

**JORDAN MAGNESIA COMPANY Ltd (FREE
ZONE)
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the Board of directors member
Jordan Magnesia Company Ltd (Free Zone)
(Public Shareholding Company)

Report on auditing the Financial Statements

We have audited the accompanying financial statements of Jordan Magnesia Company Ltd (Free Zone) (P.L.C), which comprise of the statement of financial position as of December 31, 2021, and the statements of comprehensive income, statement of shareholders equity and statement of cash flows, for the year then ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Jordan Magnesia Company Ltd. (Free Zone) (P.L.C), as of December 31, 2021, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent from the Company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Emphasizing paragraph

Without Modification in our opinion:

1- As indicated in Note No. (5) On the financial statements, the cost of the projects under construction of (the Magnesia Factory) is estimated at about 53,233,000 JD, and therefore the company needs about 13,500,000 JD to complete these projects to start production and actual sale. The company's management didn't prepare a future funding plan to obtain the necessary financing in order to complete the projects under construction and operate the (Magnesia Factory), in addition to that the company suffers from a deficit in its liquidity and therefore fulfilling its obligations in the short term as indicated in paragraph (2) below. Also, the company's management did not prepare the necessary economic feasibility studies to indicate whether there is a future economic feasibility of the products of the magnesia factory, and therefore we are in a state of uncertainty as to whether or not there is an impairment in the projects under construction (the magnesia factory) amounting to 39,737,524 JD.

2- The company's current liabilities exceeded its current assets (Deficit in working capital) by an amount of 24,842,299 JD as of December 31, 2021, noting that the current liabilities include an amount of 24,078,194 JD belonging to a group Manaseer Industrial and Commercial Investments (the parent company). The deficit in the company's working capital as of December 31, 2021, is considered a deficit in the company's ability to fulfill its obligations in the ordinary course of business. However, the parent company has entered to provide the necessary financing for the company to fulfill that obligation.

3- As indicated in Note No. (16) on the financial statements, there is a claim from the Income and Sales Tax Department in the amount of 11,199,657 JD for the 2017 income tax, where the company filed a case to refuse the claim with the Income and Sales Tax Department and the case is still pending with the Tax Court till the issuance of the audit report.

Key audit matters

Key audit matters, according to our professional judgment, are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Key auditing matters	The following is a description of our auditing procedures
<p>Capitalization of construction under process The drawing of projects under implementation constitutes a large part of the company's assets, as the company is renovating a factory with an estimated expenditure of 53.3 million dinars.</p> <p>The total expenses that were capitalized amounted to 39,8 million dinars as of December 31, 2021.</p> <p>The construction under process policy and other policies noted in note no (3).</p>	<p>Capitalization of construction under process Audit procedures for this matter include studying the company's internal control system related to the approval and timing of recognition of capital expenditures. Our procedures also included studying a sample of those expenses and their compatibility with the requirements of the International Accounting Standard for the capitalization of those expenses with their conformity with the supporting evidence.</p> <p>The clarifications related to projects under implementation appear in Note No. (5).</p>

Other information

The management is responsible for other information which includes other information reported in the annual report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on financial statements Jordan Magnesia Company Ltd (Free Zone) for the year ended December 31, 2021 we are obliged to review these other information, and while that, we consider the compatibility of these information with their financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the financial statements

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

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements 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, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

As part of an audit in accordance with The 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Jordan Magnesia Company Ltd (Free Zone) maintains the appropriate accounting records, the accompanying financial statements for the year ended December 31, 2021 and the financial statements in the report of the Board of Directors in accordance with the correct accounts records, and recommends that the General Assembly approve them.

Modern Accountants

Walid M. Taha
License No.(703)

Modern Accountants



الحسابيون العصريون

Amman - Jordan
March 17, 2023

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Note	2021	2020
ASSETS			
Non-current assets			
Property and equipment	4	768,231	1,153,248
Construction under process	5	39,737,524	39,751,476
Intangible assets	6	3	3
Total non-current assets		40,505,758	40,904,727
Current assets			
Prepaid expenses and other receivables	7	1,308,609	2,005,009
Due from related parties	10	858,860	-
Inventories and spare parts	8	3,341,655	3,591,080
Cash and cash equivalents	9	7,153	8,545
Total current assets		5,516,277	5,604,634
TOTAL ASSETS		46,022,035	46,509,361
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1	10,000,000	10,000,000
Accumulated losses		(5,980,727)	(3,893,319)
Total shareholders' equity		4,019,273	6,106,681
Non-current liabilities			
Long-term loans	11	11,279,693	9,877,756
Long-term deferred checks		364,493	209,652
Total non-current liabilities		11,644,186	10,087,408
Current liabilities			
Accrued expenses and other payables	12	2,877,684	3,276,886
Due to related parties	10	27,055,501	25,656,638
Current portion from long-term loans	11	425,391	1,381,748
Total current liabilities		30,358,576	30,315,272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		46,022,035	46,509,361

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Note	2021	2020
Sales		838,691	151,378
Cost of sales		(1,517,420)	(232,359)
Gross loss		(678,729)	(80,981)
General and administrative expenses	13	(412,899)	(609,585)
Marketing expenses		(554)	(1,989)
Depreciation and amortization		(342,480)	(485,588)
Financial charges		(718,493)	(16,465)
Other revenues and expenses		65,747	17,832
Loss for the year		(2,087,408)	(1,176,776)
Other comprehensive income			
Total comprehensive income		(2,087,408)	(1,176,776)
Loss per share:			
Loss per share - JD / share		(0,21)	(0,12)
Weighted average of outstanding share		10,000,000	10,000,000

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Accumulated losses	Total
Balance at January 31, 2020	10,000,000	(2,716,543)	7,283,457
Comprehensive income for the year	-	(1,176,776)	(1,176,776)
Balance at December 31, 2020	10,000,000	(3,893,319)	6,106,681
Comprehensive income for the year	-	(2,087,408)	(2,087,408)
Balance at December 31, 2021	10,000,000	(5,980,727)	4,019,273

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

	2021	2020
OPERATING ACTIVITIES		
Loss for the year	(2,087,408)	(1,176,776)
Adjustments for loss of the year:		
Depreciation and amortization	342,480	485,588
Loss from sale property and equipment		2,111
Financial charges	718,493	16,465
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	696,400	(1,335,819)
Inventories and spare parts	249,425	(42,927)
Accrued expenses and other payables	(244,361)	1,368,550
Due from related parties	(858,860)	6,150
Due to related parties	(753,717)	910,370
Net cash (used in) / available from operating activities	(1,937,548)	233,712
INVESTING ACTIVITIES		
Change in property and equipment	42,537	(61,035)
Proceeds from sale of property and equipment	-	13,249
Construction under process	13,952	(3,101,968)
Net cash available from / (used in) investing activities	56,489	(3,149,754)
FINANCING ACTIVITIES		
Loans	445,580	1,041,674
Due to related party (parent company)	2,152,580	1,879,185
Paid Financial charges	(718,493)	(16,465)
Net cash available from financing activities	1,879,667	2,904,394
Net change in cash and cash equivalents	(1,392)	(11,648)
Cash and cash equivalents, January 1	8,545	20,193
CASH AND CASH EQUIVALENTS, DECEMBER 31	7,153	8,545

The accompanying notes are an integral part of these financial statements

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Jordan Magnesia Company Ltd. (Free Zone) ("the Company") is a Jordanian public shareholding Company registered on May13, 1997 under the commercial registration number (330) at the company's controller, the Company's authorized and paid share capital is 10,000,000 JD divided to 10,000,000 share with a nominal value of one JD per share.

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

The main activity of the Company 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 Qatranah mine.

Magnesium oxide products are entered in the manufacture of thermal bricks, plastics, medical, chemical and other industries.

The Company's Headquarter is in Amman.

2. NEW AND AMENDED IFRS STANDARDS

New and revised standards and interpretations

IFRS (17) "Insurance Contracts"
(Including the June 2020 amendments to IFRS (17))

Amendments to IFRS 10 and IAS 28: Sale or Sharing of Assets between an Investor and his Associate or Joint Venture

Amendments to International Accounting Standard No. (1) Classification of Obligations as Current or Non-Current

Amendments to International Financial Reporting Standard No. (3) a reference to the framework of concepts

Amendments to International Accounting Standard No. (16) Property, Plant and Equipment - Proceeds before intended use

The following new and revised Standards and Interpretations are not yet effective

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless it is impractical, in which case the modified retrospective approach or the fair value approach is applied.

The effective date has not yet been set.
Early application is allowed

The amendments apply retroactively to annual periods beginning on or after January 1, 2022, with early application permitted

The amendments apply to business combinations that have an acquisition date on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if the entity applies all other updated references.

January 1, 2022, with early application, permitted

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Amendments to International Accounting Standard No. (37) Encumbered Contracts - Cost of Contract Fulfillment	January 1, 2022, with early application, permitted
Annual Improvements to International Financial Reporting Standards 2018-2020	January 1, 2022, with early application, permitted
International Financial Reporting Standard No. (1) – Implementation of International Financial Reporting Standards for the first time	January 1, 2022, with the early application, permitted
IFRS 9 Financial Instruments	There is no set effective date
International Financial Reporting Standard No. (16) Lease Contracts	January 1, 2022, with the early application, permitted
International Accounting Standard No. (41) Agriculture	January 1, 2023, with the early application, permitted and applied retrospectively. The practice statement 2 amendments to IFRS do not contain an effective date or transitional requirements.
Amendments to International Accounting Standard No. (1) Presentation of Financial Statements and Statement of Practice for International Financial Reporting Standards(2) Issuance of Relative Judgments, Disclosure of Accounting Policies	January 1, 2023, early application allowed
Amendments to International Accounting Standard No. (8) – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	January 1, 2023, early application allowed
Amendments to IAS No. (12) Taxes - Deferred taxes relating to assets and liabilities arising from a single transaction	January 1, 2023, early application allowed

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements

The financial statements have been prepared in accordance with International financial reporting Standards.

The Basis of preparation the financial statements

The financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

The financial statements have been prepared on historical cost basic, however financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Property and equipment

Property and equipment are stated at cost after deducting accumulated depreciation. Expenditure on maintenance and repairs is expensed while expenditures for developments are capitalized. The acquisition price of assets includes cost of loans taken to finance preparing equipment's and providing necessary improvements to make them ready for use. Depreciation is allocated over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Building	2%
Vehicles	15%
Furniture and fixture	20%
Computers	33.33%
Tools and devices	20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property, plant and equipment.

Impairment test is performed to the value of the property, plant and equipment that appears in the Statement of Financial Position when any events or changes in circumstances shows that this value is non-recoverable. In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets.

At any subsequent disposal of property and equipment, the resulting gain or loss, which is the difference between the net disposal proceeds and the carrying amount of the property and equipment in the statement of financial position, is recognized in profit or loss.

Projects under construction

Projects under construction are stated at cost, and when it's ready, its transferred to the appropriate classification under the property, plant and equipment.

Intangible assets

Intangible assets are shown at cost after deducting the accumulated amortization. Intangible assets are represented by a computer systems license for the company's activities. Intangible assets are amortized over a period of five years.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Account receivables

Receivables are stated at their net recoverable amount, and a provision for impairment of receivables is made based on a full review of all balances at the end of the year, and the outstanding debts are written off in the period in which they are identified.

Inventories and Spare parts

Inventories are stated at cost or net realizable value whichever is lower. The net realizable value represents the selling price less any cost to sell. The used method in the valuation of the inventory is the weighted average method.

Cash and cash equivalents

Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Loans

recognized at fair value, less direct costs relating to the loans, and are subsequently recorded at amortized cost using the effective interest method.

Interests on long-term loans are recorded during the year in which they are due, while interest on long-term loans to finance projects under implementation are capitalized as part of the expenses of these projects.

Financing costs

The costs of financing lands and construction under process are recorded as part of the under-construction process expenses until the completion of the construction process or the cessation of its implementation.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

Provisions

The provision had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment considers accepted and it has ability to estimate it reliably.

The provision had been measured according the best expectations of the required alternative to meet the obligation as of the statement of financial position date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Revenue recognition

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several standards and Interpretation within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Other revenue is recognized on the accrual basis.

Expenses

General and administrative expenses include both direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Expenses are recognized on an accrual basis.

Income tax

Taxes are calculated according to the tax rates established in accordance with the income tax laws in force in the Hashemite Kingdom of Jordan.

Deferred taxes are taxes that are expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated. Deferred taxes are calculated using the statement of financial position liability method. Deferred taxes are calculated according to the tax rates that are expected to be applied when settling the tax liability or realizing the deferred tax assets.

The balance of deferred tax assets is reviewed on the date of the financial statements and is reduced in the event that it is expected that it is not possible to benefit from those tax assets partially or completely.

Foreign currency translation

Transactions in foreign currency are translated into JD at prevailing rates at the time of the transaction and declared by the Central Bank. Transactions that occur during the year are translated using the average prevailing rates at the date of the transactions and the assessment differences are taken to the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, and when intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

The Segment reporting

The business sector represents a group of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Impairment of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments not held at FVTPL. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to contractual terms (if any).

The Company's management calculates the provision based on its historical credit loss experience, adjusted for future factors specific to the debtors and the economic environment.

Impairment of non-financial assets

At the reporting date, the company assesses whether there is evidence that assets are impaired. If any indication exists, or when annual impairment testing is required, the Company makes an estimate of the asset's recoverable amount. An asset's collectible amount is the higher of the asset's fair value or cash-generating unit less costs to sell and its value in use and is determined for individual assets, unless the assets do not generate cash inflows that are largely independent of those from other assets or the assets of the Company. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value in use, the future cash flows are discounted to their current fair value using a pre-tax discount rate that reflects current market assessments of the time value. For money and risk specific assets In determining fair value less costs to sell, recent market transactions are taken into account if available. If it is not possible to identify such transactions, the appropriate valuation model is used. These calculations are corroborated by valuation multiples of traded subsidiaries' share prices or other available fair value indices.

Classification of trader vs. non-trader

The company presents assets and liabilities in the statement of financial position on the basis of current and non-current classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be achieved within twelve months after the reporting period
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A requirement is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- when it is due for payment within twelve months after the reporting period; And
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

Use estimates

Preparing the financial statements and applying accounting policies requires the company's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclose potential liabilities. These estimates and assumptions also affect revenues, expenses and provisions, and in particular requires the company's management to make important judgments and assumptions to estimate the amounts and times of future cash flows and their times resulting from the conditions and circumstances of those estimates in the future. The aforementioned estimates are necessarily based on assumptions and various factors that have varying degrees of estimation and uncertainty, and the actual results may differ from the estimates due to changes in the future in the conditions and circumstances of those provisions.

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

2021	Buildings	Vehicles	Furniture and fixture	Computers	Tools and devices	Total
Cost:						
Balance at January 1	20,637	1,285,678	267,366	393,557	596,030	2,563,268
Additions	-	-	-	-	-	-
Disposal	-	-	(57,320)	(12,967)	(67,511)	(137,798)
Balance at December 31	20,637	1,285,678	210,046	380,590	528,519	2,425,470
Depreciation:						
Balance at January 1	2,596	546,824	143,427	387,661	329,512	1,410,020
Depreciation	825	180,167	47,453	4,911	109,124	342,480
Disposal	-	-	(40,726)	(12,952)	(41,583)	(95,261)
Balance at December 31	3,421	726,991	150,154	379,620	397,053	1,657,239
Net book value December 31	17,216	558,687	59,892	970	131,466	768,231

JORDAN MAGNESIA COMPANY Ltd (FREE ZONE)
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(EXPRESSED IN JORDANIAN DINAR)

2020	Buildings	Vehicles	Furniture and fixture	Computers	Tools and devices	Total
Cost :						
Balance at January 1	20,637	1,278,709	294,977	394,260	596,030	2,584,613
Additions	-	54,706	6,178	151	-	61,035
Disposal	-	(47,737)	(33,789)	(854)	-	(82,380)
Balance at December 31	20,637	1,285,678	267,366	393,557	596,030	2,563,268
Depreciation:						
Balance at January 1	1,771	417,200	105,719	275,353	210,277	1,010,320
Depreciation	825	177,359	56,235	113,066	119,235	466,720
Disposal	-	(47,735)	(18,527)	(758)	-	(67,020)
Balance at December 31	2,596	546,824	143,427	387,661	329,512	1,410,020
Net book value December 31	18,041	738,854	123,939	5,896	266,518	1,153,248

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5. CONSTRUCTION UNDER PROCESS

The details of the transactions on construction under process are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	39,751,476	36,649,507
Addition	-	3,101,969
Transfers	(13,952)	-
Ending balance	<u>39,737,524</u>	<u>39,751,476</u>

The cost of construction under process amount 53,233,000 JD and the Company expected to finish all project by later years.

6. INTANGIBLE ASSETS

The details of Intangible assets:

	<u>2021</u>	<u>2020</u>
Beginning balance January 1	74,350	74,350
Total amortization of intangible assets	(74,347)	(74,347)
Ending balance December 31	<u>3</u>	<u>3</u>

7. PREPAID EXPENSES AND OTHER RECEIVABLES

	<u>2021</u>	<u>2020</u>
Prepaid expenses	15,658	48,575
guarantee deposits	87,112	211,016
Refundable deposit	1,082,150	1,362,273
Sales tax deposit	-	15,529
Income tax refundable deposit	12,055	12,055
Employees receivables	14,839	23,215
Advanced payments to suppliers	95,986	307,483
Other	809	24,863
	<u>1,308,609</u>	<u>2,005,009</u>

8. INVENTORIES AND SPARE PARTS

	<u>2021</u>	<u>2020</u>
Raw materiel	665,078	664,029
Work in process	-	57,509
Finish goods	70,714	166,507
Spare parts	2,743,628	2,765,866
Goods custody provision	(74,934)	-
Slow moving inventory provision *	(62,831)	(62,831)
	<u>3,341,655</u>	<u>3,591,080</u>

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* The net transactions on the slow moving inventory provision are As follows:

	<u>2021</u>	<u>2020</u>
Beginning balance January 1	62,831	62,831
Addition	-	-
Bad debt expenses	-	-
Ending balance December 31	<u>62,831</u>	<u>62,831</u>

9. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Cash on hand	6,300	3,908
Cash at banks	853	4,637
	<u>7,153</u>	<u>8,545</u>

10. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist of transactions with companies that are jointly controlled by the Chairman of the Board of Directors and transactions with the Chairman of the Board of Directors and associates. The policies and conditions relating to transactions with the related parties are approved by the Company's management. The transactions with related parties other than the owner company or the chairman of the board of directors are transactions of a commercial nature. Transactions with the owner company or the chairman of the board of directors of the owning company are financing nature transactions.

The significant transactions with all related companies and the related amounts until December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Sales	838,691	19,206
Purchases	140,462	302,143

Due from related parties as at December 31, contains as the following:

	<u>2021</u>	<u>2020</u>
Advanced Transport and Land Shipping Services Company (Sister)	7,625	-
Manaseer Industrial Complex Company (Sister)	830,757	-
Developed Crushes Co (Sister)	20,478	-
	<u>858,860</u>	<u>-</u>

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Due to related parties as at December 31, contains as the following:

	2021	2020
Al-Manaseer Group for Industrial and Commercial Investments (Holding Company)	24,078,194	21,925,614
Jordan Modern for Information Technology Co (Sister)	219,119	212,910
Advanced Transport and Land Shipping Services Company (Sister)	-	42,670
Vision for Maintenance and Spare Parts (Sister)	27,503	27,503
Mediterranean and gulf insurance and Co (Sister)	247,054	330,900
Jordan Modern Ready Mix Concrete Co (Sister)	1,538	96,464
Jordan Modern for Oil and Fuel Services Co (Sister)	1,841,143	1,841,143
Developed Crushes Co (Sister)	-	54,780
Jordan modern advanced company for chemical industries (Sister)	10,000	-
United Iron and Steel Manufacturing Co (Sister)	25,562	19,926
Modern Mining Co (Sister)	-	37,407
Al Bunyan for Cement and Concrete products manufacturing Co (Sister)	3,769	980
Manaseer for Trade Services Co (Sister)	3,207	3,207
Jordan Modern International Trade Co (Sister)	-	1,074
Al-Manaseer industrial complex Co (Sister)	-	736,452
AL-Adyat Al Sareeah for Equipment Trade Co (Sister)	596,959	319,155
Jordan Modern Food industries Co (Sister)	6,453	6,453
	27,055,501	25,656,638

11. LOANS

1. Jordan Commercial Bank

The Company has obtained bank facilities during 2017 from Jordan Commercial Bank amounting to JD 7,000,000 with an annual interest rate 7.75% and without commission. The loan has been restructured in June 27, 2021 as the first installment was due after the restructuring in April 1, 2022 and the total of loan will be accrued in March 1, 2027. It is personally guaranteed by Eng. Ziad Khalaf Mohammad Al-Manaseer and Al-Manaseer Group for Industrial and Commercial Investments.

2. Jordan Commercial Bank

The Company has obtained bank facilities with diminishing loan during 2017 from Jordan Commercial Bank amounting to 3,414,000 JD with an annual interest rate 7.75% and without commission. The loan has been restructured in June 27, 2021 and the first installment was due in April 1, 2022 and the total of loan will be accrued in March 1, 2027. It is personally guaranteed by Eng. Ziad Khalaf Mohammad Al-Manaseer and Al-Manaseer Group for Industrial and Commercial Investments.

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3. Egyptian Arab Land Bank

During the year 2017, the company obtained a loan from the Egyptian Arab Land Bank in the amount of 1,500,000 JD, at an annual interest rate of 9%.and without commission, , the loan has been restructured in during 2021 as the first installment was due after the restructuring in June 30, 2022 , and the last installment is due on August 31, 2022. It is under the guarantee of Engineer Ziyad Khalaf Muhammad Al-Manaseer, Manaseer Group for Industrial and Commercial Investments.

Years	JD
2022	425,391
2023	416,947
2024	2,720,032
2025	3,461,230
2026	3,743,025
2027	938,459
	11,705,084

12. ACCRUED EXPENSES AND OTHER PAYABLES

	2021	2020
Other payable	1,254,601	1,004,724
Deferred cheques	667,659	1,246,114
Accrued expenses	506,139	1,006,007
Due to sales tax	99,900	-
Employees payables	349,385	20,041
	2,877,684	3,276,886

13. GENERAL AND ADMINSTRATIVE EXPENSES

	2021	2020
Salaries, wages and other benefits	271,090	423,742
Transportation	12,431	16,356
Rents	37,724	41,904
Professional fees	62,051	57,370
Governmental and subscription fees	9,773	12,035
Cars and oil expenses	5,641	6,456
Post , telegraph and telephone	157	8,980
Maintenance	1,971	3,833
Cleaning	233	2,055
Hospitality	2,582	3,207
Stationery and brochure	787	977
Electricity and water	209	8,161
Other	8,250	24,509
	412,899	609,585

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14. INCOME TAX

The company ended its tax return with the Income and Sales Tax Department until 2016. As for the year 2017, it is considered by the tax court of first instance and has not been decided upon until the date of preparing the company's financial statements, as the tax for the year 2018 was audited and finalized with the department. As for the years 2019 and 2020 The Company submitted a self-assessment statement to the department, and the department did not review the company's accounting records until the date of preparing the company's financial statements.

15. POTENTIAL LIABILITIES

At December 31, the company has the following contingencies:

	<u>2021</u>	<u>2020</u>
Bank guarantee	<u>149,515</u>	<u>292,016</u>

16. THE LEGAL STATUS OF THE COMPANY

Jordan Magnesia Company has filed a case to return a claim from the Income and Sales Tax Department with an amount of 11,199,657 JD for an income tax declaration for the year 2017, as the cases in the stage of the Primary Tax Court as of December 31, 2021.

17. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manage its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owners' equity balances. The Company's strategy doesn't change from 2019.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial and market risks.

Foreign Currencies Risks Management

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

Management of the interest price risks

Risk related to interest rate result mainly from borrowing money at varying (floating) interest rates and short term deposits at fixed interest rates. Interest rate risks for borrowed funds is managed effectively.

Sensitivity of the statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no contracts with any other parties so the Company doesn't expose to different types of the credit risks.

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Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling and monitoring the future cash flow that evaluated permanently and correspond the due dates of monetary assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has been prepared on the undiscounted cash flows to the financial liabilities according to the early due dates that may require from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

<u>December 31, 2021</u>	<u>Year or less</u>	<u>More than one year</u>	<u>Total</u>
Instruments without interest	29,933,185	364,493	30,297,678
Instruments with interest	425,391	11,279,693	11,705,084
Total	30,358,576	11,644,186	42,002,762
December 31, 2020			
Instruments without interest	28,933,524	209,652	29,143,176
Instruments with interest	1,381,748	9,877,756	11,259,504
Total	30,315,272	10,087,408	40,402,680

18. THE IMPACT OF THE SPREAD OF CORONA VIRUS (COVID-19) ON THE COMPANY

The spread of the new Corona virus (Covid-19) occurred at the beginning of 2020 and its outbreak in several geographical regions around the world causing disruptions to economic activities and business. The company believes that this event does not affect any fundamental changes in the financial position of the company, and accordingly, the company does not expect material effects to occur on its operations in the Kingdom, which represent the total of its operations, in the event that things return to normal after the stage (Covid-19).

Management and those responsible for governance will continue to monitor the situation and provide stakeholders with developments as required by laws and regulations. In the event of any material changes in the current circumstances, additional disclosures will be provided or amendments will be approved in the Company's financial statements for subsequent periods.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for the year ended in December 31, 2021 for issuance on March 17, 2023 .

20. COMPARATIVE FIGURES

Certain figures for 2020 have been reclassified to complete 2021.