الشركة الوطنية لصناعة الكلورين المساهمة العامة المحدودة

NATIONAL CHLORINE INDUSTRIES CO. LTD.

Data : 7/3/2019

NCI / 78 / 2019

To: Jordan Securities Commission

Subject : Audited Financial statements for the fiscal year 31/12/2018

Attached the Audited Financial Statements of (National Chlorine Industries) for the fiscal year ended 31/12/2018

With our respect and appreciation

National Chlorine Industries

- Attachment the CD of financial statements

National Chlorine Industries Co. Amman - Jordan
عمان - الأردن

هاتف: ٤٠٥٠٢٩١ / ٢ / ٣ - فاكس: ٤٠٥٠٢٣٨ - ص.ب ٣٧ - سحاب ١١٥١١ - عمان - الاردن
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NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

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Independent Auditor's Report

TO THE SHAREHOLDER OF NATIONAL CHLORINE INDUSTRIES GROUP
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the consolidated financial statements of National Chlorine Industries group public shareholding company, which comprise the consolidated statement of the financial position as of 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Chlorine Industries as of 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the consolidated 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 other ethical requirements in Jordan that are relevant to our audit of the group's consolidated financial statements, and we have fulfilled our other ethical responsibilities.
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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Property and equipment

At 31 December 2018, total Property and equipment balance amounted JD14 295 701 which Affected by management estimates for useful life and depreciation method, for these assets which include verifying the calculation of the deprecation and reasonable of estimate, the calculation of depreciation expense is one of the factors affecting the Group results, as well as depending on management estimate to determine the useful life of these property and equipment making them important in the audit.

Scope of Audit to Address Risks

Audit Procedures includes verifying the appropriateness of the Group's explanations to reach of estimates for attaining depreciation rates in addition, we have examined a sample of the purchase invoices for the Group's property and equipment and verified the accuracy of the depreciation expense according to the date Acquisition of Group records.

RSM

Adequacy of Provision for expected credit loss

The provision of expected credit loss is considered a key audit matter for our audit. It requires the Group's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 1 039 753 as of 31 December, 2018. This requires making assumptions and using estimates to take the provision for the expected credit loss in those receivables.

Scope of Audit to Address Risks

The followed audit procedures Included understanding accounts receivable and testing the adopted internal control system in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the expected credit loss for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed, those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure, key drivers of expected credit loss are subject to a high level of judgment.

Other Information

Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information when it becomes available to us 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Group 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and we remain solely responsible for our audit opinion.

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 material 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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

The company maintains proper accounting records, duly organized and in line with the accompanying consolidated financial statements, and we recommend that they be approved by the General Assembly shareholders

Amman – Jordan
26 February 2019

المجموعة المهنية العربية · محاسبون قانونيون
RSM
Certified Public Accountants · RSM Jordan

NATIONAL CHLORINE INDUSTRIES GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 JD	2017 JD
Assets			
Non - Current Assets			
Projects under constructions	3	8 750	-
Property, plant and equipment	4	14 295 701	15 326 097
Total Non - Current Assets		**14 304 451**	**15 326 097**
Current Assets			
Other debit balances	5	114 114	124 541
Spare parts		1 549 514	1 583 030
Cash margins and letters of credit		415 246	511 144
Inventory	6	1 047 165	637 677
Accounts receivable	7	1 039 753	1 377 679
Checks under collection		119 899	219 962
Cash and cash equivalents	8	1 975 188	55 251
Total Current Assets		**6 260 879**	**4 509 284**
Total Assets		**20 565 330**	**19 835 381**
Equity and liabilities			
Equity	9		
Share capital		20 000 000	9 000 000
Statutory reserve		1 264 287	1 202 929
Voluntary reserve		4 334	4 334
Accumulated losses		(2 016 465)	(2 568 683)
Total Equity		**19 252 156**	**7 638 580**
Liabilities			
Non - Current Liabilities			
Due to related parties	23	280	706 930
Long-term banks facilities	10	-	3 185 112
Total Non - Current Liabilities		**280**	**3 892 042**
Current Liabilities			
Short-term banks facilities	10	11 867	6 882 195
Accounts payable		1 056 181	1 043 395
Other credit balances	11	244 846	379 169
Total Current Liabilities		**1 312 894**	**8 304 759**
Total Liabilities		**1 313 174**	**12 196 801**
Total Equity and liabilities		**20 565 330**	**19 835 381**

The accompanying notes from 1 to 26 are an integral part of these consolidated financial statements and should be read with them.

NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2018

	NOTES	2018 JD	2017 JD
Sales	12	9 608 321	6 435 588
Cost of sales	13	(7 616 225)	(6 217 041)
Gross profit	14	**1 992 096**	**218 547**
Selling and distribution expenses	15	(626 548)	(431 397)
Administrative expenses	16	(713 478)	(703 958)
Financing expenses		(106 949)	(571 647)
Other revenues	17	68 455	48 447
Total comprehensive profit (losses) for the year		**613 576**	**(1 440 008)**
Basic and diluted earnings profit (loss) per share	18	**JD 0.06**	**JD (0.160)**

The accompanying notes from 1 to 26 are an integral part of these consolidated financial statements and should be read with them.

NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2018

	Share capital JD	Statutory reserve JD	Voluntary reserve JD	Accumulated Losses JD	Total JD
31 December 2016	9 000 000	1 202 929	4 334	(1 128 675)	9 078 588
Total comprehensive losses for the year	-	-	-	(1 440 008)	(1 440 008)
31 December 2017	**9 000 000**	**1 202 929**	**4 334**	**(2 568 683)**	**7 638 580**
Statutory reserve	-	61 358	-	(61 358)	-
Total comprehensive profits for the year	-	-	-	613 576	613 576
Increase in Share capital	11 000 000	-	-	-	11 000 000
31 December 2018	**20 000 000**	**1 264 287**	**4 334**	**(2 016 465)**	**19 252 156**

The accompanying notes from 1 to 26 are an integral part of these consolidated financial statements and should be read with them.

	Notes	2018 JD	2017 JD
Operating activities			
Total comprehensive losses for the year		613 576	(1 440 008)
Adjustments for:			
Depreciation	4	1 423 787	1 452 869
Financing expenses		106 949	571 647
Board of directors' remuneration		40 000	-
Changes in operating assets and liabilities			
Other debit balances		10 427	16 842
Spare parts		33 516	(115 690)
Cash margins and letters of credit		95 898	(192 176)
Inventory		(409 488)	201 981
Accounts receivable		337 926	232 485
Checks under collection		100 063	(121 810)
Accounts payable		12 786	(385 240)
Other credit balances		(174 323)	(21 225)
Paid income tax		-	-
Net cash from (used in) operating activities		**2 191 117**	**199 675**
Investing activities			
Projects under constructions	3	(8 750)	(41 361)
Purchase of property, plant and equipment	4	(393 391)	(616 771)
Net cash used in investing activities		**(402 141)**	**(658 132)**
Financing activities			
Increase in Share capital		**11 000 000**	-
Banks facilities		(10 055 440)	183 435
Due to related parties		(706 650)	706 930
Paid financing expenses		(106 949)	(571 647)
Net cash from financing activities		**130 961**	**318 718**
Net change in cash and cash equivalents		**1 919 937**	**(139 739)**
Cash and cash equivalents at 1 January		55 251	194 990
Cash and cash equivalents at 31 December		**1 975 188**	**55 251**

The accompanying notes from 1 to 26 are an integral part of these consolidated financial statements and should be read with them.

1. General

The company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (212) during 1991. The company's share capital is JD 9 000 000، The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly have been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000.

The Company's main activities is manufacturing chlorine, soda and related products.

The accompanying consolidated financial statements were approved by the Board of Directors in its meeting on 26 February 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of preparation of the consolidated financial statements

The accompanying consolidated financial statements have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The consolidated financial statements are prepared using the historical cost principle.

The consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

The accounting policies adopted for the current year are consistent with those applied in the year ended 31 December 2017 except for what is stated in note (25) to the financial statements.

Principles of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. The financial statements of the subsidiaries 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 subsidiaries are eliminated.

Subsidiaries are 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 subsidiaries are consolidated in the income statements from the acquisition date, which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date, which is the date on which the Company loses control over the subsidiaries

The following subsidiaries have been consolidated

	Share capital JD	Nature of Activity -	Ownership percentage -
National Soda and Chlorine Company	500 000	Industrial	%100

Segment reporting
Business segments represent distinguishable components of the Group that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Projects under construction
Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where it is transferred to property and equipment or investment properties.

Property, plant and equipment
Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Machines and equipment's	7
Buildings	4
Vehicles	15
Others	7-20

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of comprehensive income.
The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.
Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

Inventory
Inventories are stated at the lower of cost or net realizable value.
The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads determined by weighted average.

Accounts Receivable
Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.
A provision for doubtful debts is booked when there is objective evidence that the Group will not be able to recover whole or part of the due amounts at the end of the year. When the Group collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive Income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.
Moreover, debts are written-off when they become uncollectible or are derecognized

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Trade payables and accruals
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Offsetting
Financial assets and financial liabilities are offset, the net amount is presented in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts, and the group intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the group has an obligation as of the date of the consolidated financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnity

The required provision for end-of-service indemnity for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount, Indemnities paid in excess of the provision is taken to the consolidated statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

Employees Benefits

The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

The Group records the accrued benefits which mature during the year after the date of the consolidated financial statements within current liabilities and records the accrued benefits which mature after one year of the date of the consolidated financial statements within non-current liabilities.

Revenue recognition and expenses realization

Revenue is recognized when contracts are signed and handing over the lands and apartments to the buyer and all the following conditions are satisfied:

The entity has transferred to the buyer the significant risks and rewards of ownership of the Goods, the entity retains regardless continuing administrative involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, and It is probable that the economic benefits associated with the transaction will flow to the entity.

The costs incurred or to be incurred in respect of the transaction can be measured reliably Project income is recognized on a percentage-of-completion basis Moreover plus a percentage of cost, in particular with respect to the timing of recognition of profit and the amount of recognized profit Dividend revenue from investments is recognized when the shareholder's right to receive payment is established Expenses are recognized on an accrual basis.

Related parties

Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by management

Loans

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes
Income tax expenses represent current and deferred taxes for the year.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.

Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Foreign currency
Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the balance sheet date and declared by the Central Bank of Jordan

Accounting estimates
Preparation of the consolidated financial statements and the application of the accounting policies requires the management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the Group's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

3. Projects under constructions

	2018 JD	2017 JD
Balance at beginning of the year	-	11 421 208
Additions	8 750	41 361
Transfers	-	(11 462 569)
Balance at end of the year	**8 750**	**-**

4. Property, Plant and equipment

	Land JD	Machines and equipment's JD	Buildings JD	Vehicles JD	Others JD	Total JD
Cost						
31 December 2017	81 473	28 729 236	5 786 565	741 440	760 954	36 099 668
Additions	-	248 175	-	98 219	46 997	393 391
Disposal	-	-	-	(16 927)	-	(16 927)
31 December 2018	**81 473**	**28 977 411**	**5 786 565**	**822 732**	**807 951**	**36 476 132**
Accumulated depreciation						
31 December 2017	-	17 469 130	2 058 538	578 472	667 431	20 773 571
Depreciation	-	1 127 208	233 752	40 968	21 859	1 423 787
Disposal	-	-	-	(16 927)	-	(16 927)
31 December 2018	**-**	**18 596 338**	**2 292 290**	**602 513**	**689 290**	**22 180 431**
Net book value						
31 December 2017	81 473	11 260 106	3 728 027	162 968	93 523	15 326 097
31 December 2018	**81 473**	**10 381 073**	**3 494 275**	**220 219**	**118 661**	**14 295 701**

5. Other debit balances

	2018 JD	2017 JD
Prepaid expenses	67 464	69 356
Income tax deposit	34 786	33 663
Employee's receivable	10 754	19 558
Stamps and fees	1 110	1 515
Others	-	449
	114 114	**124 541**

6. Inventory

	2018 JD	2017 JD
Raw and chemical materials	106 544	394 461
Finished goods	1 028 812	331 407
	1 135 356	**725 868**
Impairment provision	(88 191)	(88 191)
	1 047 165	**637 677**

7. Accounts receivable

	2018 JD	2017 JD
Trade receivable	1 227 799	1 581 501
Less: expected credit loss provision	(188 046)	(203 822)
	1 039 753	**1 377 679**

The company can adopts the policy of dealing with creditworthy parties in addition to obtaining sufficient guarantees (where appropriate) to mitigate the financial losses resulted from the inability to settle their obligations. The company books a provision against uncollected debts of a period exceeding 365 days in case there are no settlement movement.

	2018 JD	2017 JD
1-30 Day	761 730	216 639
31-60 Day	186 245	152 942
61-90 Day	72 925	164 769
More than 91	206 899	1 047 151
	1 227 799	**1 581 501**

The movement of the expected credit loss provision was as follow:

	2018 JD	2017 JD
Balance at beginning of the year	203 822	206 671
Returned from provision	(15 776)	(2 849)
Balance at ending of the year	**188 046**	**203 822**

8. Cash and cash equivalents

	2018 JD	2017 JD
Cash on hand	3607	3 610
Current accounts at bank	182 557	51 641
Bank deposit*	1 789 024	-
	1 975 188	**55 251**

* Bank deposits in Jordanian Dinars Monthly maturity at interest rate of 5% annually.

9. Equity

Capital
The authorized and share capital of the Company is JD20 000 000 divided into 20 000 000 shares at JD 1 per share.

The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly have been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000 through a special subscription to Mr. Mahmoud Khalil Abu-Rub by 11 000 000 shares with a par value of JD 1 per share, The approval of the Securities Commission have been issued on November 19, 2018 on the registration of shares capital increase of 11 000 000 shares from the due to related parties account of these shares to the shareholder Mahmoud Khalil Abu Al-Rub at a price of JD 1 provided that the prohibition of the disposal of these shares for one year from Date of completion For the issuance procedures of the Commission.

Statutory reserve
Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution. The General Authority may, after depletion the other reserves, decide at an extraordinary meeting to resolve the accumulated losses from the amounts collected in the statutory reserve account, provided that they are rebuilt in accordance with the provisions of the Law.

Voluntary Reserve
This account represents cumulative appropriations not exceeding 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

10. Banks facilities

	2018		2017	
	Maturing during the year JD	Maturing during more than a year JD	Maturing during the year JD	Maturing during more than a year JD
Bank over draft	11 867	-	5 019 799	-
Loans	-	-	1 862 396	3 185 112
	11 867	**-**	**6 882 195**	**3 185 112**

The Group granted banks facilities by Arab Jordan investment Bank to financing letter of credit with an amount of $ 8 000 000, bearing an annual average interest rate of 3.5%, over LIBOR rate for six months computed on the basis of the maturity of installments, the group increased banks facilities to become $8 827 500 average interest rate %3.5, over LIBOR rate for six months computed on the basis of the maturity of installments, the banks facilities are rapid under monthly installments each installment with an amount $150 000 included interest rate. The installments paid during 31 January2016, and last installments due in 31 December 2022.

The Group granted banks facilities by ABC bank, represented renewable banks facilities with an amount JD250 000, annual average interest rate %9.5, plus endorsed the insurance policy with an amount JD3 000 000

The Group granted banks facilities by Arab Bank represented Diminishing loan with an amount of JD 500 000 an annual average interest rate of %8.375, based on daily balance, the banks facilities is rapid under 10 months installments each installment with an amount JD50 000, the installments paid during 9 May2017 and last installments due in 9 March 2018.

The Group granted banks facilities by Arab Jordan investment Bank represented bank overdraft with an amount of JD3 900 000, annual average interest rate %5.5, plus endorsed the insurance policy with an amount JD8 000 000.

The Group granted banks facilities by ABC, represented renewable loan with an amount JD250 000, annual average interest rate %9.5, used to open and financing letter of credit due in 120 days.

All bank facilities have been paid under the capital increase of the Company explained in note (9).

11. Other credit balances

	2018 JD	2017 JD
Shareholders' deposits	125 653	128 630
Provision for staff indemnity	11 469	99 542
Board of directors' remuneration	40 000	-
Accrued expenses	7 121	92 140
sales tax deposit	37 998	33 787
Social Security payable	20 348	17 503
Employee payable	2 015	6 311
Others	242	1 256
	244 846	**379 169**

12. Sales

	2018 JD	2017 JD
Local sales	7 531 552	4 657 099
Export sales	2 076 769	1 778 489
	9 608 321	**6 435 588**

13. Cost of sales

	2018 JD	2017 JD
Depreciation	1 377 825	1 414 164
Salaries and related benefits	834 172	864 091
Raw materials used in production	4 916 992	3 476 522
Transportation	114 103	117 419
Group contribution in Social security	109 351	111 887
Insurance	73 805	80 119
Waste water	117 000	77 311
Maintenance	34 557	38 484
Foreign labor residence	8 031	21 722
Others	30 389	15 322
	7 616 225	**6 217 041**

14. Elements of gross profit

	Local sales JD	Export sales JD	Total JD
Sales	7 531 552	2 076 769	9 608 321
Cost of sales	(6 244 732)	(1 371 493)	(7 616 225)
Gross profit	**1 286 820**	**705 276**	**1 992 096**

15. Selling and distribution expenses

	2018 JD	2017 JD
Vehicles	216 995	170 869
Selling contracts expenses	307 024	137 606
Salaries and related benefits	46 316	60 709
Others	18 707	29 444
Depreciation	32 657	26 124
Group contribution in Social security	3 574	5 717
Insurance	1 275	928
	626 548	**431 397**

16. Administrative expenses

	2018 JD	2017 JD
Salaries and related benefits	355 404	451 925
Group contribution in Social security	41 852	51 632
Legal expense and fees	9 187	29 269
Board of director's transportation allowance	40 335	31 500
Board of directors' remuneration	40 000	-
Transportation and travel	24 227	23 787
Professional fees	18 374	18 263
Others	13 306	12 083
licenses and fees	103 092	13 528
Donations	15 238	12 707
Depreciation	13 303	12 581
Prior year expenses	-	9 671
Hospitality	7 977	8 928
Maintenance	11 066	8 737
Insurance	9 265	7 152
Telephone and post	5 700	5 642
Stationary	4 009	5 635
Advertising	1 143	918
	713 478	**703 958**

17. Other revenues

	2018 JD	2017 JD
Scrap	66 060	43 103
Others	(2 941)	5 344
Prior year expenses	(13 698)	-
Interest revenue	19 034	-
	68 455	**48 447**

18. Basic and diluted earnings loss per share

	2018 JD	2017 JD
Total comprehensive profit (losses) for the year	613 576	(1 440 008)
Weighted average number of shares	10 265 753	9 000 000
	JD 0.060	**JD (0.160)**

19. Risk management

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Group manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not material affect net interest income.

The Group also manages its Interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

Currency risks

The Group's main operations are in Jordanian Dinar. Moreover, currency risk relates to the risk of changes in currency rates that relate to payments denominated in foreign currencies. As for transactions in US Dollars, management believes that the foreign currency risk relating to the US Dollar is immaterial as the Jordanian Dinar (the functional currency) is pegged to the US Dollar.

Credit risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Group. Moreover, the Group adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Group's default on its liabilities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 JD	2017 JD
Current accounts at bank	1 971 581	51 641
Checks under collection	119 899	219 962
Accounts receivable	1 039 753	1 377 679
Other debit balances	46 650	55 185
	3 177 883	**1 704 467**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

The following are the contracted maturities of financial liabilities:

	Maturing during the year JD	Maturing during more than a year JD	Total JD
2017			
Bank overdraft	5 019 799	-	5 019 799
Accounts payable	1 043 395	-	1 043 395
Banks facilities	1 862 396	3 185 112	5 047 508
Due to related parties	-	706 930	706 930
Other credit balances	379 169	-	379 169
	8 304 759	**3 892 042**	**12 196 801**
2018			
Bank overdraft	11 867	-	11 867
Accounts payable	1 056 181	-	1 056 181
Due to related parties	-	280	280
Other credit balances	244 846	-	244 846
	1 312 894	**280**	**1 313 174**

20. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and cash equivalents, checks under collection, accounts receivable, cash margins and letters of credit, and other debit balances. Financial liabilities consist of accounts payable, banks facilities, due to related parties and other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

21. Income tax

National Chlorine Industries Group

No income tax provision has been provided for the year ended 31 December 2018 due to increase in the deductible expenses on the taxable income.

The Company submitted the tax returns for the years 2017, 2016, the Income and Sales Tax Department have not been Reviewed the Company's records.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2015.

National Soda and Chlorine Company

No income tax provision has been provided for the year ended 31 December 2018 due to increase in the deductible expenses on the taxable income.

The Company submitted the tax returns for the years2017, 2016 the Income and Sales Tax Department have not been Reviewed the Company's records.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2015.

22. Contingent liabilities

At the date of the statement of financial position, the company was responsible for:

	2018 JD	2017 JD
Letters of guarantee	310 098	215 722
labor lawsuit	17 751	138 500
Letters of credit	-	7 289
	327 849	**361 511**

23. Related parties' transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Balances with related parties included in the consolidated financial statements are as follows:

Due to related parties

	Natural of Relationship	2018 JD	2017 JD
Mahmoud Khalil Abu Al- rub	Member of board of directors	**280**	**706 930**

Compensation of key management personnel of the company is as follows:

	2018 JD	2017 JD
Salaries and other benefit	**211 694**	**223 926**

24. Capital Management

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

The Group 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 2018 and 2017.

The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly have been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000.

Capital comprises share capital, reserves and accumulated losses, and is measured at, JD 19 252 156 as at 31 December 2018 (2017: JD 7 638 580).

25. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

Amendments with no material effect on the financial statements of the Group:

Annual Improvements to IFRS Standards 2014-2016

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification, measurement of share based payment transactions, and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

The interpretation addresses foreign currency transactions or parts of transactions where :

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

Amendments to IAS 40 Investment Property

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contract and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the correct.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

Amendments to IFRS 15 Revenue form Contracts with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transaction relief for modified contracts and completed contracts.

Amendments to IFRS 7 Financial Instruments: Disclosures
The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS 9 is first applied.

IFRS 7 Financial Instruments: Disclosures
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include: a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.
A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. And a new version of the new standard includes the requirements of recognition, measurement, impairment and hedge accounting.
The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 Financial Instruments: Recognition and Measurement, replacing a model for expected credit losses. The standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.
The Group calculated the initial impact of the International financial reporting standard (IFRS 9), as it is not material, it's impact has not been reversed in the attached financial statements.
In case there is a low credit risk to the financial asset at the date of initial application on IFRS(9), the credit risk relating to the financial asset is considered to have not been changed substantially since its initial recognition.
In accordance with IFRS 9 Financial Instruments the expected credit losses are recognized at an early date in accordance with IAS 39.
The revised version of IFRS 9 (2014) (Financial Instruments) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from the adoption of IFRS 9 for the year 2014.

26. Comparative Figures
Some of the comparative figures for the year 2017 have been reclassified to correspond with the year ended 31 December 2018 presentation and it did not result in any change to the last year's operating results or equity.