الشركة الوطنية لصناعة الكلورين المساهمة العامة المحدودة

NATIONAL CHLORINE INDUSTRIES CO. LTD.

Data : 29/3/2018 NCI / ٧١ / 2018

للاطلاع
* بورصة عمان
* السيد محمد
السيد عبدالله

٣/٢٩

To: Jordan Securities Commission

Amman Stocky Exchange

Subject : Audited Financial Statements for the fiscal year ended 31/12/2017

Attached the Audited Financial Statements of (National Chlorine Indusries Company) for the fiscal year ended 31/12/2017 with CD .

with our respect and appreciation

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل ......
الجهة المختصة ......

National Chlorine Industries

Saeed AL Rabi

٢٠١٨/٣/٢٨

الشركة الوطنية لصناعة الكلورين المساهمة العامة المحدودة
عمان - الاردن
National Chlorine Industries Co.
Amman - Jordan

هاتف : ٤٠٥٠٢٩١ / ٢ / ٣ - فاكس : ٤٠٥٠٢٣٨ - ص.ب ٣٧ - سحاب ١١٥١١ - عمان - الاردن
Tel. 4050291/2/3 - Fax 4050238 - E-mail: info@chlorine.com.jo - P.O.Box 37 - Sahab 11511 - Amman - Jordan
Website: www.chlorine.com.jo

NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2017

CONTENTS

RSM

RSM Jordan

Amman 69 Queen Rania St.
P.O.BOX 963699
Amman 11196 Jordan

T +962 6 5673001
F +962 6 5677706

www.rsm.jo

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 2017, 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 2017, 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.

Other matter

The consolidated financial statements of the group as of 31 December 2016, were audited by other auditor whose report dated 2 March 2016, expressed an unqualified opinion on those consolidated statements.

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 2017, total Property and equipment balance amounted JD15 326 097 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.

Adequacy of Provision for Accounts Receivable
The provision for accounts receivable 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 1 377 679 as of 31 December, 2017. This requires making assumptions and using estimates to take the provision for the impairment 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 impairment provision 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.

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
13 March 2018

المجموعة المهنية العربية
RSM
RSM Jordan
Certified Public Accountants

NATIONAL CHLORINE INDUSTRIES GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

Assets	**Notes**	**2017 JD**	**2016 JD**
Non - Current Assets			
Projects under constructions	3	-	11 421 208
Property, plant and equipment	4	15 326 097	5 150 267
Total Non - Current Assets		**15 326 097**	**16 571 475**
Current Assets			
Other debit balances	5	124 541	141 383
Spare parts		1 583 030	1 016 699
Cash margins and letters of credit		511 144	318 968
Inventory	6	637 677	839 658
Accounts receivable	7	1 377 679	1 610 164
Checks under collection		219 962	98 152
Cash and cash equivalents	8	55 251	194 990
Total Current Assets		**4 509 284**	**4 220 014**
Total Assets		**19 835 381**	**20 791 489**
Equity and liabilities			
Equity	9		
Share capital		9 000 000	9 000 000
Statutory reserve		1 202 929	1 202 929
Voluntary reserve		4 334	4 334
Accumulated losses		(2 568 683)	(1 128 675)
Total Equity		**7 638 580**	**9 078 588**
Liabilities			
Non - Current Liabilities			
Due to related parties	23	706 930	-
Long-term banks facilities	10	3 185 112	4 250 895
Total Non - Current Liabilities		**3 892 042**	**4 250 895**
Current Liabilities			
Short-term banks facilities	10	6 882 195	5 632 977
Accounts payable		1 043 395	1 428 635
Other credit balances	11	379 169	400 394
Total Current Liabilities		**8 304 759**	**7 462 006**
Total Liabilities		**12 196 801**	**11 712 901**
Total Equity and liabilities		**19 835 381**	**20 791 489**

The accompanying notes from 1 to 25 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 2017

	NOTES	2017 JD	2016 JD
Sales	12	6 435 588	5 185 727
Cost of sales	13	(6 217 041)	(4 813 145)
Gross profit	14	**218 547**	**372 582**
Selling and distribution expenses	15	(431 397)	(610 332)
Administrative expenses	16	(703 958)	(643 038)
Financing expenses		(571 647)	(111 457)
Other revenues	17	48 447	41 355
Total comprehensive losses for the year		**(1 440 008)**	**(950 890)**
Basic and diluted earnings loss per share	18	**JD (0.160)**	**JD (0.106)**

The accompanying notes from 1 to 25 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 2017

	Share capital JD	Statutory reserve JD	Voluntary reserve JD	Accumulated Losses JD	Total JD
31 December 2015	9 000 000	1 202 929	4 334	(177 785)	10 029 478
Total comprehensive losses for the year	-	-	-	(950 890)	(950 890)
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**

The accompanying notes from 1 to 25 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 CASH FLOWS
31 December 2017

	Notes	2017 JD	2016 JD
Operating activities			
Total comprehensive losses for the year		(1 440 008)	(950 890)
Adjustments for:			
Depreciation	4	1 452 869	806 270
Financing expenses		571 647	111 457
Gain from sale of property, plant and equipment		-	(57 284)
Changes in operating assets and liabilities			
Other debit balances		16 842	(59 189)
Spare parts		(115 690)	7 001
Cash margins and letters of credit		(192 176)	1 720
Inventory		201 981	(336 974)
Accounts receivable		232 485	(173 858)
Checks under collection		(121 810)	(52 054)
Accounts payable		(385 240)	319 425
Other credit balances		(21 225)	79 146
Paid income tax		-	(26 687)
Net cash from (used in) operating activities		**199 675**	**(331 917)**
Investing activities			
Projects under constructions	3	(41 361)	(2 048 001)
Purchase of property, plant and equipment	4	(616 771)	(151 687)
Net cash used in investing activities		**(658 132)**	**(2 199 688)**
Financing activities			
Banks facilities		183 435	2 327 111
Due to related parties		706 930	-
Paid financing expenses		(571 647)	(111 457)
Net cash from financing activities		**318 718**	**2 215 654**
Net change in cash and cash equivalents		**(139 739)**	**(315 951)**
Cash and cash equivalents at 1 January		194 990	510 941
Cash and cash equivalents at 31 December		**55 251**	**194 990**

The accompanying notes from 1 to 25 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 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 13 March 2018 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of preparation of the consolidated financial statement

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 2016 except for what is stated in note (25 A) 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	Nature of Activity	Ownership percentage
	JD	-	-
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.
Cost is determined by the first in, first out (FIFO) method.
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

	2017 JD	2016 JD
Balance at beginning of the year	11 421 208	9 373 207
Additions	41 361	2 048 001
Transfers	(11 462 569)	-
Balance at end of the year	**-**	**11 421 208**

4. Property, Plant and equipment

	Land JD	Machines and equipment's JD	Buildings JD	Vehicles JD	Others JD	Total JD
Cost						
31 December 2016	81 473	19 628 125	3 327 909	702 208	742 835	24 482 550
Additions	-	516 693	28 294	54 025	17 759	616 771
Transfers	-	8 581 245	2 430 362	-	321	11 011 928
Disposal	-	-	-	(7 920)	-	(7 920)
31 December 2017	**81 473**	**28 726 063**	**5 786 565**	**748 313**	**760 915**	**36 103 329**
Accumulated depreciation						
31 December 2016	-	16 303 980	1 826 493	552 852	648 958	19 332 283
Depreciation	-	1 265 504	134 459	35 552	17 354	1 452 869
Disposal		-	-	(7 920)	-	(7 920)
31 December 2017	**-**	**17 569 484**	**1 960 952**	**580 484**	**666 312**	**20 777 232**
Net book value						
31 December 2016	81 473	3 324 145	1 501 416	149 356	93 877	5 150 267
31 December 2017	**81 473**	**11 156 579**	**3 825 613**	**167 829**	**94 603**	**15 326 097**

5. Other debit balances

	2017 JD	2016 JD
Prepaid expenses	69 356	80 122
Income tax deposit	33 663	42 051
Employee's receivable	19 558	19 143
Stamps and fees	1 515	67
Others	449	-
	124 541	**141 383**

6. Inventory

	2017 JD	2016 JD
Raw and chemical materials	394 461	400 045
Finished goods	331 407	527 804
	725 868	**927 849**
Impairment provision	(88 191)	(88 191)
	637 677	**839 658**

7. Accounts receivable

	2017 JD	2016 JD
Trade receivable	1 581 501	1 816 835
Provision for doubtful accounts	(203 822)	(206 671)
	1 377 679	**1 610 164**

The movement of the provision for doubtful accounts was as follow:

	2017 JD	2016 JD
Balance at beginning of the year	206 671	206 671
Provision for the year	(2 849)	-
Balance at ending of the year	**203 822**	**206 671**

8. Cash and cash equivalents

	2017 JD	2016 JD
Cash on hand	3 610	160 131
Current accounts at bank	51 641	34 859
	55 251	**194 990**

9. Equity

Capital
The authorized and share capital of the Company is JD9 000 000 divided into 9 000 000 shares at JD 1 per share.

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

	2017		2016	
	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	5 019 799	-	2 753 900	-
Loans	1 862 396	3 185 112	2 879 077	4 250 895
	6 882 195	**3 185 112**	**5 632 977**	**4 250 895**

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.

11. Other credit balances

	2017 JD	2016 JD
Shareholders' deposits	128 630	129 501
Provision for staff indemnity	99 542	96 281
Accrued expenses	92 140	113 828
sales tax deposit	33 787	36 563
Social Security payable	17 503	14 991
Employee payable	6 311	6 352
Others	1 256	2 878
	379 169	**400 394**

12. Sales

	2017 JD	2016 JD
Local sales	4 657 099	3 470 277
Export sales	1 778 489	1 715 450
	6 435 588	**5 185 727**

13. Cost of sales

	2017 JD	2016 JD
Electricity and water	2 376 992	2 136 774
Depreciation	1 414 164	771 327
Salaries and related benefits	864 091	831 979
Raw materials used in production	742 363	353 107
Fuel	357 167	288 729
Transportation	117 419	83 125
Group contribution in Social security	111 887	97 355
Insurance	80 119	74 146
Waste water	77 311	72 681
Maintenance	38 484	64 579
Foreign labor residence	21 722	23 002
Others	15 322	16 341
	6 217 041	**4 813 145**

14. Elements of gross profit

	Local sales JD	Export sales JD	Total JD
Sales	4 657 099	1 778 489	6 435 588
Cost of sales	(4 492 974)	(1 724 067)	(6 217 041)
Gross profit	**164 125**	**54 422**	**218 547**

15. Selling and distribution expenses

	2017 JD	2016 JD
Vehicles	170 869	100 040
Selling contracts expenses	137 606	405 790
Salaries and related benefits	60 709	48 732
Others	29 444	27 258
Depreciation	26 124	23 190
Group contribution in Social security	5 717	4 110
Insurance	928	1 212
	431 397	**610 332**

16. Administrative expenses

	2017 JD	2016 JD
Salaries and related benefits	451 925	390 372
Group contribution in Social security	51 632	46 706
Legal expense and fees	29 269	21 578
Board of director's transportation allowance	28 500	37 440
Transportation and travel	23 787	20 416
Professional fees	18 263	21 511
Others	15 083	23 738
licenses and fees	13 528	18 020
Donations	12 707	11 620
Depreciation	12 581	11 753
Prior year expenses	9 671	-
Hospitality	8 928	11 141
Maintenance	8 737	9 887
Insurance	7 152	6 106
Telephone and post	5 642	4 120
Stationary	5 635	3 601
Advertising	918	5 029
	703 958	**643 038**

17. Other revenues

	2017 JD	2016 JD
Scrap	43 103	-
Others	5 344	(15 929)
Gain on sale of property and equipment	-	57 284
	48 447	**41 355**

18. Basic and diluted earnings loss per share

	2017 JD	2016 JD
Total comprehensive losses for the year	(1 440 008)	(950 890)
Weighted average number of shares	9 000 000	9 000 000
	JD (0.160)	**JD (0.106)**

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 negatively 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:

	2017 JD	2016 JD
Current accounts at bank	51 641	34 859
Checks under collection	219 962	98 152
Accounts receivable	1 377 679	1 610 164
Other debit balances	55 185	61 261
	1 704 467	**1 804 436**

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
2016			
Bank overdraft	2 753 900	-	2 753 900
Accounts payable	1 428 635	-	1 428 635
Banks facilities	2 879 077	4 250 895	7 129 972
Other credit balances	400 394	-	400 394
	7 462 006	**4 250 895**	**11 712 901**
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
	9 011 689	**3 185 112**	**12 196 801**

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 2017 due to increase in the deductible expenses on the taxable income.

The Company submitted the tax returns for the years 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 2017 due to increase in the deductible expenses on the taxable income.

The Company submitted the tax returns for the years 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:

	2017	2016
	JD	JD
Letters of guarantee	215 722	488 048
labor lawsuit	138 500	-
Letters of credit	7 289	37 387
	361 511	525 435

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	2017	2016
		JD	JD
Mahmoud Khalil Abu al- rub	Member of board of directors	706 930	-

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

	2017	2016
	JD	JD
Salaries and other benefit	223 926	162 923

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 2017 and 2016.
Capital comprises share capital, reserves and accumulated losses, and is measured at, JD 7 638 580 as at 31 December 2017 (2016: JD9 078 588).

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

A. New standards, interpretations and amendments adopted by the Group

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 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments has no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.

B. New and revised IFRSs in issue but not yet effective and not early adopted

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.
The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.
The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Bank has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank adopts IFRS 9. The Bank expects based on preliminary figures an increase in the loss allowance for an amount of USD 90 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Bank will implement changes in classification of certain financial instruments.

Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortized cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.
Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment
The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL

For impaired financial instruments:
Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss
The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:

- Determining when a SICR of a financial asset has occurred,
- Measuring both 12-month and lifetime credit losses,
- Incorporating forward-looking information using multiple probability-weighted scenarios.
- Collateral and quality.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services

The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases
During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

IFRS 17 Insurance Contracts
IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.

The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2019.

The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its leases.

26. Comparative Figures
Some of the comparative figures for the year 2016 have been reclassified to correspond with the year ended 31 December 2017 presentation and it did not result in any change to the last year's operating results or equity.