

**Jordan Chemical Industries Company**

**Public Shareholding Company**

**Amman Jordan**

**Consolidated Financial Statements for**

**The year ended December 31, 2023**

**With Auditors' report**

Jordan Chemical Industries Company

(Public Shareholding Company)

Amman Jordan

December 31, 2023

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**KHALIFEH & RAYYAN**

Auditors and Financial Consultants

## Independent Auditors' Report

To The Shareholders of  
Jordan Chemical Industries Company  
Public Shareholding Company  
Amman - Jordan

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Jordan Chemical Industries Company PLC which comprise the consolidated statement of financial position as at 31 December 2023, and consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter***

The Company's current liabilities exceed its current assets by JOD (1,192,967). This requires providing the necessary funding to pay its obligations and continue its operations, also the Company's accumulated losses exceed its paid capital which requires the company's management to comply with Article No. (86) of the Companies Law.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements [of the current period]. The auditor's procedures relating to these matters were designed in the context of the audit of the financial statements as a whole; and the auditor's opinion on the financial statements is not modified with respect to any of the key audit matters, and the auditor does not express an opinion on these individual matters. After conducting our audit, we have concluded the key audit matters listed below: -

#### **(1) Provision for Expected Credit Loss**

During the year, the provision for expected credit losses for receivables has been ensured., as the provision for the expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

#### **(2) Cost of Finished Goods**

Included in the accompanying consolidated financial statements at the end of the year 2023 finished goods totaling JOD (596,026) as determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

**Jordan Chemical Industries Company for the year ended at 31 December 2023** maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

**Khalifeh & Rayyan Auditors and Financial Consultants**

**Imad Al-Rayyan**

**License No. 719**

  
**KHALIFEH & RAYYAN**  
**Auditors And Financial Consultants**

**Amman – Jordan**

**As on: 30 March 2024**

**Jordan Chemical Industries Company**  
**Public Shareholding Company**  
**Consolidated Statement of Financial Position AS AT 31 DEC 2023**

	<u>Notes</u>	<u>31-Dec-23</u> JOD	<u>31-Dec-22</u> JOD
<b>Assets</b>			
<b>Non-Current assets</b>			
Properties and equipments	5	2,105,203	1,413,831
Financial assets at fair value (Comprehensive income)	3	97,815	98,003
		<u>2,203,018</u>	<u>1,511,834</u>
<b>Current assets</b>			
Inventories	4	808,789	702,215
Accounts receivable	6	279,677	387,548
Amounts due from related parties		-	1,190
Other current assets	7	606,243	358,650
Checks under collection		138,069	405,279
Cash and cash equivalents	8	440	454
		<u>1,833,219</u>	<u>1,855,336</u>
<b>TOTAL ASSETS</b>		<u><u>4,036,237</u></u>	<u><u>3,367,169</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
AUTHORIZED CAPITAL(1,799,624 share/Jod)			
Paid in capital	11	1,799,624	1,799,624
Revaluation surplus		939,566	-
Accumulated losses		(1,796,192)	(1,840,650)
Accumulated changes in fair value of financial assets		55,236	55,423
<b>Total Equity</b>		<u>998,234</u>	<u>14,397</u>
<b>LIABILITIES</b>			
<b>Non -current liabilities</b>			
Credit facilities -long term	9	-	305,707
<b>Total non -current liabilities</b>		-	<u>305,707</u>
<b>Current liabilities</b>			
Credit facilities -short term	9	1,304,318	1,538,847
Deferred checks -short term		-	113,028
Accounts payable		864,418	459,454
Advance payments from clients		125,145	-
Amounts due to related parties	10	31,929	427,386
Shareholders' withholdings		53,191	54,889
Other current liabilities	12	659,000	453,461
<b>Total current liabilities</b>		<u>3,038,003</u>	<u>3,047,065</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,036,237</u></u>	<u><u>3,367,169</u></u>

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

Jordan Chemical Industries Company  
Jordan Chemical Industries Company  
Public Shareholding Company  
Consolidated Statement of Profit or Loss For the year ended 31 December 2023

	<u>Notes</u>	<u>31-Dec-23</u> JOD	<u>31-Dec-22</u> JOD
Net sales	13	3,777,207	4,281,417
Cost of sales	14	<u>(3,428,902)</u>	<u>(3,880,268)</u>
<b>Gross profit(loss)</b>		<b>348,305</b>	<b>401,149</b>
Selling and distribution expenses	16	(31,524)	(44,529)
Administrative expenses	17	(290,837)	(328,368)
Financing cost		(23,554)	(55,507)
Other income	18	53,885	284,058
<b>Profit (loss) for the year before tax</b>		<u><b>56,276</b></u>	<u><b>256,802</b></u>
Income tax for the year		(11,255)	-
National Contribution tax for the year		<u>(563)</u>	<u>-</u>
<b>Profit (loss) for the year</b>		<u><b>44,458</b></u>	<u><b>256,802</b></u>
<b>Other comprehensive income items:</b>			
Changes in fair value of financial assets		<u>(187)</u>	<u>4,983</u>
<b>Total comprehensive income (loss) for the year</b>		<u><b>44,271</b></u>	<u><b>261,785</b></u>
<b>Basic and diluted earnings (loss) per share</b>	19	<b>0.025</b>	<b>0.143</b>

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

Jordan Chemical Industries Company

Jordan Chemical Industries Company

Public Shareholding Company

Consolidated Statement of Cash Flows For the year ended 31 December 2023

<u>Notes</u>	<u>31-Dec-23</u> JOD	<u>31-Dec-22</u> JOD
<b>Operating activities</b>		
Profit (loss) for the year	44,458	256,802
<b>Adjustments for:</b>		
Depreciation	250,144	249,639
Prior years adjustments	-	4
<b>Changes in working capital</b>		
Checks under collection	267,210	(70,929)
Accounts receivable	107,871	103,668
Inventories	(106,574)	110,973
Amounts due from related parties	1,190	395,133
Other current assets	(247,593)	(351,860)
Deferred checks	(113,028)	(124,343)
Accounts payable	404,964	(187,970)
Other current liabilities	205,539	72,599
Advance payments from clients	125,145	(223,922)
<b>Net cash from operating activities</b>	<b>939,327</b>	<b>229,795</b>
<b>Investing activities</b>		
Property, plant and equipment	(1,950)	(15,446)
<b>Net cash from operating activities</b>	<b>(1,950)</b>	<b>(15,446)</b>
<b>Financing activities</b>		
Credit facilities	(540,236)	(563,916)
Shareholders' withholdings	(1,697)	(77,775)
Amounts due to related parties	(395,457)	427,386
<b>Net cash from financing activities</b>	<b>(937,390)</b>	<b>(214,305)</b>
<b>Net changes in cash and cash equivalent</b>	<b>(14)</b>	<b>45</b>
Cash and cash equivalent at beginning of period	455	410
<b>Cash and cash equivalent at end of period</b>	<b>440</b>	<b>455</b>

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

Jordan Chemical Industries Company  
Public Shareholding Company

Consolidated Statements of changes in equity for the period ended at 31 DEC 2023

	Paid in capital	Statutory reserve	Voluntary reserve	Accumulated changes in fair value	Accumulated losses	Revaluation surplus	Total equity
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
<b>Balance as at 01/01/2023</b>	1,799,624	-	-	55,423	(1,840,650)	-	14,397
Total comprehensive income for the period	-	-	-	(187)	44,458	-	44,271
land Revaluation	-	-	-	-	-	939,566	939,566
<b>Balance as at 31/12/2023</b>	<b>1,799,624</b>	<b>-</b>	<b>-</b>	<b>55,236</b>	<b>(1,796,192)</b>	<b>939,566</b>	<b>998,234</b>
<b>Balance as at 01/01/2022</b>	1,799,624	817,434	100,000	50,440	(3,014,890)	4	(247,392)
Adjustments	-	-	-	-	-	-	4
Total comprehensive income for the period	-	-	-	4,983	256,802	-	261,785
Closing Accumulated losses	-	(817,434)	(100,000)	-	917,434	-	-
<b>Balance as at 31/12/2022</b>	<b>1,799,624</b>	<b>-</b>	<b>-</b>	<b>55,423</b>	<b>(1,840,650)</b>	<b>-</b>	<b>14,397</b>

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

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 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 .

**2- Summary of significant accounting polices**

**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:**

<b>Company</b>	<b>Country</b>	<b>Ownership</b>	<b>Capital</b>	<b>Activity</b>
Al-Shaqiqqa for Sale and Marketing Detergents	Jordan	100%	5,000	Sale and Marketing Detergents

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

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**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.

**E- Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

**Step 1-Identify contract(s) with a customer:**

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2 Identify performance obligations in the contract:**

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3 Determine the transaction price:**

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4 Allocate the transaction price to the performance obligations in the contract:**

For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5 Recognize revenue when (or as) the Company satisfies a performance obligation.**

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Company's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
- b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

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**F- Taxation**

Tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or item recognized directly in equity or in OCI.

**G- Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in statement of profit or loss and other comprehensive income.

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset.

**H- Inventories**

Inventories (including stores, spares and tools) are measured at the lower of cost and net realizable value. Cost comprises the invoiced cost, freight and other expenses incurred in bringing the inventories to their present condition and location. Raw materials, spare parts and consumables are valued using the weighted average method. The cost of finished goods comprises direct materials, direct labour costs and related overheads, allocated to urea and ammonia on the basis of cost allocation mechanism. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Provision is made for obsolete and slow-moving items.

**I- Provision**

A provision is recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**J- Foreign currency transactions**

Transactions denominated in foreign currencies are initially recorded at the rate of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date.

**K- Accruals**

Accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**L- Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, that comprise of cash on hand and at banks including short-term fixed and call deposits with original maturities less than three months which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

**M- Contingent liability**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

A liability will be recorded as a liability when there is a possible obligation arising from past events whose existence will be confirmed by future events or a present obligation arises from past events but is not probable that an outflow of resources will arise and/or the amount cannot be measured reliably.

**N- Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**3- Financial assets measured at fair value through other comprehensive income**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Companies' shares listed in Amman Stock Exchange	97,815	98,003
The above shares are reserved by Social Security Corporation.		

**4- Inventories**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Raw and packaging materials	212,763	228,352
Finished goods	596,026	473,863
	<u>808,789</u>	<u>702,215</u>

**5- Fixed assets**

	01/01/2023		2023		31/12/2023		01/01/2023		2023		31/12/2023		Net Book Cost
	Cost as of	Additions	Revaluation	Cost as of	Accumulated Depreciation	Annual Depreciation	Accumulated Depreciation	Cost					
Lands	JOD 21,284	-	JOD 939,566	JOD 960,850	JOD -	JOD -	JOD -	JOD 960,850					
Buildings	JOD 1,505,711	-	-	JOD 1,505,711	JOD 622,509	JOD 30,114	JOD 652,623	JOD 853,088					
Towers, Tanks machinery and equipments	JOD 4,541,930	JOD 1,950	-	JOD 4,543,880	JOD 4,032,587	JOD 220,030	JOD 4,252,617	JOD 291,264					
Cars	JOD 318,542	-	-	JOD 318,542	JOD 318,541	-	JOD 318,541	JOD 1					
<b>Total</b>	<b>JOD 6,387,468</b>	<b>JOD 1,950</b>	<b>JOD 939,566</b>	<b>JOD 7,328,984</b>	<b>JOD 117,926</b>	<b>JOD 250,144</b>	<b>JOD 5,223,781</b>	<b>JOD 2,105,203</b>					

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**6- Accounts receivable**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Accounts receivables	279,677	387,548
Provision for expected credit loss	-	-
	<b>279,677</b>	<b>387,548</b>

Movement on the provision for expected credit loss is as follows:

Balance at beginning of the year	-	358,975
Write-off	-	(358,975)
Balance at end of the year	-	-

**7- Other current assets**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Refundable deposits	4,045	5,106
Employees receivables	1,513	2,290
Receivables under settlement (Arab Bank loan agreement)	600,685	351,255
	<b>606,243</b>	<b>358,650</b>

**8- Cash and cash equivalents**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Cash and checks	379	402
Cash at banks	62	52
	<b>440</b>	<b>454</b>

**9- Bank facilities**

	<u>Short term</u>	<u>Long term</u>
<b>Type of facilities:</b>		
Ahli Bank loan increased facilities	79,997	-
Arab Bank - loan	225,000	-
Arab Bank - loan	513,159	-
Arab Bank / current account	486,162	-
	<b>1,304,318</b>	<b>-</b>

An initial settlement agreement was concluded with the Arab Bank to pay off the due loan amounting to (1,229,321) JOD, where the two parties agreed to pay the value of (700,000) JOD until the end of 2024 within a specific payment schedule, and the enforcement of this agreement is limited to the extent of the company's commitment to the schedule Payments. Therefore, there was no reliable confirmation of the enforcement of this agreement, and therefore recording the effect of this agreement was postponed until the year 2024, which confirms the commitment of the company to pay and enforce the agreement.

**Jordan Chemical Industries Company**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

**10- Amounts due to related parties**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Al-Mahra Company for the manufacture of foodstuffs	0	427,386
MR. Rasmi Almallah	31,929	-
	<u>31,929</u>	<u>427,386</u>

**11- Equity**

**Paid - in capital**

The authorized, and paid - in capital is JOD (1,799,624) divided equally into (1,799,624) shares with par value of JOD (1) for each share as at 31 December 2021 and 2020.

**Statutory reserve**

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

**Voluntary reserve**

The accumulated amounts in this account represent 20% of the Company's net income before income tax according to the Companies Law. The voluntary reserve is available for distribution to shareholders.

**Cumulative changes in fair value of financial assets**

This item represents the cumulative change in fair value of financial assets measured at fair value through other comprehensive income owned by the Company and its subsidiaries and associates.

**12- Other liabilities**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Sales tax withholdings	259,903	127,755
Social security withholdings	274,626	186,282
Accrued expenses	37,451	13,550
Other withholdings	15,022	56,346
Income tax withholdings	50,888	45,209
Board of Directors transportation withholdings	1,950	9,153
End of service provision	0	6,500
Employees payable	7,343	8,666
Income tax provision	11,255	0
National contribution provision	563	0
	<u>659,000</u>	<u>453,461</u>

**13- Segment reporting**

The Company's main operating activity represent production of sodium hypochlorite and other chemicals, and sells its products inside and outside the Hashemite Kingdom of Jordan as follows:

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Local Sales	3,777,207	4,246,600
Foreign Sales	-	34,817
	<u>3,777,207</u>	<u>4,281,417</u>

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**14- Cost of sales**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Raw and packaging materials beginning balance	228,352	575,437
Purchases during the year	2,620,943	2,761,902
Raw and packaging materials ending balance (Note 4)	<u>(212,763)</u>	<u>(228,352)</u>
<b>Raw and packaging materials used in production</b>	<b>2,636,531</b>	<b>3,108,988</b>
Manufacturing expenses (Note 15)	<u>914,533</u>	<u>1,007,393</u>
<b>Manufacturing cost</b>	<b>3,551,064</b>	<b>4,116,380</b>
Finished goods inventory beginning balance	473,863	237,751
Finished goods inventory ending balance (Note 4)	<u>(596,026)</u>	<u>(473,863)</u>
<b>Cost of sales</b>	<b><u>3,428,902</u></b>	<b><u>3,880,268</u></b>

**15- Manufacturing expenses**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Salaries, wages and other benefits	374,352	419,236
Social security	38,148	44,542
Depreciation (Note 5)	250,144	249,639
Utilities	103,277	119,929
Maintenance	31,869	33,393
Loading and lifting	67,824	46,464
Fuel and oil	15,277	10,307
Vehicles expenses	8,111	9,184
Safety	4,147	4,202
Transportation	4,478	40,673
Municipality fees	803	5,508
Lab and research expenses	2,521	3,774
Stationary	764	486
Medical insurance	2,086	532
Insurance	2,000	1,726
Miscellaneous	8,731	17,798
	<u>914,533</u>	<u>1,007,393</u>

**16- Selling and distribution expenses**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Tenders expenses	13,163	35,294
Advertisement and showroom expenses	<u>18,361</u>	<u>9,235</u>
	<b><u>31,524</u></b>	<b><u>44,529</u></b>

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<b>17- Administrative expenses</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Salaries, wages and other benefits	203,000	185,897
Social securities	21,342	19,324
Lawsuits	12,876	4,796
Board of Directors transportations	10,500	18,000
Professional and consulting fees	30,000	43,500
Government fines	-	356
Donations	1,000	2,004
Licenses and subscriptions	3,813	8,787
Hospitality	3,459	3,469
Telecommunications	985	1,163
Stationary	1,647	1,312
Maintenance	672	743
Miscellaneous	477	1,798
Bad debt expense	-	35,000
Import and export expenses	1,065	994
Board of Directors remuneration	-	1,225
	<b>290,837</b>	<b>328,368</b>

  

<b>18- Basic and diluted earnings per share (EPS)</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Profit (loss) for the year	44,458	256,802
Weighted average number of shares	1,799,624	1,799,624
	<b>0.025</b>	<b>0.143</b>

The market value of the share, as published by the Amman Financial Market on December 31, 2023, was (2.11 JOD).

**19- Executive management salaries and remunerations**

The remuneration of executive management during the years 2023 and 2022 amounted to JOO (92,744) and JOO (85,225) respectively.

**20- Contingent liabilities**

The Company is contingently liable against several law suits amounting to JOD (38,426). Management and Legal Counsel believes that the outcome of these cases will not have a material impact on the consolidated financial position of the Company.

**21- Income tax**

- The Company has settled its tax liability with the Income Tax Department up to 2019.
- The income and sales tax for 2020,2021 and 2022 have been audited and no decision has been issued yet.

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**22- Subsequent events**

On March 21, 2024, the company decided to adopt a revaluation model for the company's land item according to Standard IAS 16 related to properties and equipment. The adoption was based on a certificate issued by an accredited site approved by the Land Department. The price per square meter was estimated at 50 dinars, making the total value of the land 960,850 dinars.

**23- 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.

**24- Comparative figures**

Some comparative figures for the year 2022 have been reclassified to match the classification figures for the year 2023.