



مجلس شورى
الاداريه والخاصه
العامه

٢٩ قمر ٢٠٢٠

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الرقم التسلسلي:

بقیم المسقف:

الجهة المختصة:

Intermediate Petrochemical Industries Co.

" Public Shareholding Company"

Zarqa - The Hashemite Kingdom of Jordan

Interim Condensed Financial Statements

&Independent Auditor's Report As at June 30, 2020

Intermediate Petrochemical Industries Co.

" Public Shareholding Company"

Zarqa - The Hashemite Kingdom of Jordan

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Amman, on: 18/07/2020

No.: 60009/2020/396

To The Shareholders
Intermediate Petrochemical Industries Company
Public Shareholding Company
Zarqa – Jordan

Introduction

We have reviewed the accompanying interim condensed financial statements **Intermediate Petrochemical Industries Company" Public shareholding limited Co "**, comprising the Interim condensed financial position as at 30 June 2020 and the related Interim condensed statement of comprehensive income, the Interim condensed statement of the changes in shareholders' equity and the Interim condensed statement of cash flows for the period then ended.

Management is responsible of the preparation and presentation of this interim financial statements in accordance with international financial reporting standard (IAS 34) interim financial reporting. Our responsibility is to express a conclusion on this interim condensed financial statement based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements (2410) "review of interim financial information performed by the independent auditor of the entity." a review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis clause on the effect of COVID-19 epidemic COVID-19)

- A reference to note No. (2) in the financial statements (after the outbreak of the COVID-19 virus) The outbreak of the COVID-19 around the world has had a severe impact on the global economy, and it is expected that it will have a significant impact on the local economy as well due to the various measures taken to contain the spread of the virus, including travel bans, quarantine and social distance, and the closure of non-essential services and social services, and this has caused major hindrance to businesses around the world resulting in an economic slowdown. These conditions may compel the company to suspend or limit operations for long periods of time or unlimited time.

- The management has determined that these events are one of the subsequent events that are not required to amend the financial statements. Accordingly, the financial statements for the year ended December 31, 2019 were not modified to reflect the effect of the virus outbreak.

- Also, the impact of these conditions cannot be estimated reliably on the financial position and results of the company for future periods, and accordingly the management of the company decided to present financial statements according to the continuity principle.

Conclusion

Based on our review and except the effect of what mentioned in basis of qualified opinion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with international financial reporting standard (IAS 34) interim financial reporting

Other Information

- The Company's financial year ends on December 31 of each year and the accompanying interim condensed financial statements are prepared for management purposes and the requirements of the Securities Commission

The Scientific Office for Auditing,
Accounting and Consulting

Jamal Mohammad Kalah
License No. "285"



Scientific Office
for Auditing, Accounting
& Consulting
Public Accountants

Amman - Jordan

Intermediate Petrochemical Industries Co.

Public Shareholding Co.

Zarqa - The Hashemite Kingdom of Jordan

The Interim condensed financial position as at 30 June 2020

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
<u>Assets</u>	<u>JD</u>	<u>JD</u>
<u>Current Assets</u>		
Cash on hand and at banks	25,462	31,084
Checks under collection	488,098	500,836
Accounts receivable	304,251	575,317
Inventory	1,286,529	1,024,354
Other current assets	46,895	65,381
Total Current Assets	2,151,235	2,196,972
<u>Non-current Assets</u>		
Financial assets at fair value through comprehensive income	21,475	21,302
Property, plant and equipment-net	5,294,537	5,493,241
Total Non-current Assets	5,316,012	5,514,543
Total Assets	7,467,247	7,711,515
<u>Liabilities and Shareholders' Equity</u>		
<u>Shareholders' Equity</u>		
Capital	7,000,000	7,000,000
Fair value reserve	(7,525)	(7,698)
Retained Losses	(4,307,112)	(4,055,387)
Net Shareholders' Equity	2,685,363	2,936,915
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Current portion of long term loans	1,486,577	1,153,189
Bank overdraft	389,187	488,956
Accounts payable	223,829	199,462
Other current liabilities	251,005	176,243
Total Current Liabilities	2,350,598	2,017,850
<u>Long Term Liabilities</u>		
Long term loans	2,431,286	2,756,750
Total Long Term Liabilities	2,431,286	2,756,750
Total Liabilities	4,781,884	4,774,600
Total Liabilities and Shareholders' Equity	7,467,247	7,711,515

The accompanying notes constitute an integral part of this statement

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Intermediate Petrochemical Industries Co.

Public Shareholding Co.

Zarqa - The Hashemite Kingdom of Jordan

The Interim condensed statement of comprehensive income for the period ended at 30 June 2020

	<u>Six-months ended at 30 June</u>		<u>Three-months ended at 30 June</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Local sales	956,828	667,046	453,982	292,077
Export sales	285,434	862,826	119,564	240,649
Total Sales	1,242,262	1,529,872	573,546	532,726
Cost of sales	(1,240,605)	(1,794,325)	(575,661)	(609,644)
Gross profit (loss)	1,657	(264,453)	(2,115)	(76,918)
Inactive factories depreciation expenses	(20,440)	(45,672)	(10,220)	(22,836)
Sales and distribution expenses	(33,900)	(44,257)	(17,286)	(13,185)
General and Administrative expenses	(128,831)	(188,746)	(64,412)	(81,116)
Financing expenses	(113,359)	(136,669)	(54,884)	(68,208)
Gain on sale of property and equipment	-	1,150	-	-
Other revenues	-	937	-	-
Provisions no longer required	43,148	-	1,330	-
Period Losses Before Tax	(251,725)	(677,710)	(147,587)	(262,263)
Income tax	-	-	-	-
Period Losses After Tax	(251,725)	(677,710)	(147,587)	(262,263)
<u>Other Comprehensive Income</u>				
Fair value reserve for financial assets	173	(508)	-	-
Total Comprehensive Income of the Period	(251,552)	(678,218)	(147,587)	(262,263)
Basic and Diluted Earnings Per Share	(0.036)	(0.097)	(0.021)	(0.037)

The accompanying notes constitute an integral part of this statement

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Intermediate Petrochemical Industries Co.

Public Shareholding Co.

Zarqa - The Hashemite Kingdom of Jordan

The Interim condensed statement of the changes in shareholders' equity for the period ended at 30 June 2020

	Share Capital	Statutory reserve	Voluntary reserve	Fair value reserve	Accumulated losses	Total
	ID	ID	ID	ID	ID	ID
<u>Balance at 31/12/2018</u>	7,000,000	69,486	1,009,940	(7,190)	(3,988,726)	4,083,510
Losses of the year before tax	-	-	-	-	(1,146,087)	(1,146,087)
Amortization of retained losses	-	(69,486)	(1,009,940)	-	1,079,426	-
Change in fair value	-	-	-	(508)	-	(508)
<u>Balance at 31/12/2019</u>	7,000,000	-	-	(7,698)	(4,055,387)	2,936,915
Period losses	-	-	-	-	(251,725)	(251,725)
Change in fair value	-	-	-	173	-	173
<u>Balance at 30/06/2020</u>	7,000,000	-	-	(7,525)	(4,307,112)	2,685,363

The accompanying notes constitute an integral part of this statement

Intermediate Petrochemical Industries Co.

Public Shareholding Co.

Zarqa - The Hashemite Kingdom of Jordan

The Interim condensed statement of cash flows for the period ended at 30 June 2020

	<u>30-Jun-20</u> <u>JD</u>	<u>30-Jun-19</u> <u>JD</u>
<u>Cash flows from operational activities</u>		
Period losses	(251,725)	(677,710)
<u>Add non cash items</u>		
Properties and equipment derpeccation	203,623	198,177
Financing expenses	113,359	136,669
Gain on sale of property and equipment	-	(1,150)
Operational profit (losses)	65,257	(344,014)
<u>Changes in the working capital items</u>		
Checks under collection	12,738	42,452
Accounts receivables	271,066	(69,190)
Inventory	(262,175)	572,127
Other currents assets	18,486	76,878
Accounts payable	24,367	(15,937)
Other currents Liabilities	74,762	(58,538)
Net cash from operational activities	204,501	203,778
<u>Cash flows from Investment activities</u>		
Property and equipment purchase	(4,919)	(9,107)
Property and equipment sale	-	1,150
Net cash from Investment activities	(4,919)	(7,957)
<u>Cash flow from financing activities</u>		
Banks loans and overdraft	(91,845)	(45,762)
Paid financing expenses	(113,359)	(136,669)
Net cash from financing activities	(205,204)	(182,431)
Cash flow from activities	(5,622)	13,390
cash at period beginning	31,084	273,411
Cash at period ending	25,462	286,801

The accompanying notes constitute an integral part of this statement

Intermediate Petrochemical Industries Co.
" Public Shareholding Company"
Zarqa - The Hashemite Kingdom of Jordan
Accounting Policies

Basic of preparing the interim financial statements:

- The accompanying interim financial statements for the six months ended 30 June 2020 were prepared in accordance with the International Accounting Standard 34 (Interim Financial Reports).
- The interim financial statements were prepared on the historical cost principle basis except the financial assets available for sale which are reflected at the fair value.
- The financial statements are presented in the Jordanian Dinar, the functional currency of the Company.
- The accounting policies for current period are similar with the accounting policies of the previous period.
- The interim financial statements do not include all disclosures as the full financial statements the interim financial statements should read with the financial statements as at 31 December 2019 .
- The results of the current period do not constitute an indication for the whole year .

Use of Estimates:

Preparing financial statements and applying accounting policies require the Management of the Company to make some estimates and suppositions that may affect the financial statements and the accompanying notes. Such estimates are based on assumptions of different accuracy and certainty. Therefore, actual results in the future may differ from the Management's estimates due to the variations of conditions and circumstances of these assumptions.

Below are the most important estimates applied in the preparation of the financial statements:

- Management periodically reevaluates the useful life of tangible assets for the purpose of calculating the annual depreciation based on the general condition of those assets and estimated useful life in the future. The impairment loss (if any) is taken in the income statement.
- Management periodically reviews financial assets that are presented at cost to estimate any impairment in value and are stated in the consolidated statement of income
- The Management of the Company estimates the value of the provision for bad debts taking into consideration the possibility of collecting such liabilities.

Cash on Hand and at Banks

Are represented by cash on hand and at banks and they do not involve risks of change in their value.

Checks Under collection: -

Checks under collection are presented at fair value upon receipt.

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Intermediate Petrochemical Industries Co.
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Zarqa - The Hashemite Kingdom of Jordan
Accounting Policies

- **Accounts receivable: -**

The accounts receivable are reflected at cost after deducting the provision for bad debts. The debts are written off when there is subjective evidence on the possibility of not collecting the liabilities. The amounts collected from written-off debts are added to the revenues.

- **Accounts Payable and Accruals**

Accounts payable and accruals are recognized after taking an advantage of the provided services for the Company, whether they were claimed by the supplier or not.

- **Financial Assets at Fair Value Through the Comprehensive Income Statement**

Change differences are recorded in the fair value of the financial assets defined at fair value from the other comprehensive income. The limited value of financial assets in the other comprehensive income statement that have market prices in active financial markets are demonstrated at fair value after deducting the impairment accumulated losses in their fair value.

The limited value of financial assets in the other comprehensive income statement that do not have market prices and which their fair value could not be reliably defined, are demonstrated at cost and any impairment in their value is recorded in the other comprehensive income statement.

The profits and losses resulting from the differences of foreign currencies exchange to interest-bearing debentures are recorded at fair value through the other comprehensive income statement. While, the differences of foreign currencies exchange for equity instruments are recorded in the accumulated change at fair value within the equity rights.

- **Date of financial assets recognition: -**

The buying or selling financial assets is recognized at the trading date (the date of the company's commitment to sell or buy financial assets.)

- **Fair value: -**

Closing prices in active markets represent the fair value of financial assets. In the absence of quoted prices or lack of active trading on certain financial assets, their fair value is estimated by comparing them to the fair value of a similar financial instrument or by calculating the present value of future cash flows. If the fair value of the financial asset cannot be measured reliably, it is presents at cost after deducting any impairment in value.

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Accounting Policies

- **Property and Equipment's: -**

Property, equipment and machinery are presented at cost less accumulated depreciation and are amortized (except for land) when they are ready for use on a straight-line basis over the estimated useful life.

- **Inventory: -**

Is stated at the lower of cost and net realizable value, and the cost is estimated using first-in, first-out method.

- **Setoff**

financial assets and financial liabilities are set-off and the net amount is reflected in the financial statements upon the availability of legally binding rights, and when they are settled on the setoff basis or when assets realization and liabilities settlements take place at the same time.

- **Recognition of Revenues**

Revenues are realized upon buying or selling shares to the clients of the company and issuing invoice for them.

Interests revenues are realized on a time base to reflect the actual revenue on assets.

The distribution of the investment profits is recognized upon being approved by the General Assemblies of the investment companies.

Other revenues are realized according to the accrual basis.

- **Financing Expenses:-**

Interests payable for facilities granted for the company are included in the income statement during their due period.

- **Foreign currency:-**

Transactions made in foreign currencies are registered at the prevailing exchange rates at the date conducting such transactions. Financial liabilities and assets balance are transfer to foreign currency by using prevailing exchange prices at the date of financial statements of the Central Bank of Jordan. Profits and losses arising from balances exchange to foreign currency are registered in foreign currencies the income statement.

- **Income tax:-**

Due tax are calculated on the basis of taxable profits. The taxable profits differ from the reported profits in the financial statements because the declared profits include non-taxable income or non-deductible expenses in the fiscal year but in subsequent years sometimes or accumulative losses that are taxable or non-taxable or acceptable for deduction for tax purposes.

Intermediate Petrochemical Industries Co.
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1- General:

- The Intermediate Petrochemical Industries (IPI) was established under number (421) after the merge of International Taif Plastics and Colorants LLC, registered under number (4124) dated August 26, 1995 with Intermediate Petrochemical Industries PLC (IPI) registered under number 134 dated April 28, 1980. The Ministry of Industry and Trade has approved to consider the balance as in January as an opening balance for the merged companies, based on extra-ordinary decisions of the two companies' general assemblies and the merger contract. During 2007, the Company's capital was raised to reach seven [7] million JD / share.
- The company's main objectives are petrochemicals and product marketing.
- The accompanying financial statements were approved by the board of directors in its meeting on 18/07/2020

2- Impact of the Coronavirus Virus Outbreak (COVID 19)

- The outbreak of the COVID-19 worldwide has severely affected the global economy, and is expected to have a major impact on the local economy as well due to the various measures taken to contain the spread of the virus, including travel bans, quarantine and social distance, and the closure of non-essential and social services and may cause major disturbances to businesses around the world resulting in an economic slowdown. These conditions may force the company to suspend or limit operations for long or indefinite periods of time.
- The management has determined that these events are one of the subsequent events that are not required to amend the financial statements. Accordingly, the financial statements for the year ended December 31, 2019 have not been modified to reflect the effect of the virus outbreak.
- Likewise, it is not possible to estimate the impact of these conditions reliably on the financial position and results of the company for future periods, and accordingly the management of the company decided to present financial according to the continuity principle.

Intermediate Petrochemical Industries Co.
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a follow up... the impact of the Coronavirus virus outbreak (COVID 19)

- The government and the central bank have responded to face the impact of this pandemic to reduce the economic effects and financial burdens of closing the sectors (government and private) and prohibiting the movement of individuals, according to a set of decisions, including:

The application of old age insurance incurred by the company and its employees in the Social Security Corporation (temporary suspension of old age pension for the months of March, April and May of 2020) and the installments of the amounts due on the establishments according to their desire and for a maximum period of 31/12/2023 without interest.

Establishing a fund to support the national effort (Hemat Watan Fund) to fight the COVID-19 epidemic and confront its economic effects.

- Contributing and bearing part of the unemployment fees for the establishments affected by the procedures of closure and quarantine through the Social Security Corporation.
- To postpone the credit facilities due to banks granted to clients of the economic sectors that are affected by the spread of the COVID-19 from companies and individuals.
- The central bank allowed banks to restructure loans for individuals and companies, especially medium and small ones, which were affected by the consequences of this virus, in addition to pumping additional liquidity to the national economy with the value of 550 million JD. Through reducing the obligatory cash reserve, reducing financing costs and increasing the deadlines for existing and future facilities for economic sectors, including medium and small projects through the central bank's program for financing and supporting economic sectors. In addition to supporting the procedures of the Jordanian loan guarantee company by reducing the company's program commissions and raising the insurance coverage rate for the local sales guarantee program.

Accordingly, the impact of these conditions cannot be estimated reliably on the financial position and results of the company for future periods.