بورصة عمان
السيد عمر
السيدة رؤى
السيد عبدالله
٢/٢٩

الرقـم: ٦٥ / ٢٠١٨

التاريخ: ٢٨ / ٣ / ٢٠١٨

السادة هيئة الأوراق المالية المحترمين

الموضوع : البيانات المالية المنتهية في ٣١كانون اول ٢٠١٧

تحية واحتراما؛

تطبيقا لتعليمات الأفصاح الخاصة بالشركات المساهمة العامة

نرفق لكم طية البيانات المالية (ميزانية مدققة حسب الاصول) ونسخة اضافية على CD.

ونسخة من التقرير السنوي عن السنة المالية المنتهية في ٣١ كانون الأول ٢٠١٧

وسنزودكم بالتقرير السنوي المطبوع حال الحصول عليه من المطبعة.

واقبلوا وافر الاحترام،،،

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل ....٢٩٤٨....
الجهة المختصة ....

المدير العام

المهندس مصعب الزعبي

شركة الصناعات البتروكيماوية الوسيطة IPI

✓ نسخة : بورصة عمان

✓ نسخة : مركز ايداع الأوراق المالية

تلفون ٣٦٥٣٣٣٤ (٠٥)٩٦٢+ فاكس ٣٦٥٣٣٣٥(٠٥)٩٦٢+ ص.ب ٢٥٠٢ عمان ١١١٨١ الاردن
Tel : +962 (05)365334 Fax : +962 (05) 3653335 P.O.Box : 2502 Amman 11181 Jordan
E-mail : info@ipi.com.jo Website : www.ipi.com.jo

TÜV

INTERMEDIATE PETROCHEMICAL INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2017

CONTENTS

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 Auditors' Report

TO THE SHAREHOLDERS
INTERMEDIATE PETROCHEMICAL INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN, JORDAN

Opinion

We have audited the financials statements of Intermediate Petrochemical Industries Company, which comprise the statement of financial position as of 31 December 2017, the statement of income, the statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Intermediate Petrochemical Industries Company as of 31 December 2017, and its financial performance and its 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 Audit of the 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 company financial statements, and we have fulfilled our other ethical responsibilities.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Provision for Accounts Receivable

The provision for accounts receivable is considered a key audit matter for our audit. It requires the Company'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 604 588 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.

Valuation of inventories
The evaluation of inventories to net realizable value is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the comparing the recoverable amount of the inventories with the book value. The Company has large values of inventories which increases the risk of having impairment of these amounts the balance of inventories amounted to JD 4 451 792 as of 31 December, 2017. This requires making assumptions and using estimates to take the provision for the impairment in those inventories.

Scope of Audit to Address Risks
The followed audit procedures Included understanding inventories and testing evaluation of inventories to net realizable value. As such, we have studied and understood the Company's adopted policy for pricing the inventories Comparison with historical cost.

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 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 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 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 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 company 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 company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company 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 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 financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan
27 March 2018

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

INTERMEDIATE PETROCHEMICAL INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

Assets	**Notes**	**2017 JD**	**2016 JD**
Current assets			
Cash and cash equivalents	3	153 008	19 593
Checks under collection		75 907	79 901
Accounts receivable	4	604 588	730 166
Inventory	5	4 451 792	3 360 253
Other debit balances	6	461 002	121 561
Total Current Assets		**5 746 297**	**4 311 474**
Non-current Assets			
Financial assets at fair value through comprehensive Income	7	21 810	21 487
Property, plant and equipment	8	6 301 818	6 773 895
Projects under constructions		223 038	41 607
Total Non-Current Assets		**6 546 666**	**6 836 989**
Total Assets		**12 292 963**	**11 148 463**
Owners' Equity and Liabilities			
Liabilities			
Current l liabilities			
Banks overdraft	9	4 946 984	3 580 052
Postdated checks		870	37 772
Accounts payable		90 362	181 278
Other Credit balances	10	470 577	232 760
Total liabilities		**5 508 793**	**4 031 862**
Owners' Equity	11		
Share capital		7 000 000	7 000 000
Statutory reserve		69 486	69 486
Voluntary reserve		1 009 940	1 009 940
Fair value reserve		(7 190)	(7 513)
Accumulated losses		(1 288 066)	(955 312)
Total Owners' Equity		**6 784 170**	**7 116 601**
Total Liabilities and Owners' Equity		**12 292 963**	**11 148 463**

The accompanying notes from 1 to 24 are part of these financial statements and should be read with them

INTERMEDIATE PETROCHEMICAL INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF INCOME
31 DECEMBER, 2017

	Notes	2017 JD	2016 JD
Sales	12	2 929 514	2 277 947
Cost of sales	13	(2 575 298)	(2 037 879)
Gross profit		**354 216**	**240 068**
Selling and distribution expenses	14	(80 041)	(56 466)
Administrative expenses	15	(367 625)	(336 644)
Financing expenses		(230 804)	(168 087)
Other revenues		288	10 261
Provision for doubtful accounts	4	(8 788)	(6 988)
Provision for slow-moving inventories	5	-	(41 307)
Loss for the year		**(332 754)**	**(359 163)**
Basic and diluted loss per share		**(0.048) JD**	**(0.051) JD**

The accompanying notes from 1 to 24 are part of these financial statements and should be read with them

	2017 JOD	2016 JOD
Loss for the year	(332 754)	(359 163)
Change in fair value of financial assets	323	105
Total comprehensive loss for the year	**(332 431)**	**(359 058)**

The accompanying notes from 1 to 24 are part of these financial statements and should be read with them

	Share capital JD	Statutory reserve JD	Voluntary reserve JD	Fair value reserve JD	Accumulated losses JD	Total JD
31 December 2015	**7 000 000**	**69 486**	**1 009 940**	**(7 618)**	**(596 149)**	**7 475 659**
Loss and comprehensive income for the year	-	-	-	105	(359 163)	(359 058)
31 December 2016	**7 000 000**	**69 486**	**1 009 940**	**(7 513)**	**(955 312)**	**7 116 601**
Loss and comprehensive income for the year	-	-	-	323	(332 754)	(332 431)
31 December 2017	**7 000 000**	**69 486**	**1 009 940**	**(7 190)**	**(1 288 066)**	**6 784 170**

The accompanying notes from 1 to 24 are part of these financial statements and should be read with them

INTERMEDIATE PETROCHEMICAL INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
31 DECEMBER, 2017

	Notes	2017 JOD	2016 JOD
Operating Activities			
Loss for the year		(332 754)	(359 163)
Adjustments:			
Depreciation	8	198 818	200 635
Financing expenses		230 804	168 087
Gain from sale of property, plant and equipment		-	(10 261)
Provision for doubtful accounts	4	8 788	6 988
Changes in operating assets and liabilities			
Checks under collection		3 994	187 566
Accounts receivable		116 790	(368 737)
Inventory		(1 091 539)	(250 816)
Other debit balances		(339 441)	(52 595)
Accounts payable		(90 916)	101 479
Other Credit balances		237 817	20 372
Net Cash used in Operating Activities		**(1 057 639)**	**(356 445)**
Investing activities			
Purchase of property, plant and equipment	8	(7 947)	(223 837)
Disposal and transfer of property, plant and equipment		118 773	11 000
Projects under constructions		(18 998)	123 507
Net Cash from (used in) investing activities		**91 828**	**(89 330)**
Financing activities			
Banks overdraft		1 366 932	562 741
Postdated checks		(36 902)	20 915
Paid financing expenses		(230 804)	(168 087)
Net Cash from financing activities		**1 099 226**	**415 569**
Net change in cash and cash equivalents		**133 415**	**(30 206)**
Cash and cash equivalents – beginning of the year	3	19 593	49 799
Cash and Cash Equivalents – ending of the Year	3	**153 008**	**19 593**

The accompanying notes from 1 to 24 are part of these financial statements and should be read with them

1) General

The company was registered in the Register of Public Shareholding Companies in the Ministry of Industry and Trade under No (421) on 28 April 1980

The accompanying financial statements were approved by the Board of Directors in its meeting on 27 March 2018 and are subject to the approval of the General Assembly of Shareholders.

2) Basis of Preparation

The accompanying financial statements of the Company 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 financial information was prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the financial information.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies adopted in the preparation of the financial information are consistent with those adopted for the year ended 31 December 2016 except for the effect of the adoption new standards and interpretations as Note (23A).

Segment reporting

Business segments represent distinguishable components of the Company 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.

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.

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 Company will not be able to recover whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it recognizes the collected amounts in other revenues in the 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

Inventories

Inventories are stated at the lower of cost or net realizable value
Inventories are stated at the lower of cost or net realizable value.

The costs incurred for each item of goods calculated as follows:
Raw materials and spare parts cost is determined by using the weighted average cost.
Finished goods, raw material cost and other indirect expense based on the manufacturing stage (production) by using the weighted average cost.
Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion.

Significant Accounting Policies;

Financial assets at fair value through other comprehensive Income

- These financial assets represent the investments in equity instruments held for the long term.
- These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the statement of income.
- No impairment testing is required for these assets.
- Dividends are recorded in the statement of income.

Property 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

	%
Buildings	2
Machines and equipment (subject to the plant utilized capacity)	2,275
Furniture	10
Devices	10
vehicles	15

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the statement of 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.

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.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Offsetting

Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the Company 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 Company has an obligation as of the date of the 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 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 statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the 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 Company records the accrued benefits which mature during the year after the date of the financial statements within current liabilities and records the accrued benefits which mature after one year of the date of the financial statements within non-current liabilities.

Revenue recognition and expenses realization

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the company.

Other income is realized and recognized on the accrual basis.

Dividends are recognized when the shareholders' right to receive payment is established.

Expenses are recognized on an accrual basis.

Income tax

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

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured

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) Cash and cash equivalents

	2017 JD	2016 JD
Cash on hand	771	1 394
Current accounts at banks	152 237	18 199
	153 008	**19 593**

4) Accounts receivable

	2017 JD	2016 JD
Trade receivable	1 065 858	1 192 073
Less: Provision for doubtful accounts	(502 252)	(493 464)
	563 606	**698 609**
Advance payments to suppliers	40 982	31 557
	604 588	**730 166**

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

	2017 JD	2016 JD
Balance at the beginning of the year	493 464	486 476
Provision for the year	8 788	6 988
Balance at ending of the year	**502 252**	**493 464**

5) Inventory

	2017 JD	2016 JD
Raw materials	2 579 579	2 051 311
Finished goods	1 441 709	942 613
Spare parts	340 694	333 612
Packing and wrapping materials	89 810	74 024
	4 451 792	**3 401 560**
Provision for slow-moving inventory	-	(41 307)
	4 451 792	**3 360 253**

The movement on a slow-moving inventory was as follow:	2017 JD	2016 JD
Balance at the beginning of the year	41 307	-
Provision for the year	-	41 307
Reversed from provision of slow-moving inventory	(41 307)	-
Balance at ending of the year	**-**	**41 307**

6) Other debit balances

	2017 JD	2016 JD
insurance claims	391 337	-
Accrued receivables	22 191	22 191
Cash margin	14 349	14 349
Refundable deposits	14 091	14 091
Income tax deposits	10 060	10 041
Prepaid expenses	5 225	8 726
Letters of credit	3 412	51 826
Other deposits	337	337
	461 002	**121 561**

7) Financial assets at fair value through comprehensive income

	2017 JD	2016 JD
Unquoted financial assets*	**21 810**	**21 487**

* Unquoted financial assets are recorded at cost due to the fact that market values of these financial assets are not obtainable and there is no other way for valuating these assets. The company management is not aware of any indications of impairment on these assets as at the date of financial statements.

8) Property, plant and equipment

	Lands JD	Buildings JD	*Machines & equipment JD	vehicles JD	Tools JD	Furniture JD	Scientific Library JD	Total JD
Cost								
31 December 2016	1 239 611	2 172 147	4 490 378	189 461	263 433	25 491	8 414	8 388 935
Additions	-	-	4 339	950	2 658	-	-	7 947
Disposals	-	(79 700)	(285 725)	-	-	-	-	(365 425)
31 December 2017	**1 239 611**	**2 092 447**	**4 208 992**	**190 411**	**266 091**	**25 491**	**8 414**	**8 031 457**
Accumulated depreciation								
31 December 2016	-	443 502	863 073	119 662	160 217	21 108	7 478	1 615 040
Depreciation	-	47 652	100 574	21 597	23 678	4 382	935	198 818
Disposals and transfer	-	(25 249)	(58 970)	-	-	-	-	(84 219)
31 December 2017	-	**465 905**	**904 677**	**141 259**	**183 895**	**25 490**	**8 413**	**1 729 639**
Book value								
31 December 2016	1 239 611	1 728 645	3 627 305	69 799	103 216	4 383	936	6 773 895
31 December 2017	**1 239 611**	**1 626 542**	**3 304 315**	**49 152**	**82 196**	**1**	**1**	**6 301 818**

*The factory's lands and buildings are mortgaged in favor the Housing Bank for Trade and Finance in return for the facilities granted to the Company.

9) Banks overdrafts

	Interest rate %	Ceiling facilities JD	2017 JD	2016 JD
Revolving loan	4.5	4 900 000	4 496 774	3 123 442
Bank overdraft	9	500 000	431 515	423 602
Checks under collection loan	9	800 000	-	8 596
SGBJ loan	7.25	-	18 695	24 412
			4 946 984	**3 580 052**

10) Other credit balances

	2017 JD	2016 JD
Outstanding payable	280 073	-
Shareholders deposits	94 766	95 572
Accrued expenses	42 806	37 953
Sales tax payable	32 300	58 369
Remunerations of Board of Directors	15 779	14 802
Social security payable	4 077	4 234
Others	776	330
Advance payments	-	21 500
	470 577	**232 760**

11) Equity

Capital

The authorized and share capital of the Company is JD divided into ٧ ٠٠٠ ٠٠٠ divided into ٧ ٠٠٠ ٠٠٠ 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 %20of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

12) Sales

The main activity of the Company is intermediate chemical industry. The table below summarizes the Company's sales by sector distribution:

	2017 JD	2016 JD
Local sales	1 390 258	2 020 805
Export sales	1 539 256	257 142
	2 929 514	**2 277 947**

13) Cost of sales

	2017 JD	2016 JD
Raw materials used in production	2 652 780	1 648 521
Packing and wrapping material	27 517	31 670
Manufacturing expenses (13/1)	239 805	239 681
Depreciation	154 292	155 853
Cost of goods manufactured	**3 074 394**	**2 075 725**
Finished goods at the beginning of the year	942 613	904 767
Finished goods at the end of the year	(1 441 709)	(942 613)
	2 575 298	**2 037 879**

(13/1) Manufacturing expenses

	2017 JD	2016 JD
Salaries and related benefits	135 361	140 157
Electricity and water	63 041	59 172
Fuel	10 765	12 241
Maintenance	10 592	8 131
Insurance	8 199	8 845
Vehicles	6 001	4 681
Hospitality and cleaning	4 176	3 927
Others	1 670	2 527
	239 805	**239 681**

14) Selling and distribution expenses

	2017 JD	2016 JD
Transport and Shipping	55 861	23 244
Salaries and related benefits	12 868	24 884
Electricity and water	2 891	2 727
Vehicles	2 727	2 492
sales commission	2 556	-
Others	1 615	2 679
Stamps and fees	1 523	440
	80 041	**56 466**

15) Administrative expenses

	2017 JD	2016 JD
Salaries and related benefits	185 609	185 584
Depreciation	44 526	44 784
Government fees	19 591	22 913
Board of Directors transportation allowance	15 779	14 802
Prior year income tax	19 500	935
Vehicles	14 404	8 362
Company's management Office	12 527	12 677
Professional fees	10 000	11 169
Electricity and water	8 695	8 212
Paid vacations	7 301	-
Telephone and postage	6 079	6 039
Maintenance	5 043	3 231
Bank commission	4 773	4 535
Penalties	3 471	285
Insurance	3 109	4 944
Stationary	2 177	1 226
Hospitality and cleaning	1 861	388
Shareholders Meeting	1 703	1 491
Others	967	4 424
Transportation	510	643
	367 625	**336 644**

16) 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 Company 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 Company 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 Company 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 is the risk that the other party will fail to meet its contractual obligations, causing losses to the company. Moreover, the company has a policy of dealing with creditworthy counterparties in order to mitigate the risk of financial losses arising from non-fulfillment of obligations. Where it establishes a credit ceiling for customers with continuous monitoring of outstanding receivables. The company also maintains balances and deposits with leading banking institutions.

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	152 237	18 199
Checks under collection	75 907	79 901
Accounts receivable	604 588	730 166
Other debit balances	455 777	112 835
	1 288 509	**941 101**

Liquidity Risk

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

The Company 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 Company reputation.

The following are the contracted maturities of financial liabilities:

	less than a year JD	Total JD
31 December 2017		
Banks overdraft	4 946 984	4 946 984
Postdated checks	870	870
Accounts payable	90 362	90 362
Other Credit balances	470 577	470 577
	5 508 793	**5 508 793**
31 December 2016		
Banks overdraft	3 580 052	3 580 052
Postdated checks	37 772	37 772
Accounts payable	181 278	181 278
Other Credit balances	232 760	232 760
	4 031 862	**4 031 862**

17) Fair value of financial instruments

Fair Value of Financial Instruments
Financial instruments comprise of financial assets and financial liabilities.
Financial assets consist of cash on hand and banks, checks under collection, accounts receivable, and some other debit balances and financial assets at fair value through comprehensive income. Financial liabilities consist of Postdate checks, accounts payable, and some other credit balances.
The fair values of financial instruments are not materially different from their carrying values.

18) Income tax

No income tax provision has been calculated for the year ended 31 December 2017 due to accumulated losses

The tax return for the year 2016 has been submitted, however, the return has not been reviewed by the Income and Sales Tax Department until the date of these financial statements.

The Income and Sales Tax Department accepted the tax returns for the years 2015.

The Income and Sales Tax Department accepted the tax returns for the years 2014, 2013 and 2012 according to the sampling system.

The company has reached to a final settlement with the income and sales tax department for the year 2011.

The Company submitted the tax returns for the years 2010, 2009, and 2008, the Income and Sales Tax Department reviewed the Company's records. The review resulted in tax differences of approximately JD 163 440. Consequently, the Company filed a lawsuit objecting to the review, which is still pending based on the expert's report. The opinion of the Company's tax consultant, Therefore, the Company will not have further liabilities toward the Income and Sales Tax Department, and no additional provisions are required.

The Company submitted the tax returns for the year 2007, the Income and Sales Tax Department was accepted the losses amounted to JD 42 778 from total accumulated losses amounted to JD 377 815. Consequently, the Company filed a lawsuit objecting to the review, in this respect, the Income and Sales Tax Department appointed an expert they submitted the report accepted the losses amounted to JD 310 071 from total accumulated losses.

The Company has reached final settlement with the Income and Sales Tax Department up to the end of the year 2006.

19) Contingent liabilities

As of the date of the financial statements, the company is contingently liable in accordance with a bank guarantee amounting to JD 67 310 as of 31 December 2017

20) Related parties' transactions

Related parties represent major shareholders, directors and key management personnel of the company, and entities controlled or significantly influenced by such parties.

Compensation of key management personnel

The salaries and other benefits of the Board of Directors and executive management amounted to
JD 131 129 as of 31 December 2017 (JD 127 200 as of 31 December 2016).

21) Capital management

The primary objective of the Company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.
The Company 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 2016 and 2015.
Capital comprise of share capital, statutory reserve, voluntary reserve and Fair value reserve of financial assets and accumulated losses and is measured as of 31 December 2017 JD 6 784 170 (JD 7 116 601 as of 31 December 2016).

22) Fair Value Levels

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
2017				
Financial assets at fair value	**-**	**21 810**	**-**	**21 810**
2016				
Financial assets at fair value	**-**	**21 487**	**-**	**21 487**

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

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

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual 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 Company's 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 Company's 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 Company's financial statements are disclosed below. The Company 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 amortised 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 analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised 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 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 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.

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 Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's 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 Company's financial statements in respect of its leases.

24) Comparative Figures

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