JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Vegetable Oils Industries Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Vegetable Oils Industries Company (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's 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 in Jordan, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1- Overstatement of Revenue and the timing of revenue recognition Disclosures of recognition of revenue are detailed in note (2-4) and note (12) to the financial statements	
Key Audit matter Revenues are mainly generated from the sale of vegetable oils and margarine products to customers. We focused on this area because there is a risk that related to the issuance of the invoice and revenue recognition before delivering the products or delivered but the invoice is not issued or recorded. Hence will result in an overstatement of revenue.	**How the key audit matter was addressed in the audit** We tested the key internal controls on the timing and approval of revenue recognition. Our audit procedures included, amongst others, testing sales transactions taking place before or after the cutoff date as of 31 December 2021 to assess whether those transactions were recognized in the correct year. In addition, we performed detailed analytical procedures for the gross margin on a monthly basis for each main product. We also tested key customers confirmations and reconciliations and manual journal entries posted to ensure that revenue journals were approved and corroborated with supporting evidence.

Other information included in the Company's 2021 annual report.

Other information consists of the information included in the Company's 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

- 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 exist, 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 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 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The company maintains proper books of accounts, which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Barkawi, license number 591.

Amman – Jordan
16 February 2022

ERNST & YOUNG
Amman - Jordan

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

ASSETS	Notes	2021	2020
		JD	JD
Non-current assets -			
Property and equipment	3	1,072,984	1,002,287
Investment properties	4	459,839	466,963
Financial assets at fair value through other comprehensive income	5	1,274,489	1,029,611
		2,807,312	2,498,861
Current assets -			
Inventory	6	1,482,816	541,003
Accounts receivable and other current assets	7	945,260	1,123,483
Cash on hand and at banks	9	2,939,441	3,649,913
		5,367,517	5,314,399
Total assets		8,174,829	7,813,260
EQUITY AND LIABILITIES			
Equity -			
Paid in capital	8	4,000,000	4,000,000
Statutory reserve	8	1,000,000	1,000,000
Fair value reserve	5	(9,979)	(254,857)
Retained earnings		1,858,177	1,821,621
Total Equity		6,848,198	6,566,764
Current liabilities -			
Accounts payable and other current liabilities	11	1,230,444	1,158,374
Due to related parties	20	54,406	33,972
Income tax provision	17	41,781	54,150
Total liabilities		1,326,631	1,246,496
Total equity and liabilities		8,174,829	7,813,260

The attached notes from 1 to 26 form part of these financial statements

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Sales	12	6,072,635	5,292,718
Less: Cost of Sales -			
Finished goods- beginning balance	6	135,644	250,751
Cost of goods manufactured and purchased	13	4,517,814	2,995,036
Finished goods- ending balance	6	(466,804)	(135,644)
Cost of Sales		4,186,654	3,110,143
Gross Profit		1,885,981	2,182,575
Selling and distribution expenses	14	(228,438)	(209,872)
Administrative expenses	15	(500,276)	(518,316)
Legal Provision		(100,000)	-
Allowance for expected credit losses	7	(99,999)	(341,500)
Recovery (provision) for slow moving inventory	6	15,000	(15,000)
Operating Profit		972,268	1,097,887
Finance cost		(1,090)	(1,503)
Other Income	16	120,280	77,313
Profit for the year before income tax		1,091,458	1,173,697
Income tax	17	(54,902)	(69,034)
Profit for the year		1,036,556	1,104,663
		Fils/ JD	Fils/ JD
Basic and diluted earnings per share	18	0/26	0/28

The attached notes from 1 to 26 form part of these financial statements

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	JD	JD
Profit for the year	1,036,556	1,104,663
Other comprehensive income items:		
Other comprehensive income which will not be reclassified to the statement of income in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	244,878	(252,840)
Total other comprehensive income items which will not be reclassified to the statement of income in subsequent periods, net of tax	244,878	(252,840)
Total comprehensive income for the year	1,281,434	851,823

The attached notes from 1 to 26 form part of these financial statements

JORDAN VEGETABLE OILS INDUSTRIES

PUBLIC SHAREHOLDING COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid in capital JD	Statutory Reserve JD	Fair Value Reserve JD	Retained Earnings JD	Total JD
Balance as at 1 January 2021	4,000,000	1,000,000	(254,857)	1,821,621	6,566,764
Total other comprehensive income for the year	-	-	244,878	1,036,556	1,281,434
Dividends (note 21)	-	-	-	(1,000,000)	(1,000,000)
Balance as at 31 December 2021	4,000,000	1,000,000	(9,979)	1,858,177	6,848,198
Balance as at 1 January 2020	4,000,000	1,000,000	(2,017)	1,716,958	6,714,941
Total other comprehensive income for the year	-	-	(252,840)	1,104,663	851,823
Dividends (note 21)	-	-	-	(1,000,000)	(1,000,000)
Balance as at 31 December 2020	4,000,000	1,000,000	(254,857)	1,821,621	6,566,764

The attached notes from 1 to 26 form part of these financial statements

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before income tax		1,091,458	1,173,697
Adjustments: -			
Depreciation	3,4	102,688	97,358
Finance cost		1,090	1,503
Allowance for expected credit loss	7	99,999	341,500
Recovery (provision) for slow moving inventory	6	(15,000)	15,000
Interest income		(47,290)	(26,000)
Legal provision		100,000	-
Working capital changes:			
Inventory		(926,813)	135,683
Accounts receivable and other current assets		78,223	(80,335)
Due to related parties		20,434	16,713
Accounts payable and other current liabilities		(38,076)	85,102
Income tax paid	17	(67,271)	(72,258)
Net cash flows from operating activities		399,442	1,687,963
INVESTING ACTIVITIES			
Purchase of property and equipment	3	(166,261)	(145,226)
Interest received		47,290	26,000
Net cash flows used in investing activities		(118,971)	(119,226)
FINANCING ACTIVITIES			
Finance cost paid		(1,090)	(1,503)
Dividends paid		(989,853)	(981,457)
Net cash flows used in financing activities		(990,943)	(982,960)
Net increase in cash and cash equivalents		(710,472)	585,777
Cash and cash equivalents, beginning of the year		3,649,913	3,064,136
Cash and cash equivalents, end of the year	9	2,939,441	3,649,913

The attached notes from 1 to 26 form part of these financial statements

(1) GENERAL

Jordan Vegetable Oils Industries (the Company) was established in 1953 and registered as a Public Shareholding Company with an authorized and paid capital of JD 500,000 divided into 500,000 shares at par value of JD 1 each. The Company increased its paid in capital through the years to become JD 4,000,000 in 2010 divided into 4,000,000 shares at par value of JD 1.

The Company's main activity is to produce vegetable oils and other related and complimentary products.

The financial statements were authorized for issuance by the Company's board of directors in its meeting held on 12 February 2022 and it is subject to the approval of the general assembly.

(2-1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The financial statements are presented in Jordanian Dinar, which represents the functional currency of the Company.

(2-2) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(2-3) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. Considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ, resulting in future changes in such provisions.

Judgments, estimates and assumptions in the financial statements are detailed below:

- An allowance for expected credit loss is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.

- The financial year is charged with its related income tax in accordance with regulations.

- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Any impairment losses of property and equipment are recognized in the statement of profit or loss.

- Legal provisions are provided for lawsuits raised against the Company based on the Company's legal advisor opinion.

(2-4) SIGNIFICANT ACCOUNTING POLICIES

Property and equipment -

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets using annual depreciation rates ranging from 1% to 33%.

The carrying values of property and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the excepted pattern of economic benefits from items of property and equipment.

Investment Properties

Investment properties are stated at cost less accumulated depreciation, and are depreciated (excluding land) using the straight-line depreciation method over the estimated useful life at a rate of 2.5%.

Investments properties are written off upon their disposal or retirement. Gains or losses arising from the disposal are recognized in the statement of income.

Financial assets at fair value through other comprehensive income

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 equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the statement of comprehensive income within equity and the fair value reserve for the sold assets is directly transferred to the retained earnings and not through the statement of income.

These financial assets are no longer subject to impairment testing and dividends are recognized in the statement of income.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Raw materials– purchase cost on weighted average basis.

Finished goods and work in progress – cost of direct materials and labor depreciation and a proportion of manufacturing overheads.

Accounts receivable

Accounts receivable are stated at original invoice amount less any allowance for any uncollectible amounts, the Company applies the standard's simplified approach and calculates ECL based on lifetime expected credit losses. The Company establishes a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

For cash flow purpose cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less bank overdrafts and restricted funds.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Revenues and expenses recognition

The revenues are recognized in accordance with the five steps model of IFRS 15 which includes that identification of the contracts and price, the performance obligation within the contract and that revenue is recognized when the company satisfies the performance obligation. The company concludes the revenues from the sale of goods and issuance of the invoice at the point in time.

Rent revenues are recognized over the rent contract period using straight line method.

Other revenues are recognized on an accrual basis.

Expenses are recognized on an accrual basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All differences are taken to the statement income.

Income taxes

The income tax provision is calculated in accordance with the Income Tax Law No. 38 of 2018 and IAS 12.

Deferred income tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

(3) PROPERTY AND EQUIPMENT

	Lands	Buildings	Machinery	Tools and equipment	Furniture and fixtures	Office equipment and Computers	Vehicles	Projects in progress	Total
2021 -	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
Balance as at 1 January 2021	285,272	1,292,992	5,241,734	119,166	164,432	251,864	281,352	179,716	7,816,528
Additions	-	6,528	62,380	13,245	1,460	3,488	18,192	60,968	166,261
Transfers	-	156,360	84,324	-	-	-	-	(240,684)	-
Balance as at 31 December 2021	285,272	1,455,880	5,388,438	132,411	165,892	255,352	299,544	-	7,982,789
Accumulated depreciation -									
Balance as at 1 January 2021	-	1,125,480	5,070,398	90,995	159,472	211,358	156,538	-	6,814,241
Depreciation charge for the year	-	45,288	23,484	597	1,249	9,001	15,945	-	95,564
Balance as at 31 December 2021	-	1,170,768	5,093,882	91,592	160,721	220,359	172,483	-	6,909,805
Net book value-									
At 31 December 2021	285,272	285,112	294,556	40,819	5,171	34,993	127,061	-	1,072,984

	Lands	Buildings	Machinery	Tools and equipment	Furniture and fixtures	Office equipment and Computers	Vehicles	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020 -									
Cost									
Balance as at 1 January 2020	285,272	1,292,992	5,239,064	119,166	160,472	251,864	280,752	41,720	7,671,302
Additions	-	-	2,670	-	3,960	-	600	137,996	145,226
Balance as at 31 December 2020	285,272	1,292,992	5,241,734	119,166	164,432	251,864	281,352	179,716	7,816,528
Accumulated depreciation -									
Balance as at 1 January 2020	-	1,091,718	5,050,736	90,147	158,170	199,598	133,638	-	6,724,007
Depreciation charge for the year	-	33,762	19,662	848	1,302	11,760	22,900	-	90,234
Balance as at 31 December 2020	-	1,125,480	5,070,398	90,995	159,472	211,358	156,538	-	6,814,241
Net book value-									
At 31 December 2020	285,272	167,512	171,336	28,171	4,960	40,506	124,814	179,716	1,002,287

(4) INVESTMENT PROPERTIES

	Land	Buildings	Total
	JD	JD	JD
2021 -			
Cost -			
Balance as at 1 January 2021	284,616	270,081	554,697
Additions	-	-	-
Balance as at 31 December 2021	284,616	270,081	554,697
Accumulated depreciation -			
Balance as at 1 January 2021	-	87,734	87,734
Depreciation charge for the year	-	7,124	7,124
Balance as at 31 December 2021	-	94,858	94,858
Net book value as at 31 December 2021	284,616	175,223	459,839
2020 -			
Cost -			
Balance as at 1 January 2020	284,616	270,081	554,697
Additions	-	-	-
Balance at 31 December 2020	284,616	270,081	554,697
Accumulated depreciation -			
Balance as at 1 January 2020	-	80,610	80,610
Depreciation charge for the year	-	7,124	7,124
Balance as at 31 December 2020	-	87,734	87,734
Net book value as at 31 December 2020	284,616	182,347	466,963

The fair value of investments properties is not materially different from its book value as at 31 December 2021 and 2020.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item represents the Company's investments in the stocks of the following companies:

	2021	2020
	JD	JD
Amman Stock Exchange -		
Cairo Amman Bank	88,298	66,700
Bank of Jordan	142,176	132,560
Arab Bank	699,583	589,424
	930,057	788,684
Palestine Stock Exchange -		
Arab Palestinian Investment Company	82,637	64,227
Paltel Group for Telecommunication	261,795	176,700
	344,432	240,927
	1,274,489	1,029,611

The movement on fair value reserve is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	(254,857)	(2,017)
Change in fair value	244,878	(252,840)
Balance as at 31 December	(9,979)	(254,857)

(6) INVENTORY

	2021	2020
	JD	JD
Raw and packaging materials	655,900	333,486
Finished goods	466,804	135,644
Spare parts	193,691	194,102
Purchased finished goods	-	36,985
Goods in transit	356,421	45,786
Less: provision for raw materials and slow-moving spare parts	(190,000)	(205,000)
	1,482,816	541,003

The movement on the provision for raw materials and slow-moving spare parts is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	205,000	190,000
Recovery (provision) for the year	(15,000)	15,000
Balance as at 31 December	190,000	205,000

(7) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2021	2020
	JD	JD
Trade receivables	1,143,397	1,217,546
Less: allowance for expected credit losses	(720,145)	(620,146)
	423,252	597,400
Checks under collection	475,371	500,410
Employees receivables	5,402	3,130
Prepaid expenses	24,628	9,023
Refundable deposits	7,045	7,255
Advances to suppliers	4,080	4,080
Social Security deposits	1,091	-
Accrued revenue	352	337
Income tax deposits	4,039	1,848
	945,260	1,123,483

As of 31 December 2021, trade receivables at nominal value of JD 720,145 were impaired (2020: JD 620,146).

The movement on allowance for expected credit losses is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	620,146	3,760,825
Written-off provision	-	(3,482,179)
Allowance for the year	99,999	341,500
Balance as at 31 December	720,145	620,146

(8) EQUITY

Paid in capital -

The Company's authorized and paid in capital is JD 4,000,000 as at 31 December 2021 divided into 4,000,000 shares at a par value of JD 1 each.

Statutory reserve -

This amount represents appropriations at 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to the shareholders. Moreover, transfers cannot be stopped before the statutory reserve reaches 25% of the Company's authorized capital. However, if the General Assembly approves, transfers can be continued until the statutory reserve reaches the authorized capital.

(9) CASH AND CASH EQUIVALENTS

The cash and cash equivalents that appear in the statement of cash flows represent the following:

	2021	2020
	JD	JD
Cash on hand	1,800	1,500
Cash at banks	1,174,404	2,179,205
Bank deposits*	1,763,237	1,469,208
	2,939,441	3,649,913

* This represents deposits at Banks, its interest matures on from one to three-month basis at a rate of 0.75% (2020: 1.65%) for deposits in USD and 3.25% to 3.5% (2020: 4.5%) for deposits in JOD per annum.

(10) UNUTILIZED CREDIT FACILITIES

The details of the Company's unutilized credit facilities as at 31 December 2021 are as follows:

- Overdraft from the Arab Bank with a ceiling of JD 700,000 and an interest rate of 8.125% (2020: 9.25%).
- Deferred letter of credit, from the Arab Bank with a ceiling of JD 250,000.

(11) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2021	2020
	JD	JD
Accounts payable	73,924	59,453
Dividends payable	126,870	116,723
Accrued expenses	51,424	44,742
Provision for lawsuits	731,596	631,596
Provision for end of service	71,658	127,371
Income tax deposits	4,350	12,237
Sales tax deposits	35,487	30,186
Social security deposits	8,257	7,388
Postdated checks	80,878	70,384
Others	46,000	58,294
	1,230,444	1,158,374

(12) SALES

2021 Sectors-

	31 December 2021		
	Margarine	Oil	Total
	JD	JD	JD
Type of goods-			
Sale of margarine	6,072,635	-	6,072,635
Sale of oil	-	-	-
Total revenue	6,072,635	-	6,072,635
Geographical markets-			
Local sales	5,721,299	-	5,721,299
Foreign sales	351,336	-	351,336
Total revenue	6,072,635	-	6,072,635

2020 Sectors-	31 December 2020		
	Margarine	Oil	Total
	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods-			
Sale of margarine	5,270,458	-	5,270,458
Sale of oil	-	22,260	22,260
Total revenue	5,270,458	22,260	5,292,718
Geographical markets-			
Local sales	5,052,721	22,260	5,074,981
Foreign sales	217,737	-	217,737
Total revenue	5,270,458	22,260	5,292,718

(13) PRODUCTION AND PURCHASING COST

	2021	2020
	JD	JD
Raw and packaging materials used in production	4,143,950	2,632,115
Salaries and wages	209,853	221,633
Social security contribution	22,400	19,818
Medical expenses	9,444	5,503
Depreciation	59,387	54,208
Maintenance and repairs	10,138	3,839
Cleaning costs	3,104	3,311
Electricity, water and fuel	20,958	16,656
Insurance	4,074	3,992
Others	34,506	33,961
	4,517,814	2,995,036

(14) SELLING AND DISTRIBUTION EXPENSES

	2021	2020
	JD	JD
Salaries and wages	144,810	139,294
Social security contribution	16,476	11,877
Commissions	8,822	6,142
Medical expenses	7,379	2,901
Export sales expenses	2,740	2,232
Vehicles expenses	21,781	21,290
Depreciation	8,602	8,602
Banks commissions	1,920	2,609
Sample testing expenses	1,736	1,274
Advertising and promotion	1,766	4,678
Tender fees	585	1,642
Others	11,821	7,331
	228,438	209,872

(15) ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Salaries and wages	265,970	307,908
Social security contribution	27,966	22,073
Medical expenses	29,585	4,192
Stationary	1,130	913
Depreciation	34,699	34,547
Post and telephone	3,341	4,063
Board of directors' remuneration and transportation	64,400	64,400
Professional and consulting fees	29,919	27,750
Legal fees	109	164
Memberships and subscriptions	16,549	13,231
Vehicles expenses	10,509	7,837
Others	16,099	31,238
	500,276	518,316

(16) OTHER INCOME

	2021	2020
	JD	JD
Interest on bank deposits	47,290	26,000
Storage and scrap income	9,036	4,307
Rent income	15,000	25,000
Dividends income	48,954	20,017
Other income	-	1,989
	120,280	77,313

(17) INCOME TAX

The income tax provision was calculated for the year ended 31 December 2021 in accordance with Income Tax Law No. (38) of 2018.

The Company reached a final settlement with the Income Tax Department up to the year 2016.

Starting from 1 January 2019, the company has registered in the General Sales Tax Network in accordance to the Investment Commission Law No. (30) of 2014 as an institution in the development zones. Tax is imposed on the income of the institution registered in the Development Zones arising from transformational industrial activities with a total local value-added of at least (30%) at a rate of (5%) plus (1%) "National Solidarity" contribution a total of (6%).

A summary of the reconciliation between taxable profit and accounting profit is as follows:

	2021	2020
	JD	JD
Accounting profit	1,091,458	1,173,697
Add: Nondeductible expenses	128,613	360,401
Deduct: exempted revenues	90,924	-
Deduct: bad debt expenses	305,016	383,524
Taxable Profit	915,049	1,150,574
Income tax for the year	54,902	69,034
Effective Income tax rate	5%	5.9%
Statutory income tax rate	6%	6%

The movement on income tax provision is as follows:

	2021	2020
	JD	JD
Balance as at 31 January	54,150	57,374
Income tax expense for the year	54,902	69,034
Income tax paid	(67,271)	(72,258)
Balance as at 31 December	41,781	54,150

(18) EARNINGS PER SHARE

	2021	2020
Profit for the year (JD)	1,036,556	1,104,663
Weighted average number of shares (shares)	4,000,000	4,000,000
Basic Earnings per share (JD/ fils)	0/26	0/28

Diluted earnings per share equals the basic earnings per share.

(19) CONTINGENT LIABILITIES

Guarantees –
As at 31 December 2021, the Company has contingent liabilities which are represented in letter of guarantees with an amount of JD 127,300 (2020: JD 147,975).

Lawsuits against the company –
A decision from the federal court of the Republic of Iraq to compel the Company to pay JD 631,610 to the General Company for Food Trading, the Company was notified of this decision on 28 March 2017. The management and legal advisor believe that the provision recorded for this lawsuit is sufficient to meet the obligations that may arise. The Company has fully provided against this lawsuit.

Lawsuits raised by the company –
As at 31 December 2021 lawsuits raised by the Company amounted to JD 1,982,778 (2020: JD 2,132,405) representing accounts receivable, and returned checks related to its ordinary course of business.

(20) RELATED PARTIES

Related parties represent sister companies, major shareholders and key management personnel of the Company and other companies where the directors or senior managers are principal owners.

Pricing policies and terms of these transactions are approved by the Company's management.

A summary of related party balances as shown in the statement of financial position:

	2021	2020
	JD	JD
Due to related parties		
Vegetable Oils Industries Co. Ltd. – Nablus (Company owned by a major shareholders)	54,406	33,972
	54,406	33,972

Balances with related parties arise from normal operations and are not subject to interest.

A summary of related party balances as shown in the statement of income:

	2021	2020
Raw materials purchases		
Vegetable Oils Industries Co. Ltd. – Nablus (Company owned by a major shareholders)	29,280	42,000
Board of directors' transportation and remuneration	64,400	64,400
Salaries and benefits	280,611	228,668

(21) DIVIDENDS

The General assembly approved in its ordinary meeting held on 20 March 2021 to distribute cash dividends for the year 2020 with a percentage of 25% from paid in capital.

The General assembly approved in its ordinary meeting held on 30 May 2020 to distribute cash dividends for the year 2019 with a percentage of 25% from paid in capital.

(22) RISK MANAGEMENT

Interest rate risk -
The Company is exposed to interest rate risk on its assets which are bearing interest such as bank deposits.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit for one year based on the floating rate financial assets as at 31 December 2021 and 2020.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates as at 31 December 2021 and 2020, with all other variables held constant.

2021 -	Increase in Interest rate	Effect on Profit for the year
	Basis points	JD
Currency		
JD	50	5,870
USD	50	1,029

	Decrease in Interest rate	Effect on Profit for the year
	Basis points	JD
Currency		
JD	50	(5,870)
USD	50	(1,029)

2020 -	Increase in Interest rate	Effect on Profit for the year
	Basis points	JD
Currency		
JD	50	5,499
USD	50	1,847

	Decrease in Interest rate	Effect on Profit for the year
	Basis points	JD
Currency		
JD	50	(5,499)
USD	50	(1,847)

Equity price risk -

The following table shows the sensitivity of profits and losses and fair value reserve as a result of the expected reasonable changes on stock prices, with all other variables held constant:

2021 -	Change in index	Effect on Profit for the year	Effect on Equity
	(%)	JD	JD
Amman and Palestine Stock Exchange	10	-	127,448

2020 -	Change in index	Effect on Profit for the year	Effect on Equity
	(%)	JD	JD
Amman and Palestine Stock Exchange	10	-	102,961

If there is a negative change in the index, the effect is equal to the change noted above in the opposite direction.

Credit risk -
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and setting credit limits for majority of customers and monitoring outstanding receivables.

The largest customer accounts for 60% of sales for the year ended 31 December 2021 (2020: 60%).

Liquidity risk -

Liquidity risk is the risk that the Company will not meet its obligations under its financial liabilities based on contractual maturity dates.

The Company monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity date.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2021 and 2020 based on contractual payment dates and current market interest rates:

	Less than 3 months	3 to 12 months	Total
31 December 2021	JD	JD	JD
Accounts payable and other current liabilities	238,448	260,400	498,848
Due to related parties	-	54,406	54,406
Total	238,448	314,806	553,254

	Less than 3 months	3 to 12 months	Total
31 December 2020	JD	JD	JD
Accounts payable and other current liabilities	294,478	232,300	526,778
Due to related parties	-	33,972	33,972
Total	294,478	266,272	560,750

Currency risk -

Most of the Company's transactions are in Jordanian Dinar and U.S. Dollar. The Company's transactions in U.S. Dollar have negligible currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each one JD)

(23) FAIR VALUES OF FINANCIAL ASSETS

Financial assets comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through OCI, and some other current assets. Financial liabilities consist of accounts payable, due to related parties and some other current liabilities

The Company uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	31 December 2021	31 December 2020
	JD	JD
	First Level	First Level
Financial assets at fair value through other comprehensive income:		
Stocks	1,274,489	1,029,611

(24) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021.

Capital comprises paid in capital, statutory reserve, fair value reserve and retained earnings, and is measured at JD 6,848,148 as at 31 December 2021 (31 December 2020: JD 6,566,764).

(25) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Company.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(26) COMPARATIVE FIGURES

Some of 2020 balances were reclassified to correspond with those of 2021 presentation. The reclassification has no effect on 2020 equity.