



نظام الجودة والسلامة للمنتج مطابق
لواصفات (ايزو ٩٠٠١) والهيئ (العالية)

الشركة العالمية الحديثة لصناعة الزيوت النباتية
المساهمة العامة المحدودة

Date: 24/8/2020

To: Jordan Securities Commission
Amman Stock Exchange

Sub: Semi-Annual Report as of 30/6/2020

Attached the semi-annual report of the Universal Modern Industries Co. for edible oil as of 30 Jun 2020.

With our high appreciation and respect.

Universal Modern Industries Co. For Edible Oil
Shareholders Dept

Ho



Universal Modern Industries Co. For Edible Oil
P.O.Box 927139 Amman 11196 Jordan

هيئة الأوراق المالية
الدائرة الإدارية / الديوان

٢٠٢٠ آب ٢٥

الرقم المتسلسل ٤٣٠٤٢
الجهة المختصة ١٤٠٨٨٤

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

**Interim Condensed Financial Statements and
Review Report for the period ended 30 June 2020
(Reviewed and Unaudited)**

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

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Review Report of Interim Condensed Financial Statements

To The Shareholders of Universal Modern Industries Co. For Edible Oil

(Public Shareholding Company)

E. 133202812

Amman- Jordan

Introduction

We have reviewed the accompanying interim condensed financial position statements of **Universal Modern Industries Co. For Edible Oil** as of 30 June 2020 and the related interim statements of income, comprehensive income, changes in shareholders equity and cash flows for the six months period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

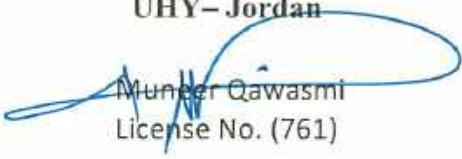
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, " Review of Interim Financial Information Performed by the Independent Auditor of the Entity ". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not give a true and fair view of the financial position of **Universal Modern Industries Co. For Edible Oil** as of 30 June 2020, and its financial performance and its cash flows for the six months period then ended in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting).

Arab Auditors
UHY- Jordan


Munir Qawasmi
License No. (761)

Amman-Jordan

July 15, 2020

UHY Arab Auditors
Public Accountants & Consultants

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

The interim condensed statement of financial position
as of 30 June 2020 and 31 December 2019

(In Jordanian Dinar)

	<u>Notes</u>	<u>Unaudited</u> <u>30/06/2020</u>	<u>Audited</u> <u>31/12/2019</u>
Assets			
Current assets			
Cash and cash equivalents	3	4,324,749	5,936,423
Financial assets at fair value through comprehensive income statement		61,079	79,029
Accounts receivables and cheques under collection (net)	5	2,585,313	1,500,754
Inventories		2,246,224	2,480,573
Letter of credit and goods in transit		286,714	277,771
Spare parts and others (net)		297,129	296,355
Other current assets		69,408	77,786
Total current assets		9,870,616	10,648,691
Non-current assets			
Property, plant and equipment (Net)	6	1,254,951	1,366,438
Financial assets at fair value through comprehensive income statement		24,000	24,000
Total non-current assets		1,278,951	1,390,438
Total assets		11,149,567	12,039,129
<u>Liabilities and shareholders' equity</u>			
Current liabilities			
Accounts payable		725,303	989,423
Income tax provision	7	92,292	139,487
Unpaid dividends liabilities		366,404	218,317
Other current liabilities		234,375	419,003
Total current liabilities		1,418,374	1,766,230
<u>Shareholders' equity</u>			
Paid in Capital		6,000,000	6,000,000
Statutory reserve		1,518,451	1,518,451
Voluntary reserve		605,772	605,772
Retained earnings		1,606,970	2,148,676
Total shareholders' equity		9,731,193	10,272,899
Total liabilities and shareholders' equity		11,149,567	12,039,129

The accompanying notes from(1) to (14) are an integral part of these statements

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

Interim condensed statement of comprehensive income

For the six months ended 30 June 2020 and 2019 (Unaudited)

(In Jordanian Dinar)		For the six months ended		For the three months ended	
		30 June		30 June	
		Unaudited		Unaudited	
		2020	2019	2020	2019
	Notes				
Net sales		6,602,817	5,930,214	2,887,547	2,917,286
Cost of goods sold		(5,639,143)	(5,025,027)	(2,585,489)	(2,430,829)
Gross profit		963,674	905,187	302,058	486,457
Selling and Distribution expenses		(144,368)	(147,457)	(55,448)	(92,374)
General and administrative expenses		(260,843)	(267,676)	(115,809)	(125,669)
Property & Equipment Depreciation		(29,894)	(29,323)	(15,192)	(15,863)
Expected credit losses provision		(179,741)	(61,074)	(121,966)	(27,775)
Other revenues (Net)	8	51,052	78,960	24,694	49,226
Profit for the period before income tax		399,880	478,617	18,337	274,002
Income tax provision	7	(95,611)	(81,840)	(24,103)	(46,716)
National contribution		(5,975)	0	(1,506)	0
Profit for the period after tax		298,294	396,777	(7,272)	227,286
Comprehensive income for the period		298,294	396,777	(7,272)	227,286
Basic and Diluted EPS (JOD / Stocks)	9	0.050	0.066	(0.001)	0.038

The accompanying notes from(1) to (14) are an integral part of these statements

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

Interim condensed statement of changes in shareholders' equity
For the six months ended 30 June 2020 and 2019 (Unaudited)

(In Jordanian Dinar)

	Paid in Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings	Total
Balance as of Jan. 1, 2020	6,000,000	1,518,451	605,772	2,148,676	10,272,899
Dividends	0	0	0	(840,000)	(840,000)
Comprehensive income for the period	0	0	0	298,294	298,294
Balance as of June 30, 2020(Unaudited)	6,000,000	1,518,451	605,772	1,606,970	9,731,193
Balance as of Jan. 1, 2019	6,000,000	1,518,451	605,772	2,226,802	10,351,025
Dividends	0	0	0	(780,000)	(780,000)
Comprehensive income for the period	0	0	0	396,777	396,777
Balance as of June 30, 2019 (Unaudited)	6,000,000	1,518,451	605,772	1,843,579	9,967,802

The accompanying notes from(1) to (14) are an integral part of these statements

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Amman - Jordan

Interim condensed statement of cash flows

For the six months ended 30 June 2020 and 2019 (Unaudited)

(In Jordanian Dinar)

		For the six months ended 30 June	
		Unaudited	
		2020	2019
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		399,880	478,617
Depreciation		117,598	118,103
Increase in doubtful accounts		179,741	61,074
Losses (gains) on valuation of financial assets through income		17,950	(688)
Capital gains		0	(3,448)
Adjusted profit before changes in working capital		715,169	653,658
Change in Accounts receivables		(1,258,509)	(395,146)
Changes in inventories		234,349	1,625,260
Change in Spare parts		(774)	1,469
Change in Other current assets		8,378	(29,844)
Change in goods in transit		(8,943)	0
Change in Accounts payable		(264,120)	(103,548)
Change in Other current liabilities		(190,603)	(146,021)
Paid income tax		(142,806)	(75,168)
Net cash flows (used in) from operating activities		(907,859)	1,530,660
<u>Cash flows from investing activities</u>			
Proceeds from sale of property and equipment		0	3,448
Purchase of property and equipment		(6,111)	(292,797)
Net cash flows used in investing activities		(6,111)	(289,349)
<u>Cash flows from financing activities</u>			
Dividends paid for the period	11-B	(691,913)	(743,283)
Credit banks		0	(88,265)
Net cash flows used in financing activities		(691,913)	(831,548)
Net (decrease) increase in cash and cash equivalents		(1,605,883)	409,763
Cash and cash equivalents at the beginning of the year		5,939,677	4,040,548
Cash and cash equivalents at the end of the year		4,333,794	4,450,311

The accompanying notes from (1) to (14) are an integral part of these statements

Universal Modern Industries Co. For Edible Oil
(Public Shareholding Company)
Notes to the interim condensed financial statements

1- General

Universal Modern Industries Co. For Edible Oil was established in the register of public shareholding companies under No. 204 on April 10, 1989. The Company's registration center is the Hashemite Kingdom of Jordan.

Company objectives:

- Establishment of a plant for refining, producing and mining vegetable oils for domestic consumption and export.

2- Summary of significant accounting policies

Basis of Preparing Financial Statements:

- The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).
- The interim condensed financial statements have been prepared under the historical cost except for financial assets (if any) that are presented at fair value in the interim condensed financial statements.
- The Jordanian Dinar is the currency of the presentation of the financial statements, which represents the Company's main currency.
- The condensed interim financial statements do not contain all the information and notes required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as at 31 December 2019. In addition, results for the six months ended 30 June 2020 doesn't necessary represent an indicator of the expected results for the year ended 31 December 2020.

Accounting policies

- The accounting policies adopted during the interim period are similar to the accounting policies adopted for the financial year ended 31 December 2019.
- The preparation of interim progress reports as of 30 June 2020 in accordance with IAS 34 requires management to use significant accounting estimates.
- The accounting policies used in the interim condensed financial statements as at 30 June 2020 have been disclosed in the final financial statements for 2019.

Use of estimates and judgments:

The preparation of the financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of property, equipment and liabilities and disclose potential liabilities. These estimates and judgments also affect the income, expenses and provisions and in particular require management to make judgments and judgments to estimate the amounts and timing of future cash flows arising from the circumstances of those estimates in the future. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of future changes in the conditions of those provisions.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and cheques under collection with original of maturities of three month or less .

Accounts receivable:

Accounts receivable are stated at cost less any provision for any uncollectible amounts. If there are any indications of receivables impairment the company estimate the recoverable amount to determine the amount of impairment loss.

Property Plant and equipment:

- Property, plant and equipment are stated at cost (except land) less any depreciation and any accumulated impairment losses.
- If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount, and the impairment loss shall recognized in the comprehensive income statement.
- If there are any changes on the useful life of the property, plant and equipment and its depreciation method the changes calculated prospectively.
- The company depreciated property, plant and equipment using straight line method over and estimated useful life at annual rates 4% - 35% as follow :

<u>Asset</u>	<u>Depreciation rates</u>
Buildings	4%-10%
Oil tanks	10%
Machinery and equipment	20%
Solar power	10%
Vehicles	15%
Others	10%-35%

Inventory and spare parts:

- Finished goods and spare parts:

Finished goods are valued at cost or net realizable value, which is lower .

- Raw materials:

Raw materials and spare parts are valued at cost .The Company follows FIFO basis to determine the cost of inventory.

- Goods in process:

Goods in process are valued at the cost of the production orders.

IFRS (9) Financial instruments

- Investing in financial instrument

Financial assets are recorded at the cost plus any related expenses except financial assets through income statement which classifies as follow :

- Financial assets at fair value through income statement

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the statement of income.

Financial assets at fair value through other comprehensive income statement

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term. These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.

- Other financial assets

Other financial assets (Account receivable , Notes receivable , Other current assets , Loans and Other credit balances) are stated at amortized cost with effective interest rate.

- Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

- Impairment of financial assets

For all debt instruments , the Company has applied the standards general approach and has calculated ECLs based on lifetime expected credit losses , Financial instrument divide for 3 phases as follow :

Stage (1) based on 12 months .

Stage (2 and 3) based on financial instrument lifetime .

The Company assesses at each financial position date whether there is any objective evidence that a financial assets are impaired. If there is any impairment indications the company estimate the recoverable amount to determine the expected impairment loss. If the recoverable less than book value the impairment loss will be recognize in the comprehensive income statement.

Fair value

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead. If there is no active market available the financial asset stated at cost less any impairment losses.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments : Recognition and Measurement for annual periods beginning on or after January 2018, bringing together all three aspects of the accounting for financial instruments : classification and measurement ; impairment; and hedge accounting .

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss (ECL) approach .

The company amended the financial statements and applying IFRS (9)

IFRS 15 Revenue from Contracts with Customers

- IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in the scope of other standards . The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or provide services to a customer .
- The standard requires entities to exercise judgment , taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers .
- The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract .
- There was no material impact on the financial statements from the adoption of IFRS (15) . The accounting policies for revenue recognition are as follows:
- The company's contracts with customers for the sale of equipment/ goods generally include performance obligation(s). The company has concluded that revenue from sale of equipment/goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment / goods. Therefore , the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Dividends

Dividends are recognized after the general assembly approved it.

Foreign currencies:

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the comprehensive income statement.

3- Cash and cash equivalents

		30/06/2020	31/12/2019
Cash on hand		20,688	3,428
Cash at banks - Current		749,649	1,131,781
Cash at banks - Deposits		2,623,907	2,167,444
Cheques under collection	4-A	939,550	2,637,024
Total		4,333,794	5,939,677
Expected credit losses provision *		(9,045)	(3,254)
Total		4,324,749	5,936,423

*** Expected credit losses provision**

Beginning Balance	3,254	0
Effect of Applying IFRS (9)	0	3,363
Increase in provision	5,791	0
Decrease provision	0	(109)
Total	9,045	3,254

* Interest rate on bank deposits reached 4.2% to 5.2% with different maturities

4- Cheques under collection

	30/06/2020	31/12/2019
4-A Cheques collected during 90 day	939,550	2,637,024
4-B Cheques collected after 90 day	200,000	29,875
Total	1,139,550	2,666,899

*Cheques collected during 90 day were classified in cash and cash equivalent and cheques collected after 90 day were classified in cheques under collection .

5- Accounts receivables and cheques under collection

		30/06/2020	31/12/2019
Cheques under collection	4-B	200,000	29,875
Military and civil service consumer corporation		1,501,209	1,015,227
Local trade receivables		1,508,771	927,871
Other receivables		54,400	32,898
Total		3,264,380	2,005,871
Allowance for doubtful accounts		(679,067)	(505,117)
Net		2,585,313	1,500,754

According to the management's opinion the balances mentioned above are collectible, and allowance for doubtful debts is sufficient.

6- Property , plant and equipment

For the period ended 30 June 2020

Asset	Lands	Buildings and constructions	Oil tanks	Machinery	Solar energy system	Cars	Computer hardware and software	Project under construction	Total
Cost as of 01 Jan. 2020	151,173	2,117,929	906,058	6,643,044	609,247	621,236	308,112	5,356	11,362,155
Additions	0	0	0	4,639	0	0	1,472	0	6,111
Cost as of 30 June 2020	151,173	2,117,929	906,058	6,647,683	609,247	621,236	309,584	5,356	11,368,266
Accumulated Depreciation 01 Jan. 2020	0	1,941,426	855,548	6,359,525	160,442	387,295	291,481	0	9,995,717
Depreciation	0	8,200	4,563	36,489	30,462	34,832	3,052	0	117,598
Accumulated depreciation 30 June. 2020	0	1,949,626	860,111	6,396,014	190,904	422,127	294,533	0	10,113,315
Book value 30 June 2020	151,173	168,303	45,947	251,669	418,343	199,109	15,051	5,356	1,254,951

For the year ended in December 31, 2019

Asset	Lands	Buildings and constructions	Oil tanks	Machinery	Solar energy system	Cars	Computer hardware and software	Project under construction	Total
		4-10%	10%	20%	10%	15%	10%-35%		
Cost as of 01 Jan. 2019	151,173	2,111,750	891,578	6,372,084	596,190	582,063	301,093	4,378	11,010,309
Additions	0	6,179	14,480	270,960	13,057	65,266	7,019	978	377,939
Disposals	0	0	0	0	0	(26,093)	0	0	(26,093)
Cost as of 31 Dec. 2019	151,173	2,117,929	906,058	6,643,044	609,247	621,236	308,112	5,356	11,362,155
Accumulated Depreciation as of 01 Jan. 2019	0	1,924,237	846,360	6,279,783	99,517	342,327	283,900	0	9,776,124
Depreciation	0	17,189	9,188	79,742	60,925	71,061	7,581	0	245,686
Disposals	0	0	0	0	0	(26,093)	0	0	(26,093)
Accumulated depreciation as of 31 Dec. 2019	0	1,941,426	855,548	6,359,525	160,442	387,295	291,481	0	9,995,717
Net Book value as of 31 Dec. 2019	151,173	176,503	50,510	283,519	448,805	233,941	16,631	5,356	1,366,438

7- Income tax provision

	30/06/2020	31/12/2019
Income tax for the current period/ year	95,611	178,777
Prior years income tax	139,487	75,490
Prepayments	(138,442)	(106,850)
Income tax deducted from deposit interest	(4,364)	(7,930)
Balance at the end of the period/year	92,292	139,487
Beginning Balance	139,487	75,490
Income tax for the year	95,611	178,777
Income tax deducted from deposit interest	(4,364)	(7,930)
Down Payments	(138,442)	(106,850)
Ending Balance for the period / year	92,292	139,487

Tax status

- The Company has calculated a provision for income tax for the periods ended 30 June 2020 and 31 December 2019 in accordance with Income Tax Law No. 34 of 2014
- Income tax has been reviewed by the Income Tax Department and adjusted up to 2018 and the income tax for 2019 has been submitted within the specified legal period and has not been reviewed until the date of issuance of the interim condensed financial statements.

8- Other revenues (Net)

	30/06/2020	30/06/2019
Interest revenue	62,349	60,413
(Losses) Gains of financial assets revaluation	(17,950)	688
Dividends from financial investments	4,800	13,075
Capital gains	0	3,448
Currency exchange	1,853	1,336
Balance at the end of the period	51,052	78,960

9- Earnings per share

- The calculation of EPS is based on distributable earnings attributable to ordinary shareholders divided by the weighted number of shares listed and issued during the year.
- The diluted EPS is based on basic EPS adjusted to allow for the issuance of shares and the effect of distributions after income tax on assumed transfers for all reduced options and diluted ordinary shares.

The following are the earnings and number of weighted shares used in calculating EPS:

	30/06/2020	30/06/2019
Profit for the period after tax	298,294	396,777
Number of shares weighted	6,000,000	6,000,000
Earnings per share (JD/Share)	0.050	0.066

10- Transactions with related parties

Transactions with related parties are as follows:

Commercial operations (Purchasing and selling) and services

		30/06/2020	30/06/2019
Packing factories Co.	Purchase	53,718	54,570
Delta insurance company	Services	26,884	71,090
Total		80,602	125,660

Top management rewards

The main employees of the company are the General Manager and the Company's senior managers

	30/06/2020	30/06/2019
Salaries, wages and bonuses	203,278	209,314

11- Dividends

A- The General Assembly decided at their meeting held on 13/2/2020 to distribute JD (840,000) as dividends to the shareholders which represent 14% of the authorized capital.

B- Details of dividends distributed and paid during the period is as follows:

<u>Dividends paid</u>	30/06/2020	30/06/2019
Dividends for the reported period	(840,000)	(780,000)
Unpaid dividends	148,087	36,717
Dividends paid during the period	(691,913)	(743,283)

12- Contingent liabilities

The contingent liabilities of the Company as at 30 June 2020 are as follows:

- Bank guarantees with Jordan Kuwait Bank for JD (560,744).
- Insurance cheques issued to shipping companies worth JD (39,901) .

13-Subsequent events

Corona virus (COVID-19) appeared at the beginning of the year 2020 and spread worldwide including Jordan , causing the disruption of many companies and economic activities .

Because the prevailing situation is variable and rapidly evolving , management believes that it's impossible to evaluate the potential impact of this pandemic on the company's future financial statements at this stage .

The Management also believes that it has the ability to continue its business despite the prevailing situation resulting from the Corona virus.

14-Approval for the interim condensed financial statements

The interim condensed financial statements have been approved by the Board of Directors' meeting held on 15/07/2020.