

Jordan Chemical Industries Company

(Public Shareholding Company)

Amman Jordan

Interim condensed consolidated Financial Statements for

The period ended June 30, 2023

With Auditors' report

Jordan Chemical Industries Company
(Public Shareholding Company)

Amman Jordan

June 30, 2023

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Review Report

To the esteemed Chairman and Members of the Board of Directors

Jordanian Chemical Industries Company

Public Shareholding Company

Amman, Jordan

Introduction

We have reviewed the attached condensed interim consolidated financial statements of Jordanian Chemical Industries Company (a Public Shareholding Company), which comprise the interim consolidated statement of financial position as of June 30, 2023, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, and the interim consolidated statement of cash flows for the six-month period ended on that date. The preparation and presentation of the condensed consolidated financial data in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting," are the responsibility of the company's management. Our responsibility is to issue a report on these statements based on our review procedures.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." This review primarily consisted of performing analytical procedures on the financial information and making inquiries of the officials responsible for financial and accounting matters of the company. Our review procedures are substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs). Because a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, we do not express an audit opinion on the attached condensed interim consolidated financial statements.

Significant Doubt About Company's Continuity

The condensed interim consolidated financial statements have been prepared on the basis that the company is a going concern. However, as indicated in the interim consolidated statement of financial position, the company's current liabilities exceed its current assets by approximately 0.3 million dinars. Furthermore, its accumulated losses have exceeded its capital. All of these factors raise substantial doubts about the company's ability to continue as a going concern in the future. Its continuity relies on the execution of the matters disclosed in the future management plan referred to in Note (5).

Conclusion

Based on our review procedures performed, we have not become aware of any material modifications that should be made to the attached condensed interim consolidated financial statements in order for them to be in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting."

Khalifeh & Rayyan Auditors and Financial Consultants

Imad Al-Rayyan

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KHALIFEH & RAYYAN
Auditors And Financial Consultants

Amman – Jordan

As on: 27 of July 2023

Jordan Chemical Industries Company
Public Shareholding Company
Consolidated Interim Statement of Financial Position AS AT 30 June 2023

	Notes	30-Jun-23	31-Dec-22
		JOD	JOD
Assets			
Non-Current assets			
Properties and equipments		1,289,131	1,413,831
Financial assets at fair value (Comprehensive income)		97,827	98,003
		<u>1,386,958</u>	<u>1,511,834</u>
Current assets			
Inventories		791,752	702,215
Accounts receivable		370,231	387,548
Amounts due from related parties		1,190	1,190
Other current assets		7,057	358,650
Checks under collection		344,808	405,279
Cash and cash equivalents		22,492	454
		<u>1,537,529</u>	<u>1,855,336</u>
TOTAL ASSETS		<u>2,924,486</u>	<u>3,367,169</u>
EQUITY AND LIABILITIES			
EQUITY			
AUTHORIZED CAPITAL(1,799,624 share/Jod)			
Paid in capital		1,799,624	1,799,624
Statutory reserve		-	-
Voluntary reserve		-	-
Accumulated losses		(1,695,649)	(1,840,650)
Accumulated changes in fair value of financial assets		55,247	55,423
Total Equity		<u>159,222</u>	<u>14,397</u>
LIABILITIES			
Non -current liabilities			
Credit facilities -long term		226,868	305,707
Amounts due to related parties		708,486	427,386
Total non -current liabilities		<u>935,353</u>	<u>733,094</u>
Current liabilities			
Credit facilities -short term		751,722	1,538,847
Deferred checks -short term		45,204	113,028
Accounts payable		338,719	459,454
Shareholders' withholdings		54,702	54,889
Other current liabilities		639,564	453,461
Total current liabilities		<u>1,829,911</u>	<u>2,619,679</u>
TOTAL EQUITY AND LIABILITIES		<u>2,924,486</u>	<u>3,367,169</u>

(The accompanying notes are an integral part of these financial statements)

Jordan Chemical Industries Company
Public Shareholding Company
Consolidated Interim Statement of Profit & Loss

	For the three months ended		For the six months ended	
	<u>30-Jun-23</u>	<u>30-Jun-22</u>	<u>30-Jun-23</u>	<u>30-Jun-22</u>
	JOD	JOD	JOD	JOD
Net sales	1,257,539	986,950	2,165,570	2,103,578
Cost of sales	<u>(1,107,628)</u>	<u>(799,854)</u>	<u>(1,869,859)</u>	<u>(1,675,415)</u>
Gross profit	149,910	187,096	295,711	428,163
Selling and distribution expenses	(11,706)	(20,049)	(16,351)	(21,724)
Administrative expenses	(69,390)	(65,432)	(130,624)	(163,533)
Financing cost	(8,023)	(42,912)	(21,233)	(86,596)
Other income	9,307	2,325	17,498	2,325
Total	(79,812)	(126,067)	(150,710)	(269,528)
Profit for the period	70,098	61,028	145,001	158,635
Other comprehensive income items:				
Changes in fair value of financial assets	322	796	(176)	2,056
Total comprehensive income for the period	70,420	61,824	144,825	160,691
Basic and diluted earnings (loss) per share	0.039	0.034	0.080	0.087

Jordan Chemical Industries Company
Jordan Chemical Industries Company
Public Shareholding Company
Consolidated Interim Statement of Cash Flows
For the six months ended 30 Jun 2023

	<u>Notes</u>	<u>30-Jun-23</u>	<u>30-Jun-22</u>
		JOD	JOD
Operating activities			
Profit (loss) for the period		144,825	160,691
Adjustments for:			
Depreciation		125,050	124,708
Provision for bad debt expense		-	35,000
Changes in working capital			
Checks under collection		60,471	(140,825)
Accounts receivable		17,318	241,919
Inventories		(89,537)	(154,759)
Amounts due from related parties		-	193,465
Other current assets		351,594	(243)
Deferred checks		(67,824)	(67,823)
Accounts payable		(120,735)	36,749
Other current liabilities		186,103	(41,051)
Advance payments from clients		-	(223,887)
Net cash from operating activities		607,263	163,944
Investing activities			
Financial assets at fair value		176	-2,057
Purchase of Property, plant and equipment		(350)	(7,259)
Net cash from operating activities		(174)	(9,316)
Financing activities			
Credit facilities		(865,964)	(64,844)
Shareholders' withholdings		(187)	(52,016)
Amounts due to related parties		281,100	2,074
Net cash from financing activities		(585,051)	(114,785)
Net changes in cash and cash equivalent		22,038	39,843
Cash and cash equivalent at beginning of period		454	410
Cash and cash equivalent at end of period		22,492	40,253

(The accompanying notes are an integral part of these financial statements)

Jordan Chemical Industries Company
Public Shareholding Company

Consolidated Interim Statements of changes in equity for the six months ended at 30 June 2023

	<u>Paid in capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Accumulated changes in fair value</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at 01/01/2023	1,799,624	-	-	55,423	(1,840,650)	14,397
Total comprehensive income for the period	-	-	-	(176)	145,001	144,825
Balance as at 30/6/2023	1,799,624	-	-	55,247	(1,695,649)	159,222
Balance as at 01/01/2022	1,799,624	817,434	100,000	50,440	(3,014,890)	(247,392)
Total comprehensive income for the period	-	-	-	2,056	158,635	160,691
Balance as at 30/6/2022	1,799,624	817,434	100,000	52,496	(2,856,255)	(86,701)

(The accompanying notes are an integral part of these financial statements)

Jordan Chemical Industries Company
NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

1- GENERAL

Jordan Chemical Industries Company, was established as a Public Shareholding Company on 13 October 1980 under number (147). The company's head office is in the Hashemite Kingdom of Jordan. The main purposes of the Company are production of sodium hypochlorite in addition to production of other chemicals materials and manufacturing cleaning products.

The Company's shares are listed in Amman Stock Exchange - Jordan.

The consolidated financial statements have been approved for issue by the Company's Board of Directors on 1 April 2023, and these consolidated financial statements require the approval of the General Assembly.

According to the minutes of the extraordinary General Assembly meeting held on 8/8/2022, it was approved to close part of the accumulated losses as on 12/31/2021 with the amount of 917,434 JOD, by closing 817,434 JOD from the Statutory reserve account and an amount of 100,000 JOD from the voluntary reserve account .

The interim financial statements attached were approved by the company's board of directors during its session held on 27/7/2023.

2- Summary of significant accounting policies

A- Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets which have been measured at fair value.

The consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the period.

B- Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the parent and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiary included in the consolidated statement of comprehensive income from the acquisition date which is the date on which control over subsidiary is transferred to the Company.

The results of operation of the disposed subsidiary are included in the consolidated statement of comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiary.

The following subsidiary has been consolidated:

Company	Country	Ownership	Capital	Activity
Al-Shaqqa for Sale and Marketing Detergents	Jordan	100%	5,000	Sale and Marketing Detergents

Jordan Chemical Industries Company
NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

C- Functional currency and presentation

These financial statements are presented in Jordanian Dinars ("JOD"), which is the Company's functional and reporting currency.

D- Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The 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.

3- Income tax

- The Company has settled its tax liability with the Income Tax Department up to 2019.
- The income and sales tax for 2020 and 2021 have been audited and no decision has been issued yet.

4- Financial risk management

Capital risk management

The company's objectives when managing its capital are to safeguard the company's ability to continue as a going concern in order to provide returns for its shareholders and to maintain an optimal structure to reduce the cost of capital.

Credit risk

The company has no significant risk concentration. The company applies a consistent credit policy to all its customers who has acceptable credit ratings.

Liquidity risk

The management monitors the company's liquidity requirements to ensure that it has sufficient cash to meet its operational needs and obligations.

Foreign exchange risk

The company transactions mainly in Jordanian dinars and US dollar. The US dollar foreign exchange is fixed to the Jordanian dinar. Hence, foreign exchange risk is considered to be immaterial.

5- Future Management Plan

As outlined in the consolidated Financial Statements, the company's current liabilities exceed its current assets by approximately 0.3 million dinars. Additionally, its accumulated losses have surpassed its capital. These issues give rise to significant doubts about the company's future viability. Its sustainability hinges on its ability to execute the future management plan, which encompasses diversification of its production and manufacturing of new materials, along with efforts to enhance domestic and international sales.