NCI

الشركة الوطنية لصناعة الكلورين المساهمة العامة المحدودة

NATIONAL CHLORINE INDUSTRIES CO. LTD.

Data : 30/4/2018

NCI / 111 / 2018

للايضاح
* بورصة عمان
* المركز
الايداع

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٣٠ نيسان ٢٠١٨
الرقم المتسلسل ٢٠٦٩٨
الجهة المختصة عدا / إفصاح

To: Jordan Securities Commission

الرسالة

Subject : First Quarterly Financial statements as of 31/3/2018

Attached the company's First Quarterly Financial Statements 2018 of National Chlorine Industries CO.LTD As of 31/3/2018 .

With our respect and appreciation

National Chlorine Industries

G . M : Saeed AL Raby

National Chlorine Industries Co.
Amman - Jordan

- Attaced the First Quarterly Financial Statements 2018 with CD -

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

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REVIEW REPORT ON INTERIM FINANCIAL STATEMENT

TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS
NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Chlorine Industries Group as at 31 March 2018, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial statement in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial statement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial statement Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Amman – Jordan
28 April 2018

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

NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

		31 March 2018	31 December 2017
Assets		**JD**	**JD**
Non - Current Assets			
Property, plant and equipment		15 098 317	15 326 097
Total Non - Current Assets		**15 098 317**	**15 326 097**
Current Assets			
Other debit balances		93 316	124 541
Spare parts		1 532 805	1 583 030
Cash margins and letters of credit		404 797	511 144
Inventory		644 622	637 677
Accounts receivable		1 613 757	1 377 679
Checks under collection		128 042	219 962
Cash and cash equivalents		245 892	55 251
Total Current Assets		**4 663 231**	**4 509 284**
Total Assets		**19 761 548**	**19 835 381**
Equity and liabilities			
Equity			
Share capital		9 000 000	9 000 000
Statutory reserve		1 202 929	1 202 929
Voluntary reserve		4 334	4 334
Accumulated losses		(2 669 649)	(2 568 683)
Total Equity		**7 537 614**	**7 638 580**
Liabilities			
Non - Current Liabilities			
Long-term banks facilities		-	3 185 112
Total Non - Current Liabilities		**-**	**3 185 112**
Current Liabilities			
Due to related parties	3	10 714 262	706 930
Short-term banks facilities		91 674	6 882 195
Posted checks		23 000	-
Accounts payable		1 114 560	1 043 395
Other credit balances		280 438	379 169
Total Current Liabilities		**12 223 934**	**9 011 689**
Total Liabilities		**12 223 934**	**12 196 801**
Total Equity and liabilities		**19 761 548**	**19 835 381**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
31 MARCH 2018

	31 March 2018 JD	31 March 2017 JD
Sales	2 154 164	1 800 895
Cost of sales	(1 868 220)	(1 810 262)
Gross profit (loss)	**285 944**	**(9 367)**
Administrative expenses	(158 530)	(202 369)
Selling and distribution expenses	(113 286)	(133 002)
Financing expenses	(105 947)	(136 694)
Other revenues and expenses	(9 147)	(20 621)
Total comprehensive loss for the period	**(100 966)**	**(502 053)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

	Share capital JD	Statutory reserve JD	Statutory Voluntary 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 loss for the period	-	-	-	(502 053)	(502 053)
31 March 2017	**9 000 000**	**1 202 929**	**4 334**	**(1 630 728)**	**8 576 535**
31 December 2017	9 000 000	1 202 929	4 334	(2 568 683)	7 638 580
Total comprehensive loss for the period	-	-	-	(100 966)	(100 966)
31 March 2018	**9 000 000**	**1 202 929**	**4 334**	**(2 669 649)**	**7 537 614**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

	31 March 2018 JD	31 March 2017 JD
Operating activities		
Total comprehensive loss for the period	(100 966)	(502 053)
Adjustments for:		
Depreciation	347 068	386 492
Changes in operating assets and liabilities		
Checks under collection	91 920	(16 462)
Accounts receivable	(236 078)	(147 577)
Inventory and spare parts	43 280	192 937
Cash margin, letters of credit and other debit balances	137 572	(35 896)
Accounts payable	71 165	(273 709)
Posted checks	23 000	-
Other credit balances	(98 731)	9 227
Net cash from (used in) operating activities	**278 230**	**(387 041)**
Investing activities		
Purchase of property, plant and equipment	(119 288)	(62 118)
Net cash used in investing activities	**(119 288)**	**(62 118)**
Financing activities		
Financing facility	(9 975 633)	274 734
Due to related parties	10 007 332	-
Net cash from financing activities	**31 699**	**274 734**
Net change in cash and cash equivalents	**190 641**	**(174 425)**
Cash and cash equivalents at the beginning for the period	55 251	194 990
Cash and cash equivalents at the ending for the period	**245 892**	**20 565**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1) General

The Company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding company under No. (212) on 9 November 1991. The company's share capital is JD 4 500 000, in addition, more capital adjustments were made, so that authorized, paid-up capital became JD 9 000 000, divided into 9 000 000 shares at a par value of JD 1 each.

The Company's main activities are establishing a plant for chlorine production, caustic soda and their derivatives, purchase of raw materials and machines, and tools necessary to achieve its objectives, in addition to selling and marketing the products of the company and distributed locally or exported externally.

The Company Pie shares are traded on Amman Stock Exchange.

The accompanying financial statements were approved by the Board of Directors in its meeting on 28 April 2018.

2) Basis of preparation

The accompanying condensed consolidated interim financial statement has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting."

The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the consolidated financial statements of the Company as at 31 December 2017. In addition, the results of the Group's operations for the three months ended 31 March 2018 do not necessarily represent indications of the expected results for the year ending 31 December 2018, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.

The condensed consolidated interim financial statements are presented in Jordanian Dinar, which is the functional currency of the group.

The accounting policies followed in these consolidated condensed interim financial statements are the same as those adopted for the year ended 31 December 2017 except for the following changes:

- Annual improvements to the International Financial Reporting Standards Issued in the years 2014-2016, which include amendments to International Financial Reporting Standard No. (1) and International Accounting Standard No (28).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration the Interpretation addresses foreign currency transactions or parts of transactions where:
  - There Is consideration denominated or priced in a foreign currency;
  - The entity recognises 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 IFRS 2 Share - based Payment
  The amendments relate to classification and measurement of share-based payment transactions.
- Amendments to IFRS 4 Insurance Contracts
  The amendments relate to the different effective dates of IFRS 9 and the forthcoming new Insurance contracts standard.
- Amendments to lAS 40 Investment Property
  Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, Investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of Investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.
- Amendments to IFRS 15 Revenue from Contracts with Customers:
  The amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and complete contracts.

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

- IFRS 7 Financial Instruments: Disclosure
  The amendments relate to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter In IFRS 9.

- IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)
  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 finalised version of IFRS 9 which contains accounting requirements for financial Instruments, replacing lAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement:
Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under lAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment:
The 2014 version of IFRS 9 Introduces an 'expected credit loss' model for the measurement of the Impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss Is recognised.

Hedge accounting:
Introduces a new hedge accounting model designed to be more closely aligned with how entitles undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition:
The requirements for the derecognition of financial assets and liabilities are carried forward from lAS 39:

The Company adopted IFRS 9 (phase 1), issued in 2009 relating to the classification and measurement of financial assets.

The Company has adopted the finalised version of IFRS 9 from the effective date retroactively and recognized the cumulative effect of the application Initially as an adjustment to the opening balance of retained earnings as of January 1,2018. Based on management's estimates, International Financial Reporting Standard No. (9) has had no material impact on the condensed interim financial statements. As all provisions are adequate and appropriate. And, therefore, a part of receivables repayments is guaranteed, no provisions are required as a result of applying the Standard for this period.

- IFRS 15 Revenue from Contracts with Customers
  In May 2014, IFRS 15 was Issued which established a single comprehensive model for entitles to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, lAS 11 Construction Contracts 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: Identifying the contract(s) with a customer.
Step 2: Identifying the performance obligations in the contract
Step 3: Determining the transaction price
Step 4: Allocating the transaction price to the performance obligations in the contract
Step 5: Recognising revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises 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.

Based on management's estimates, International Financial Reporting Standard No. {15) has had no material Impact on the consolidated condensed Interim financial statements.

Adopting the above-amended standards has not affected the amounts and disclosures in the consolidated condensed interim 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:

	Activity	Capital	Ownership
Soda and Chlorine Industries Company	Industrial	500 000	%100

Accounting estimates

Preparation of the 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 company’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) 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	31 March 2018 JD	2017 JD
Mahmoud Khalil Abu al- rub *	Member of board of directors	**10 714 262**	**706 930**

*This amount represent the total bridge loan with zero interest rate the loan account to be paid by increase share capital or/and issuing convertible bonds or both where the extraordinary general assembly have been invited on 28 April 2018 and taking official approval. The extraordinary general assembly have been approved the increase of authorized and paid in capital from JD 9 000 000 to JD 20 000 000 through private subscription by Mahmoud Khalil Abu al- rub amounted 11 000 000 shares at JD 1 per share paid from his current account.

4) Comparative figures

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