

**Jordan Chemical Industries Company**

**(Public Shareholding Company)**

**Amman Jordan**

**Interim condensed consolidated Financial Statements for**

**The period ended March 31, 2023**

**With Auditors' report**

Jordan Chemical Industries Company

(Public Shareholding Company)

Amman Jordan

March 31, 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 March 31, 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 three-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 1.1 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

License No. 719

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

Amman – Jordan

As on: 3 of June 2023

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

	<u>Notes</u>	<u>31-Mar-23</u>	<u>31-Dec-22</u>
<b>Assets</b>		JOD	JOD
<b>Non-Current assets</b>			
Properties and equipments		1,351,312	1,413,831
Financial assets at fair value (Comprehensive income)		97,505	98,003
		<u>1,448,817</u>	<u>1,511,834</u>
<b>Current assets</b>			
Inventories		1,040,764	702,215
Accounts receivable		777,426	387,548
Amounts due from related parties		1,190	1,190
Other current assets		357,231	358,650
Checks under collection		342,998	405,279
Cash and cash equivalents		4,058	454
		<u>2,523,668</u>	<u>1,855,336</u>
<b>TOTAL ASSETS</b>		<u><u>3,972,485</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		1,799,624	1,799,624
Statutory reserve		-	-
Voluntary reserve		-	-
Accumulated losses		(1,765,747)	(1,840,650)
Accumulated changes in fair value of financial assets		54,925	55,423
<b>Total Equity</b>		<u>88,802</u>	<u>14,397</u>
<b>LIABILITIES</b>			
<b>Non -current liabilities</b>			
Credit facilities -long term		265,722	305,707
<b>Total non -current liabilities</b>		<u>265,722</u>	<u>305,707</u>
<b>Current liabilities</b>			
Credit facilities -short term		1,344,477	1,538,847
Deferred checks -short term		56,508	113,028
Accounts payable		943,088	459,454
Amounts due to related parties		728,849	427,386
Shareholders' withholdings		54,738	54,889
Other current liabilities		490,302	453,461
<b>Total current liabilities</b>		<u>3,617,961</u>	<u>3,047,065</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,972,485</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 Interim Statement of Profit & Loss  
For the three months ended 31 March 2023

	<u>Notes</u>	<u>31-Mar-23</u> JOD	<u>31-Mar-22</u> JOD
Net sales		908,031	1,116,628
Cost of sales		<u>(762,230)</u>	<u>(875,561)</u>
<b>Gross profit</b>		<b>145,801</b>	<b>241,068</b>
Selling and distribution expenses		(4,646)	(1,676)
Administrative expenses		(61,233)	(98,102)
Financing cost		(13,210)	(43,684)
Other income		<u>8,191</u>	<u>-</u>
<b>Total</b>		<b><u>(70,898)</u></b>	<b><u>(143,461)</u></b>
<b>Profit for the period</b>		<b><u><u>74,903</u></u></b>	<b><u><u>97,606</u></u></b>
<b>Other comprehensive income items:</b>			
Changes in fair value of financial assets		<u>(498)</u>	<u>1,260</u>
<b>Total comprehensive income for the period</b>		<b><u><u>74,405</u></u></b>	<b><u><u>98,867</u></u></b>
<b>Basic and diluted earnings (loss) per share</b>		<b>0.041</b>	<b>0.054</b>

(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 three months ended at 31 Mar 2023

	Paid in capital JOD	Statutory reserve JOD	Voluntary reserve JOD	Accumulated changes in fair value JOD	Accumulated losses JOD	Total equity 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	-	-	-	(498)	74,903	74,405
<b>Balance as at 31/3/2023</b>	<u>1,799,624</u>	<u>-</u>	<u>-</u>	<u>54,925</u>	<u>(1,765,747)</u>	<u>88,802</u>
<b>Balance as at 01/01/2022</b>	1,799,624	817,434	100,000	50,440	(3,014,890)	(247,392)
Total comprehensive income for the period	-	-	-	1,260	97,606	98,867
<b>Balance as at 31/3/2022</b>	<u>1,799,624</u>	<u>817,434</u>	<u>100,000</u>	<u>51,700</u>	<u>(2,917,284)</u>	<u>(148,525)</u>

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

Jordan Chemical Industries Company  
Jordan Chemical Industries Company  
Public Shareholding Company  
Consolidated Interim Statement of Cash Flows  
For the three months ended 31 March 2023

	<u>Notes</u>	<u>31-Mar-23</u> JOD	<u>31-Mar-22</u> JOD
<b>Operating activities</b>			
Profit (loss) for the period		74,903	97,606
<b>Adjustments for:</b>			
Depreciation		62,518	62,326
Provision for bad debt expense		-	35,000
<b>Changes in working capital</b>			
Checks under collection		62,281	(308,804)
Accounts receivable		(389,878)	(70,314)
Inventories		(338,549)	149,884
Amounts due from related parties		-	70,913
Other current assets		1,419	(408)
Deferred checks		(56,520)	(22,607)
Accounts payable		483,633	(292,118)
Other current liabilities		36,841	152,014
Advance payments from clients		-	266,546
<b>Net cash from operating activities</b>		<b>(63,353)</b>	<b>140,037</b>
<b>Investing activities</b>			
Purchase of Property, plant and equipment		-	(534)
<b>Net cash from operating activities</b>		<b>-</b>	<b>(534)</b>
<b>Financing activities</b>			
Credit facilities		(234,355)	(59,467)
Shareholders' withholdings		(151)	(52,003)
Amounts due to related parties		301,462	1,275
<b>Net cash from financing activities</b>		<b>66,957</b>	<b>(110,195)</b>
<b>Net changes in cash and cash equivalent</b>		<b>3,604</b>	<b>29,308</b>
Cash and cash equivalent at beginning of period		454	-
<b>Cash and cash equivalent at end of period</b>		<b>4,058</b>	<b>29,308</b>

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

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

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**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 3/6/2023.

**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:**

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

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

**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.
- Income tax provision was not calculated for the company's business results for the year ending on December 31, 2022, based on the recommendations of the company's tax advisor, due to the presence of previous losses that will be offset with the profits of the current year.

**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 1.1 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.