



Jordan Magnesia company Ltd

شركة مغنيسيا الأردن م.ع.م

الرقم: MANMAG/ 9 / JSC / 2019

التاريخ: 2019/05/16

السادة هيئة الأوراق المالية المحترمين

المملكة الأردنية الهاشمية

تحية طيبة وبعد،

مرفق لكم ما يلي :

- ميزانية الشركة وحساباتها الختامية باللغة الإنجليزية للفترة المالية المنتهية في 2019/03/31 .

وتقبلوا بقبول فائق الإحترام،،،

شركة مغنيسيا الأردن م.ع.م



- نسخة: بورصة عمان.

بورصة عمان
الدايرة الإدارية والمالية
الدايوان
١٦ أيار ٢٠١٩
الرقم المتسلسل: ٥٩٢٨
رقم الملف: ٥١١٢
الجهة المختصة: الأ.ع.م

JORDAN MAGNESIA COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2019



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**Report on Review of Interim Condensed Financial Statements
To the Board of Directors of
Jordan Magnesia Company a Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Magnesia Company a public shareholding company as at 31 March 2019, comprising the interim statement of financial position as at 31 March 2019 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter

Without qualifying our conclusion, the Company's current liabilities exceeded its current assets by JD 18,705,370 as at 31 March 2019, noting that the current liabilities comprise an amount of JD 15,812,763 related to Al Manaseer Group (the parent company). Al Manaseer Group (the parent company) has expressed its intention to support the Company for at least 12 months from the date of these interim condensed financial statements.



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Other Matter

The financial statements for the year ended 31 December 2018 and the interim condensed financial statements for the period ended 31 March 2018 were audited and reviewed respectively by another auditor. Unqualified opinion and unqualified conclusion were issued on these financial statements on 31 January 2019 and 17 April 2018, respectively.

Amman – Jordan
29 April 2019

Ernst & Young

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	31 March 2019 JD (Unaudited)	31 December 2018 JD (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	3	1,749,603	1,834,465
Projects under construction	4	32,123,320	31,111,878
Intangible assets		37,457	43,652
		<u>33,910,380</u>	<u>32,989,995</u>
Current assets			
Trade receivables and other current assets		951,490	762,882
Due from related parties	5	8,908	8,908
Inventory		3,416,664	3,875,330
Cash and bank balances		14,132	17,858
		<u>4,391,194</u>	<u>4,664,978</u>
TOTAL ASSETS		<u>38,301,574</u>	<u>37,654,973</u>
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Paid in capital	1	10,000,000	10,000,000
Accumulated losses		(1,395,218)	(1,073,427)
Total shareholders' equity		<u>8,604,782</u>	<u>8,926,573</u>
<u>LIABILITIES</u>			
Non-current liabilities			
Long- term loans	6	6,600,228	4,666,656
Current liabilities			
Accounts payable and other current liabilities		3,941,361	4,523,077
Due to related parties	5	18,359,734	16,682,075
Current portion of long term loans	6	795,469	2,856,592
		<u>23,096,564</u>	<u>24,061,744</u>
Total Liabilities		<u>29,696,792</u>	<u>28,728,400</u>
TOTAL EQUITY AND LIABILITIES		<u>38,301,574</u>	<u>37,654,973</u>

The attached notes from 1 to 9 form part of these interim condensed financial statements and should be read with the review report

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	For the three months ended 31	
	March	
	2019	2018
	JD	JD
Sales	447,580	5,460
Cost of sales	<u>(428,197)</u>	<u>(20,385)</u>
Gross profit (loss)	19,383	(14,925)
General and administrative expenses	(222,363)	(68,474)
Depreciation and amortization	(120,381)	(72,931)
Bank interest and commissions	(2,193)	(1,558)
Other revenues	<u>3,763</u>	<u>6,850</u>
Loss for the period	(321,791)	(151,038)
Add: Other comprehensive income items (net of tax)	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>(321,791)</u>	<u>(151,038)</u>
Basic and diluted losses per share	<u>(0.032)</u>	<u>(0.015)</u>

The attached notes from 1 to 9 form part of these interim condensed financial statements and should be read with the review report

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Paid in capital	Accumulated losses	Total
	JD	JD	JD
For the three months ended 31 March 2019			
Balance at the beginning of the period	10,000,000	(1,073,427)	8,926,573
Total comprehensive income for the period	-	(321,791)	(321,791)
Balance at the end of the period	<u>10,000,000</u>	<u>(1,395,218)</u>	<u>8,604,782</u>
For the three months ended 31 March 2018			
Balance at the beginning of the period	10,000,000	(244,712)	9,755,288
Total comprehensive income for the period	-	(151,038)	(151,038)
Balance at the end of the period	<u>10,000,000</u>	<u>(395,750)</u>	<u>9,604,250</u>

The attached notes from 1 to 9 form part of these Interim condensed financial statements and should be read with the review report

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Notes	For the three months ended 31	
		March	
		2019	2018
		JD	JD
<u>Operating Activities</u>			
Loss for the period		(321,791)	(151,038)
Adjustment for:			
Depreciation and amortization		120,381	72,931
Bank interest and commissions		2,193	1,558
Working capital changes:			
Trade receivables and other current assets		(188,608)	92,990
Due from related parties		-	(120,840)
Inventory		458,666	(403,210)
Due to related parties		(28,204)	593,874
Accounts payable and other current liabilities		(581,716)	465,485
Net cash flows (used in) from operating activities		(539,079)	551,750
<u>Investing Activities</u>			
Purchase of property and equipment	3	(29,324)	(156,202)
Projects under construction	4	(1,011,442)	(721,448)
Net cash flows used in investing activities		(1,040,766)	(877,650)
<u>Financing Activities</u>			
Loans		(127,551)	(115,974)
Paid Bank interest and commissions		(2,193)	(1,558)
Due to related parties		1,705,863	-
Net cash flows from (used in) financing activities		1,576,119	(117,532)
Net decrease in cash and cash equivalents		(3,726)	(443,432)
Cash and cash equivalents at the beginning of the period		17,858	495,475
Cash and cash equivalents at the end of the period		14,132	52,043

The attached notes from 1 to 9 form part of these interim condensed financial statements and should be read with the review report

**JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)**

(1) General

Jordan Magnesia Company ("the Company") is a Jordanian public shareholding Company established on 13 May 1997 under the commercial registration number (330), the Company's authorized and paid share capital is JD 10,000,000 divided to 10,000,000 shares at par value of JD 1.

The Council of ministers decided in its session held on 29 August 2000 The approval of the Company's agreement with the Free Zones Corporation, in which the Company was adopted as a private industrial free zone have all exemptions and facilities in accordance with the free zones law and regulations and instructions issued there under.

The Company's main activity is to establish industries for the production of magnesium oxide and its by-products and derivatives, using the solutions from the Dead Sea and lime stone from the Qatrane mine. Magnesium oxide products are introduced in the manufacture of thermal bricks, plastics, medical, chemical and other industries.

The interim condensed financial statements were approved by the Board of Directors and authorized for the three months ended 31 March 2019 for issuance on 29 April 2019.

(2) Basis of Preparation and accounting policies

(2-1) Basis of Preparation

The interim condensed financial statements for the period ended 31 March 2019 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim condensed financial statements do not include all information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and should be read with the Company annual report as at 31 December 2018. In addition, the results of the company's operations for the three months ended 31 March 2019 do not necessarily represents indications for the expected results for the year ending 31 December 2019.

(2-2) Changes in the accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

No impact on the statement of financial position as the Company holds short-term leases with a period of 12 Months or less or leases of low-value assets.

The Company recognized rent expense from short-term leases and low-value leases of JD 12,188 for the three months ended 31 March 2019 (31 March 2018: JD 32,285).

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 1 January 2019, but certain transition reliefs are available.

These amendments do not have any impact on the Company's interim condensed financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Company's interim condensed financial statements.

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 recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments do not have any impact on the Company's interim condensed financial statements.

Amendments to IAS 28: Long-term Interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net

investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments do not have any impact on the Company's interim condensed financial statements.

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)

(3) Property and Equipment

During the three months ended 31 March 2019, the Company acquired property and equipment with a cost of JD 29,324 (31 March 2018: JD 156,202).

(4) Projects Under Construction

The additions on the projects under construction (Company's Factory) reached an amount of JD 1,011,442 for the three months ended 31 March 2019 (31 March 2018: JD 721,448). The estimated cost to complete the projects under construction is approximately JD 45 Million. The management expects to complete these projects under construction during the year 2021.

(5) Transactions with Related Parties

Transactions with related parties consist of transactions with companies that are commonly controlled by the Chairman of the Board of Directors and transactions with the Chairman of the Board of Directors and its associates. The policies and conditions relating to the transactions with related parties are approved by the Company's Board of Directors.

The following is a summary of balances with related parties presented in the interim condensed statement of financial position:

Due from related parties:

	31 March 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
AL-Bunyan For Marble and Granite Co. (sister company)	4,750	4750
United Iron and Steel Manufacturing Co. (sister company)	4,158	4,158
	<u>8,908</u>	<u>8,908</u>

JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
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31 MARCH 2019 (UNAUDITED)

Due to related parties:

	<u>31 March 2019</u>	<u>31 December 2018</u>
	JD	JD
	(Unaudited)	(Audited)
Al-Manaseer Group for Industrial and Commercial Investments (parent company)	15,812,763	14,106,900
Jordan Modern for Information Technology Co. (sister company)	147,066	146,808
Jordan Modern Ready Mix Concrete Co. (sister company)	14,527	13,027
Jordan Modern International Trade Co. (sister company)	10,134	9,587
Jordan Modern for Oil and Fuel Services Co. (sister company)	1,335,131	1,317,490
Jordan Modern Food industries Co. (sister company)	1,310	1,241
Al-Manaseer industrial complex Co. (sister company)	142,535	156,201
Developed Crushes Co. (sister company)	79,830	84,196
Advanced Transport And Land Shipping Services Co. (sister company)	151,903	187,659
Jordan Modern for Mining Co. (sister company)	37,407	37,407
Arab Towers Contractors Co. (sister company)	307,728	307,728
Al Bunyan for Cement and Concrete products manufacturing Co. (sister company)	823	823
Vision for Maintenance and Spare Parts Co. (sister company)	20,045	18,934
AL-Adyat Al Sareeah for Equipment Trade Co. (sister company)	112,102	111,513
Mediterranean and gulf insurance Co. (sister company)	186,204	182,462
Manaseer for Trade Services Co. (sister company)	226	99
	<u>18,359,734</u>	<u>16,682,075</u>

The following is a summary of the transactions with related parties presented in the interim condensed statement of comprehensive income:

	<u>31 March 2019</u>	<u>31 March 2018</u>
	JD	JD
	(Unaudited)	(Unaudited)
Sales (sisters companies)	<u>4,366</u>	<u>3,360</u>
Purchases (sisters companies)	<u>29,567</u>	<u>55,500</u>

**JORDAN MAGNESIA COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)**

Compensation of key management personnel

The following is a summary of the benefits (salaries and other benefits) of key management:

	31 March 2019	31 March 2018
	JD (Unaudited)	JD (Unaudited)
Salaries and other benefits	<u>30,000</u>	<u>36,000</u>

(6) Loans

	31 March 2019		31 December 2018	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
Jordan Commercial Bank	795,469	6,064,463	2,187,510	4,666,656
Egyptian Arab Land Bank	-	535,765	669,082	-
	<u>795,469</u>	<u>6,600,228</u>	<u>2,856,592</u>	<u>4,666,656</u>

Jordan Commercial Bank

The Company has obtained a loan from Jordan Commercial Bank amounting to JD 7,000,000 with an annual interest rate of 9%. The loan is repayable in 60 monthly installments amounting to JD 143,220 each.

Egyptian Arab Land Bank

The Company has obtained a loan from Egyptian Arab Land Bank amounting to JD 1,500,000 with an interest rate of 9% and with a grace period of 9 months. The loan has been rescheduled during 2019, the outstanding balance of JD 535,765 will be repaid in 4 monthly installments amounting to JD 144,016 each.

The Company had acquired these loans with the personal guarantee of Eng. Ziad Khalaf Mohammad Al-Manaseer and Al-Manaseer Group for Industrial and Commercial Investments (the parent company).

(7) Contingent Liabilities

Bank guarantee-

At 31 March 2019, the Company had letters of guarantee amounting to JD 242,016 (31 December 2018: JD 242,016).

Claims against and by the Company-

At 31 March 2019, there are no claims raised against and by the Company.

JORDAN MAGNESIA COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)

(8) Income Tax

No income tax provision was calculated for the Company for three-month period ended 31 March 2019 and 2018 due to the excess of deduction expenses over taxable income, in accordance with Income Tax Law No. (38) of 2018 and Income Tax Law No. (34) of 2014, respectively.

The Company has reached a final settlement with the Income and Sales Tax department up to the year 2016. The Company filed its tax returns for the years 2018 and 2017. The Income and Sales Tax Department has not reviewed the Company's accounting records up to the date of these interim condensed financial statements.

(9) Comparative Figures

Some of the comparative figures for the period ended 31 March 2018 have been reclassified to correspond with 31 March 2019 presentation with no effect on equity or loss for the period ended 31 March 2018.