



Jordan Magnesia company Ltd

شركة مغنيسيا الأردن م.ع.م

الرقم: JORMAG/ 5 / JSC / 2018

التاريخ: 2018/3/27

السادة هيئة الأوراق المالية المحترمين

المملكة الأردنية الهاشمية

تحية طيبة وبعد،

مرفق لكم ما يلي :

- ميزانية الشركة وحساباتها الختامية الانجليزية للسنة المالية المنتهية في 2017/12/31 .

وتفضلوا بقبول فائق الاحترام

شركة مغنيسيا الأردن م.ع.م

نسخة : مركز ايداع الاوراق المالية .

نسخة : بورصة عمان .

بورصة عمان	
الدائرة الإدارية والمالية	
الديوان	
٢٧ آذار ٢٠١٨	
الرقم المتسلسل:	1509
رقم الملف:	41120
الجهة المختصة:	الرجوع

**JORDAN MAGNESIA COMPANY LTD. (FREE
ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

**JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the Board of directors member
Jordan Magnesia Company Ltd. (Free Zone)

Report on auditing the Financial Statements

We have audited the accompanying financial statements of Jordan Magnesia Company Ltd. (Free Zone)(P.L.C), which comprise of the statement of financial position as of December 31, 2017, and the statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Jordan Magnesia Company Ltd. (Free Zone) (P.L.C), as of December 31, 2017, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent from the Company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

Key audit matters

Key audit matters, according to our professional judgment, are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Property, plant and equipment

According to international financial, the company must review the useful life and depreciation method. Land perform impairment test to the value of property, plant and equipment that is reported in the financial statements in case of any events and conditions, the recoverable amount is calculated, the losses and calculated according to the decline of the value in assets. The management estimates the impairment of property and plants by assumptions. And estimation (if any), and due to its significance, it is considered an important audit risk.

The following is a description of our auditing procedures:

Property, plant and equipment:

The Auditing procedures included examining the control procedures used in the assertion of existence and completeness and reviewing the purchases and sells of property, and the basis of depreciation calculation, It was found that the company did not record the depreciation expense of the plant and its equipment in 2017 due to the non-restarting of the company's factory during the year and the rehabilitation and modernization of the factory was not completed. The company conducted a test of impairment for the value of the factory buildings and machines. Impairment expenses of Buildings and plant equipment amounted to JD (21,898,879). The value of plant buildings and equipment has been reduced by this amount. We also focused on the adequacy of the Company's disclosures about property and equipment.

Other Matter

The Financial Statements as of December 31, 2016 have been audited by another auditor, which he issued his qualified report on May 10, 2017.

As disclosed in Note No. (11), Al-Manaseer Group for Industrial and Commercial Investments Acquired total capital Shares in the beginning of 2017 for (12,500,000\$) which equals (8,850,000 JD) depending on the general Assembly's decision on November 13, 2016 and January 17, 2017 and an acquiring agreement dated December 22, 2016. As result,an amount of (63,235,780) to Arab Potash Company has been declined.

As disclosed in Note No. (17), the financial statement of 2016 has been modified after calculating impairment losses which totaled 21,898,879 JD. As result of impairment in value from the previous years as a result of the interruption of production and operation in the plant in those years.

Other information

The management is responsible for other information.

Which includes other information reported in the annual report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidate financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the 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 the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 the Management.
- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

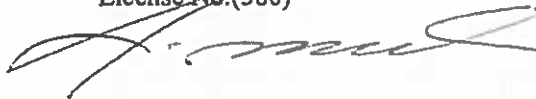
We communicated with audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Company maintains proper books of accounts and the accompanying financial statements and the financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Sinan Ghosheh
License No.(580)



Amman - Jordan
February 6, 2018

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016 (restated – 17)
ASSETS			
Non-current assets			
Property and equipment	4	19,030,283	15,131,837
Projects under construction		2,600,809	-
Total non-current assets		21,631,092	15,131,837
Current assets			
Prepaid expenses and other receivables	5	1,058,777	6,300
Due from related parties	7	1,667,704	-
Inventories and spare parts		2,369,226	2,127,946
Cash and cash equivalents	6	495,475	24,249
Total current assets		5,591,182	2,158,495
TOTAL ASSETS		27,222,274	17,290,332
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Shares capital	1	10,000,000	10,000,000
Accumulated losses	11	(244,712)	(55,998,281)
Total shareholders' equity		9,755,288	(45,998,281)
Non-current liabilities			
Long- term loans	8	6,587,339	-
Due to related party long term	7	7,237,499	-
Total non-current liabilities		13,824,838	-
Current liabilities			
Accrued expenses and other liabilities	10	415,251	52,833
Due to related parties	7	522,719	-
Current portion from long-term loans	8	1,959,246	-
Accounts payable and deferred Checks	9	744,932	63,235,780
Total current liabilities		3,642,148	63,288,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27,222,274	17,290,332

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Sales		45,902	226,338
Cost of sales	12	(80,510)	(653,065)
Gross profit		(34,608)	(426,727)
Depreciation		(49,727)	(1,370,916)
Advertising and consulting factory sale expenses		-	(251,712)
General and administrative expenses	13	(160,751)	(89,854)
Financial charges		(3,626)	-
Other revenues and expenses		4,000	85,272
Loss before income tax		(244,712)	(2,053,937)
Income tax for previous years		-	(28,329)
Loss for the year		(244,712)	(2,082,266)
Other comprehensive income			
Total comprehensive income		(244,712)	(2,082,266)

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Accumulated losses	Total
Balance at January 31, 2016 (restated)	17	10,000,000	(53,916,015)	(43,916,015)
Comprehensive income for the year		-	(2,082,266)	(2,082,266)
Balance at December 31, 2016 (restated)	17	10,000,000	(55,998,281)	(45,998,281)
Amortization of accumulated loss	11	-	55,998,281	55,998,281
Comprehensive income for the year		-	(244,712)	(244,712)
Balance at December 31, 2017		10,000,000	(244,712)	9,755,288

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
OPERATING ACTIVITIES			
Net loss for the year		(244,712)	(2,082,266)
Adjustments for Loss of the year:			
Depreciations		49,727	1,370,916
Gains from sale property and equipment		(4,000)	-
End of service indemnity		-	7,683
Financial charges		3,626	-
Changes in operating assets and liabilities:			
Prepaid expenses and other receivables		(1,052,477)	117,022
Inventories and spare parts		(241,280)	-
Accrued expenses and other liabilities		362,418	(74,595)
Due from related parties		(1,667,704)	-
Due to related parties		522,719	-
Accounts payables and deferred checks		744,932	286,287
Cash used in operations		(1,526,751)	(374,953)
Paid Financial charges		(3,626)	-
Net cash used in operating activities		(1,530,377)	(374,953)
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,948,173)	-
Proceeds from sale of property and equipment		4,000	-
Projects under constructions		(2,600,809)	-
Net cash used in investing activities		(6,544,982)	-
FINANCING ACTIVITIES			
Loans		8,546,585	-
Net cash available from financing activities		8,546,585	-
Net change in cash and cash equivalents		471,226	(374,953)
Cash and cash equivalents, January 1		24,249	399,202
CASH AND CASH EQUIVALENTS, DECEMBER 31		495,475	24,249
Non cash item	11	63,235,780	-

The accompanying notes are an integral part of these financial statements

**JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

1. ORGANIZATION AND ACTIVITIES

Jordan Magnesia Company Ltd. (Free Zone) ("the Company") is a Jordanian public shareholding Company registered on May 13, 1997 under the commercial registration number (330), the company's authorized and paid share capital is JD 10,000,000 divided to 10,000,000 share with a nominal value of one JD per share.

The Council of ministers decided in its session held on August 29, 2000. The approval of the Company's agreement with The Free Zones Corporation, through which the Company was adopted as a private industrial free zone enjoy all exemptions and facilities in accordance with the free zones law and regulations and instructions issued there under.

The main activity of the Company is to establish industries for the production of magnesium oxide and its by-products and derivatives, using the solutions from the Dead Sea and lime stone from the Qatrane mine. Magnesium oxide products are introduced in the manufacture of thermal bricks, plastics, medical, chemical and other industries.

The Company's Headquarter is in Amman.

**2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED
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 financial statements.

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

The financial statements have been prepared in accordance with International Accounting Standard 34, "Financial Reporting".

The Basis of preparation the financial statements

The financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The financial statements have been prepared on historical cost basic, however financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company.

Cash and cash equivalents

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

Accounts receivable

Account receivable are stated at their net realizable value after forming an allowance for doubtful accounts based on a general review at the end of the year, bad debts are written off in the period of recognizing them.

The Decline in value of the financial assets

In date of each financial position statement, values of the financial assets have been reviewed, to determine if their indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, where evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value have been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in the comprehensive income statement.

As for the ownership equity tools which are available for sale, Decline losses are not closed in the recognized value in the profit and loss statement. However, any increase in the fair value becomes after decline loss has recognized directly in the shareholder's equity statement.

Cancellation of Recognition

The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended. And substantially all the risks and benefits of the ownership to another firm, In the case of the company doesn't transfer on retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize its share retained in the transferred assets and the related liabilities in the limits of the amounts excepted to be paid. In the other case, when the company retained substantially all risks and benefits of ownership of the transferred assets, the company will continue to recognize of the financial assets.

**JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

Expenses

Selling and marketing expenses mainly comprise of costs incurred in 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.

Property and equipment

Property and equipment are stated at cost after deducting accumulated depreciation. Expenditure on maintenance and repairs is expensed while expenditures for developments are capitalized. The acquisition price of assets includes cost of loans taken to finance preparing equipment's and providing necessary improvements to make them ready for use. Depreciation is allocated over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal assets using the straight line method, the estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Building	2%
Machinery and equipment	2.5%
Vehicles	15%
Furniture and fixture	20%
Computers	33.33%
Tools	20%
Computers Software	20 %

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization 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.

At any subsequent disposal of property and equipment obtained from gains or losses, which represents the difference between net profit that is widely recognized.

The decline in value of the non-current assets

The decline in value of the non-current assets, in the date of each statement of financial position the company review the listed values for its assets to specify if there is an indication to be decline losses of the value. If their indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be. In case, in ability to appreciate the recovery value of specific asset, the company estimate the recovery value for unit producing of cash that related in the same asset. When there is ability to determine bases of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. when there is ability to determine basic of distribution that is fixed and reasonable, the joint assets distribute to specific units producing of cash or it distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and reasonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the income statement except the asset that is re-evolution then record losses of the decline as reduction from re-evaluation provision.

**JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

In case, Recovery losses for decline of the value, Increase the listed value of asset (or unit producing of cash) to the fair value of recovery as not to increase the adjusted listed value of asset (or unit producing of cash) as if it had not been calculating the losses of the value decline in the previous years, Record recovery of losses in value decline directly either in the profit or the loss except the asset had been recording in the re-evaluation value. In this case, record recovery of losses in value decline as increase in the re-evaluation provision.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

Provisions

The provision had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment considers accepted and it has ability to estimate it reliably.

The provision had been measured according the best expectations of the required alternative to meet the obligation as of the statementoffinancialposition date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions. As well as changes in fair value that appears in the owners' equity.

In particular, required of the Company's management to issue important judgments to estimate the amounts of future cash flows and its times Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates as a result of changes resulting about the conditions and circumstances of these estimates in the future.

The sector report represents

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, and when intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Inventories and Spare parts

Inventories are stated at cost or market whichever lower using (Weighted average) inventory valuation method.

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Projects under construction

Projects under construction are stated at cost, and borrowing costs are capitalized on withdrawals from loans to finance these projects.

Income tax

The company is subject to Income Tax Law 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 transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

4. PROPERTY AND EQUIPMENT

	January 1			December 31
	Restated (Note-17)	Additions	Disposal	
Cost:				
Building	12,505,207	18,800	-	12,524,007
Machinery and equipment	42,341,834	2,881,510	-	45,223,344
Vehicles	121,930	322,914	(4,000)	440,844
Furniture and fixture	59,838	117,681	(59,838)	117,681
Computer	83,821	298,549	(83,821)	298,549
Tools	-	234,369	-	234,369
Computer software	-	74,350	-	74,350
Total cost	55,112,630	3,948,173	(147,659)	58,913,144
Depreciation:				
Building	9,055,961	188	-	9,056,149
Machinery and equipment	30,659,243	-	-	30,659,243
Vehicles	121,930	10,791	(4,000)	128,721
Furniture and fixture	59,838	5,552	(59,838)	5,552
Computer	83,821	17,833	(83,821)	17,833
Tools	-	9,446	-	9,446
Computer software	-	5,917	-	5,917
Total depreciation	39,980,793	49,727	(147,659)	39,882,861
Book value at January 1	15,131,837			
Book value at December , 31				19,030,283

JORDAN MAGNESIA COMPANY LTD. (FREE ZONE)
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

5. PREPAID EXPENSES AND OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
Prepaid expenses	117,503	1,100
guarantee deposits	206,016	4,000
Refundable deposit	103,500	-
Letter of guarantees	201,548	-
Sales tax deposit	18,535	-
Employees receivables	16,428	-
Social Security deposit	73	-
Advance payments to suppliers	395,174	1,200
	<u>1,058,777</u>	<u>6,300</u>

6. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash on hand	6,654	-
Cash at banks	488,821	24,249
	<u>495,475</u>	<u>24,249</u>

7. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist transactions with companies which is under common control by the partners and transactions with partners and associated companies, and the adoption of policies and Conditions of transactions with related parties by the management company transactions with related parties other than the owner or the Company's shareholder are certifiants of commercial nature, and the transaction with the owner or the Company's shareholder are certifiants of a financial nature.

<u>NAME</u>	<u>RELATIONSHIP</u>
Al-Manaseer Group for Industrial and Commercial Investments	Holding Company
Mediterranean and gulf insurance and reinsurance co (Medgulf- Jordan)	Sister
Jordan Modern for Information Technology Co.	Sister
Jordan Modern for Oil and Fuel Services Co.	Sister
Jordan Modern Ready Mix Concrete	Sister
Jordan Modern for Cement & Mining Co.	Sister
Advanced Transport And Land Shipping Services Company	Sister
Vision for Maintenance and Spare Parts (Ltd)	Sister
Arab Towers Contractors Co.	Sister
Jordan Modern for Mining Company	Sister
Al Bunyan for Cement and Concrete products manufacturing Co.	Sister
Developed Crushes Co.	Sister

The significant transactions and the related amounts are as follows:

	<u>2017</u>	<u>2016</u>
Revenues	49,902	-
Purchases	808,910	-

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Due from related parties as at December contains as the following:

	2017	2016
Jordan Modern for Cement & Mining Co.	1,667,704	-
	<u>1,667,704</u>	<u>-</u>

Due to related parties as at December contains as the following:

	2017	2016
Al-Manaseer Group for Industrial and Commercial Investments	183,699	-
Jordan Modern for Information Technology Co.	68,743	-
Advanced Transport And Land Shipping Services Company	67,930	-
Vision for Maintenance and Spare Parts (Ltd)	8,186	-
Mediterranean and gulf insurance and reinsurance co (Medgulf- Jordan)	15,093	-
Jordan Modern Ready Mix Concrete	3,457	-
Jordan Modern for Oil and Fuel Services Co.	91,108	-
Developed Crushes Co.	27,629	-
Jordan Modern for Mining Company	37,407	-
Arab Towers Contractors Co.	18,800	-
Al Bunyan for Cement and Concrete products manufacturing Co.	667	-
	<u>522,719</u>	<u>-</u>

Due to related parties long term as at December contains as the following:

	2017	2016
Al-Manaseer Group for Industrial and Commercial Investments (Note-11)	7,237,499	-
	<u>7,237,499</u>	<u>-</u>

8. LOANS

	2017	2016
Jordan Commercial Bank	7,000,000	-
Egyptian Arab Land Bank	1,546,585	-
Total loans	8,546,585	-
Less: current portion	1,959,246	-
The long term portion	<u>6,587,339</u>	<u>-</u>

Jordan Commercial Bank

The Company has obtained bank facilities during 2017 from Jordan Commercial Bank amounting to JD 7,000,000 with an interest rate 8% and without commission. The amount will have repaid by equal monthly installments within 48 each for JD 145,834 except the last one include the interest and grace period one year, for the restructuring of the company and the operation and development of the plant, it is personally guaranteed by Eng. ZiadKhalaf Mohammad Al-Manaseer and Al-Manaseer Group for Industrial and Commercial Investments.

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Egyptian Arab Land Bank

The Company has obtained bank facilities during 2017 from Egyptian Arab Land Bank amounting to JD 1,500,000 with an interest rate 8.5% and with 0.5% commission. The amount will have repaid by equal monthly installments within 18 include the interest and grace period of six months from the loan date. It is personally guaranteed by Eng. Ziad Khalaf Mohammad Al-Manaseer and Al-Manaseer Group for Industrial and Commercial Investments.

9. ACCOUNTS PAYABLES AND DEFERRED CHECKS

	<u>2017</u>	<u>2016</u>
Accounts payables	566,646	63,235,780
Deferred checks	178,286	-
	<u>744,932</u>	<u>63,235,780</u>

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	<u>2017</u>	<u>2016</u>
Accrued expenses	383,488	-
End of service indemnity provisions	30,225	52,833
Employees payables	1,538	-
	<u>415,251</u>	<u>52,833</u>

11. NON CASH ITEM

Al-Manaseer Group for Industrial and Commercial Investments Acquired total capital Shares in the beginning of 2017 for (12,500,000 \$) which equals (8,850,000 JD) depending on the general Assembly's decision on November 13, 2016 and January 17, 2017 and an acquiring agreement dated December 22, 2016, Based on the approval of the Companies Control Department on January 25, 2017 in the acquisition, the value of the purchase was distributed as follows:

Payments to Arab Potash Company against amortizing her debit	7,237,499
Payments to Jordan Magnesia against remaining obligations	460,200
Payments to shareholders against shares	<u>1,152,301</u>
	<u>8,850,000</u>

As result, an amount of (63,235,780) to Arab Potash Company has been declined from the Company's accounting records are as follows:

Due to related parties (Al-Manaseer Group for Industrial and Commercial Investments)	7,237,499
Amortization of accumulated loss as December 31, 2016 (restated – Note 17)	<u>55,998,281</u>
	<u>63,235,780</u>

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12. COST OF SALES

	<u>2017</u>	<u>2016</u>
Salaries and other benefits	-	22,796
Rent of mining area	80,510	320,640
Mining expenses	-	91,729
Shipping expenses	-	92,108
Insurance	-	24,216
Security and Protection	-	72,900
Cars and oil expenses	-	439
Hospitality and cleaning	-	2,709
Electricity and water	-	25,195
Others	-	333
	<u>80,510</u>	<u>653,065</u>

13. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
Salaries, wages and other benefits	-	30,889
Board of Directors transportation	-	12,844
Rents	56,640	13,200
Professional fees	31,167	5,550
End of service indemnity provisions	-	7,683
Governmental and subscription fees	1,309	9,888
Cars and oil expenses	712	2,248
Post , telegraph and telephone	7,843	1,346
General maintenance	2,163	-
Cleaning	3,051	378
Hospitality	21,560	-
Stationery and Stamps	19,519	-
Guarantees	5,291	-
Advertising	7,126	-
Medical expenses	-	1,653
Electricity and water	4,024	712
Other	346	3,463
	<u>160,751</u>	<u>89,854</u>

14. INCOME TAX

The Company finalized its tax position till 2015. For the year 2016, the Company provided the self-assessment of the Income and Sales Tax Department but the income tax department did not review it till the date of preparing the financial statement.

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15. TOTAL PROFIT OF QATRANAH

	<u>2017</u>	<u>2016</u>
Gross lime stones sales	45,902	226,338
Rent of mining area	(80,510)	(320,640)
Mining expenses	-	(91,729)
Shipping expenses	-	(92,108)
Total loss from lime stones sales	<u>(34,608)</u>	<u>(278,139)</u>

16. CONTINGENCIES

At December 31, the company has the following contingencies:

	<u>2017</u>	<u>2016</u>
Bank guarantee	242,016	40,000

17. RESTATED FINANCIAL STATEMENT FOR THE YEAR 2016

The financial statement of 2016 has been modified after calculating impairment losses on building, machinery and equipment's which totaled 21,898,879 JD, as result of impairment in value from the previous years as a result of the interruption of production and operation in the plant in those years.

Based on the above, the balances of the accounts before and after the amendment as at 31 December 2016 were as follows:

	<u>Balance before adjustment</u>	<u>Balance after adjustment</u>
Property, plant and equipment	37,030,716	15,131,837
Accumulated losses as of January 31, 2016	32,017,136	53,916,015
Accumulated losses as of December 31	<u>34,099,402</u>	<u>55,998,281</u>

18. FINANCIAL TOOLS

Management of share capital risks

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

Structuring of Company's capital includes debts, which includes owners' equity in the Company, which includes capital, reserves, and accumulated losses as it listed in the changes in owners' equity statement.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks.

Foreign Currencies Risks Management

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

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19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for the year ended in December 31, 2017 for issuance on February 6, 2018.

20. COMPARATIVE FIGURES

Certain figures for 2016 have been reclassified to conform to 2017.