive income		-	(2,250)	-	-
Total comprehensive income		23,313	(618,318)	104,621	(228,428)
		JD / Share	JD / Share	JD / Share	JD / Share
basic and diluted earining per share	11	(0.017)	(0.067)	(0.006)	(0.024)

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The Condensed interim Statement of Change in Owner's Equity for the six months ended at June 30,2021 (Reviewed not audited)

	Paid up Capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings at year end	Profit for the period / year	Total
	JD	JD	JD	JD	JD	JD	JD
Balance as of January 1,2021 (Audited)	9,000,000	2,250,000	1,061,503	130,626	(115,591)	-	12,326,538
Previous years expenses					(7,100)		(7,100)
Adjusted opening balance	9,000,000	2,250,000	1,061,503	130,626	(122,691)	-	12,319,438
(Loss) for the period					(150,464)		(150,464)
designated at fair value through other				173,777			173,777
Total comprehensive income	-	-	-	173,777	-	(150,464)	23,313
Balance as of June 30,2021 (Reviewed)	9,000,000	2,250,000	1,061,503	304,403	(122,691)	(150,464)	12,342,751
Balance as of January 1,2020 (Audited)	9,000,000	2,250,000	1,061,503	25,253	765,851	-	13,102,607
(Loss) for the period		-				(604,962)	(604,962)
designated at fair value through other				(11,106)			(11,106)
Closing of the fair value reserve for the shares sold				20,025	(20,025)		
Losses on sale of financial assets at fair value					(2,250)		(2,250)
through other comprehensive income							
Total comprehensive income	-	-	-	8,919	(22,275)	(604,962)	(618,318)
Balance as of June 30,2020 (Reviewed)	9,000,000	2,250,000	1,061,503	34,172	743,576	(604,962)	12,484,289

* In accordance to the instructions of the Securities Commission The fair value reserve for financial assets is not able to be distributing to the shareholder or capitalization or amortization loss or any way of distribution

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the condensed interim Statement of cashflow for the six monthes ended at June 30,2021

(Reviewed Not audited)

	Note	30-Jun-21	30-Jun-20
		JD	JD
		Reviewed	Reviewed
<u>Cash Flow From Operating Activities</u>			
(Loss) for the period		(150,464)	(604,962)
Depreciation		172,053	169,973
Morabaha expenses		41,839	74,653
Return of slow moving goods		-	(130,734)
Return on provision for doubtful debts		(204,230)	-
Writing off debts from the debt provision		(136,648)	-
Profits from the sale of property and equipment		(5,491)	(838)
Previous years expenses		(7,100)	-
Operating profit before changes in working capital		(290,041)	(491,908)
<u>(Increase) decrease in current assets</u>			
Financial assets at fair value through income statement		(750,000)	-
Account receivables & Cheques under collection		1,250,829	1,149,930
Inventory		(449,208)	(937,577)
Other receivables		(64,425)	38,686
<u>Increase (decrease) in current liabilities</u>			
Account payable		26,864	(227,314)
Shareholders Deposits		(3,258)	(525)
Other payables		74,412	(196,568)
Net Cash(Used in) provided from Operating Activities before paid tax		(204,827)	(665,276)
paid income tax	10	(982)	(1,918)
Net Cash(Used in) provided from Operating Activities after paid tax		(205,809)	(667,194)
<u>Cash Flows From Investing Activities</u>			
Purchase properties & equipment		(27,182)	(220,318)
collection from sale properties & equipment		5,525	9,350
Projects under construction		-	137,987
Financial assets at fair value through other comprehensive income		-	225,000
Net Cash (Used in) Investing Activities		(21,657)	152,019
<u>Cash Flows From Financing Activities</u>			
Notes payable due within ayear		(543,343)	804,764
Morabaha expenses		(41,839)	(74,653)
Net Cash provided from (used in)Financing Activities		(585,182)	730,111
Net (Decrease) in Cash and cash equivalent		(812,648)	214,936
Cash on hand and at banks at beginning of period		1,251,960	514,624
Cash on hand and at banks at ended period		439,312	729,560

**Arabian Steel Pipes Manufacturing
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Notes to the condensed interim Financial Statements (Reviewed No audited)**

1- Company's Registration and Objectives

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 June 12, 1983 and its status has been adjusted as a limited liability on June 5, 1989 under the Companies Act No. 1 of 1989 with the aim to manufacture steel pipes for water, electricity works and , blacksmithing and esling it, the company's commercial production began in February 15, 1989 The company's paid-up capital is JD 9,000,000 divided into into 9,000,000 shares and each 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.

The main objective of the Company :

- Pipe manufacturing with different diameters 0.5 - 6
- Import and export
- General Trading
- Producing electricity pillars of its different type , 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 financial statements were approved by the board of directors at its meeting held on 27 July 2021 .

Arabian Steel Pipes Manufacturing

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Notes to the condensed interim Financial Statements (Reviewed No audited)

2- Basics of preparing of interime financial statements

General

The accompanying interime condensed financial statements of the company have been prepared in accordance to the IAS 34 (Interim Financial informations)

The accompanying interim condensed financial statements of the company have been prepared in accordance to the historical cost basic except for the financial assets at the faire value through the other comprehensive income statement which carried at faire value at the date of the financial statements

The financial statements are presented in Jordanian Dinars (JD) which is the financial currency of the company .

The accompanying interim condensed financial statements do not included all required informations and notes at the annual financial statements witch preparad in accordance to the international financial reporting standard and shold be read with the annaul report as of December 31,2020 the bussenes results for the six monthes ended at June 30,2021 do not nessary represent an indicator for the expected results for the year ended at december 31,2021

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3- Significant accounting estimates and assumptions

There are no material changes to the nature and amount of the changes in the estimate of amounts recognized in the interim financial statements as compared to the financial statements for 2020 .

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Notes to the condensed interim Financial Statements (Reviewed No audited)

4- Significant accounting policies

The preparation of interim condensed financial information requires to use of significant and specific accounting estimates It also requires management to use its own judgment in the process of applying accounting policies, The significant estimates and assumptions used in the preparation of the financial statements have been disclosed in note No. (3)

Accounting policies followed in condensed interim financial statements' preparation for this period are consistent with the policies followed the last year .

Change in accounting policies

During the current period, the Company adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for periods beginning on 1 January 2020 :-

- Amendments to IFRS 3 "Business Merger".
- Amendments to IAS 1 "Presentation of Financial Statements" .
- Amendments to IAS 8 "Changes in accounting estimates and errors".
- Amendments to IFRS 7 "Financial Instruments: Disclosures"
- Amendments to IFRS 9 "Financial Instruments"

These amendment do not have any impact on the company's financial statement

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Notes to the condensed interim Financial Statements (Reviewed Not audited)

5- Properties , plant & equipment - Net

a. This item consists of :

	Lands	Buildings	Machinery and equipment	Tools	Vehicles	Computers	Furniture	Office equipment	Total
Cost									
Cost as in the January 1, 2021	927,462	2,552,504	7,161,145	326,437	389,428	108,926	128,170	29,395	11,623,467
Additions	-	-	7,428	1,450	14,034	3,870	400	-	27,182
Deletions			(50)						(50)
Cost as in the June 30, 2021	927,462	2,552,504	7,168,523	327,887	403,462	112,796	128,570	29,395	11,650,599
Accumulated Depreciation									
balance as of January 1, 2021	-	1,277,662	5,713,060	298,766	332,085	101,875	117,287	27,802	7,868,537
Additions	-	39,376	109,720	6,867	12,910	1,631	1,024	525	172,053
Deletions			(16)						(16)
balance as of June 30, 2021	-	1,317,038	5,822,764	305,633	344,995	103,506	118,311	28,327	8,040,574
Net book value as of June 30, 2021 (reviewed)	927,462	1,235,466	1,345,759	22,254	58,467	9,290	10,259	1,068	3,610,025
Net book value as of December 31, 2020 (audited)	927,462	1,274,842	1,448,085	27,671	57,343	7,051	10,883	1,593	3,754,930

b. The cost of property and equipment that was fully depreciated is JD 5,539,675 as at 30 June 2021

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Notes to the condensed interim Financial Statements (Reviewed No audited)

6- Investments in subsidiaries

A. This item consists of :

	Number of shares	Percentage of ownership	30-Jun-21 JD (Reviewed)	31-Dec-20 JD (Audited)
Arabian Column Pipes Company	100%	150,000	176,248	176,248
Total			176,248	176,248

B. The Board of director's decided in January 22, 2018 to voluntary liquidate the subsidiary "Arabian Column Pipes Company" .

7- Accounts Receivable

a. This item consists of :

	30-Jun-21 JD (Reviewed)	31-Dec-20 JD (Audited)
Checks under collection(Note 7 B)	58,800	455,729
Tenders Receivables	226,172	1,520,778
Export Receivables	399,298	754,233
Trade Receivables	763,885	270,943
Other Receivables	425,500	122,801
Total	1,873,655	3,124,484
Less: Provision of doubtful debts (Note 7c)	(508,977)	(849,855)
Net	1,364,678	2,274,629

b. The maturity of the checks on the collection is valid until 30 October 2021

c. The movement of the provision for doubtful debts is as follows:

	30-Jun-21 JD (Reviewed)	31-Dec-19 JD (Audited)
Balance at 1 January	849,855	530,450
Component during the period	-	319,405
Return on provision for doubtful debts	(204,230)	-
Writing off debts from the debt provision	(136,648)	-
Balance at end of period / year	508,977	849,855

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Notes to the condensed interim Financial Statements (Reviewed No audited)

8- Retained Earning at the end of the Period / year

This item consists of :

	30-Jun 2021	31-Dec 2020
	JD	JD
	Reviewed	audited
Balance at the beginning of the period / year	(115,591)	765,851
Income tax for previous years	(7,100)	(18,463)
Adjusted opening balance	(122,691)	747,388
Profit for the year	-	(840,704)
Distributed profits to shareholders (Not 9B)	-	(20,025)
Losses on sale of financial assets at fair value through other comprehensive income	-	(2,250)
Balance at end of period / year	(122,691)	(115,591)

9- Not Payable

This Item represents the value of issued notes payable in favor of Jordan Islamic Bank (Main shareholder) against raw materials purchases, as the maturity of all of these notes payable during 20 November 2021 . All the notes payable guaranteed by the Company's name.

10 Income tax provision

a. The movement of the provision for Income tax is as follows:

	30-Jun 2021	31-Dec 2020
	JD	JD
	Reviewed	audited
Balance at the beginning of the period / year	(28,758)	(24,538)
Period / year income tax payments	-	-
	(982)	(4,220)
Balance at end of period / year (Other debit balances)	(29,740)	(28,758)

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- b. - The situation has been settled for income tax until December 31, 2017, for the Investment Authority file, file No. 300001525 .
- The income tax declaration was filed for the years 2018 and 2019 for the Investment Authority and has not been reviewed to date by the Income and Sales Tax Department .
 - The situation has been settled for the income tax of the old regular file until December 31, 2018 except for 2017, the declaration has been submitted and the Income and Sales Tax Department has not reviewed the records to date .
 - The company is obliged to submit sales tax declaration in the investment file on its legal date .

c. The Accounting profit reconciliation with Tax profit as follows:

	30-Jun 2021	31-Dec 2020
	JD	JD
	Reviewed	audited
Accounting (loss)	(150,464)	(836,253)
Add 75% of the received dividends	(27,165)	-
Acceptable tax allocations paid	(204,230)	(130,734)
unacceptable tax expenses	-	319,405
Tax (Loss)	(381,859)	(647,582)
Legal Income Tax Rate	5%	5%
Income tax due for the period / year	-	-
National contribution 1%	-	-
Income Tax for the period / year	-	-

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11- Basic and diluted earning per share

This item consists of :	30-Jun-2021	30-Jun-2020
	JD	JD
	Reviewed	Reviewed
(Loss) for the period	(150,464)	(604,962)
Weighted average shares (share)	9,000,000	9,000,000
Basic and diluted earning per share	(0.017)	(0.067)

the diluted share of the share (loss) for the period is equal to the basic share of the (loss) period

12- Contingent Liabilities

This item consists of :	30-Jun-2021	31-Dec-2020
	JD	JD
	Reviewed	audited
Bank guarantees	418,975	72,375
Letters of credit	310,290	-
Total	729,265	72,375

13- Related Party Transactions

Realated parties include Key shareholders , Key management personnel , Key managers , associates and subciidaries and controlled companies . The company's management has approved the pricing policies and terms of transactions Whith related parties .

a. **Related Parties Balances**

	Relationshi p type	Nature of dealing	30-Jun-2021	31-Dec-2020
			JD	JD
			Reviewed	Audited
Arabian Column Pipes Company	subsidiary company	commercial	269,211	269,211
Total			269,211	269,211

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b. Salaries and bonus of the management

The following is a summary of the benefits of management of the company

	<u>30-Jun-2021</u>	<u>30-Jun-2020</u>
	JD	JD
	Reviewed	Reviewed
Salaries and bonus	120,092	142,122
Total	120,092	142,122

14- Risk management

The company follows various risk management financial policies within a specific strategy. The company manages risk control and control and optimizes the strategic distribution of both financial assets and financial liabilities. Risks include interest rates, credit risk, foreign currency risk.

The risks were disclosed in the Company's financial statements as of December 31, 2020

15- Comparative

Some of comparative figures have reclassified – when needed – to confirm with current year's figures.

16- Subsequent events

In light of the impact of the Corona virus (Covid 19) on the global economy and various business sectors and the accompanying restrictions and procedures imposed by the Jordanian government, the company's operational activities were affected by these events, which had a negative impact on the company's business results for the year compared to the previous year.

The extent and duration of these effects are not specified and depend on future developments that cannot be accurately predicted at the present time, such as the rate of spread of the virus and the effectiveness of measures taken to contain it. In light of the current economic turmoil, it is not possible to make reliable estimates on the impact of the virus until the date of approval of the financial statements. Future developments may affect the company's future results, cash flows and financial condition.