NATIONAL CHLORINE INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of National Chlorine Industries Company
Public Shareholding Company
Amman – Jordan

Report on the Audit of the interim consolidated financial statements

Opinion

We have audited the interim consolidated financial statements of National Chlorine Industries Company and its subsidiary together (The Group), which comprise the interim consolidated statement of financial position as at 30 June 2021, and the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the period then ended in accordance with International Accounting Standard 34.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the interim consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the interim consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor. Unqualified opinion was issued on the consolidated financial statements on 18 February 2021.

Emphasis of a Matter

Without qualifying our opinion, the comparative figures for the interim consolidated statement of comprehensive income, interim consolidated statement of equity and interim consolidated statement of cash flows for the period ended 30 June 2020 are reviewed not audited.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim consolidated financial statements for the period ended 30 June 2021. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the interim consolidated financial statements section of our report. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the interim consolidated financial statements. The results of our audit procedures provide the basis for our audit opinion on the accompanying interim consolidated financial statements.

Revenue recognition **Key audit matter**	**Audit procedures**
Revenue is recognized as one of the key performance measures, and given the significance of these amounts and the geographical diversity of the Company's operations and the ease with which these revenues are exposed to the risks of overstatement in value and fraud, we consider revenue recognition as a key audit matter. Revenue is recognized when the Company complete the performance obligations in accordance with the contract signed with customer, when the goods are delivered to customers and the invoice is issued, which usually takes place at a certain point in time. Recognized revenues for the period ended 30 June 2021 amounted to JD 4,656,709 (30 June 2020: JD 4,349,356)	Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. We also studied the company's internal control system on revenue recognition, including the main internal control elements within the revenue recognition cycle. We have tested the accuracy of revenue recorded by selecting a sample of invoices and matching them to the stated and agreed contracts and rates. We have tested a representative sample of revenue-related accounting entries that were recorded during the period based on criteria defined by us. In addition, we selected a sample before and after the end of the current period to assess whether the revenue was recognized in the correct period. We also performed a detailed revenue analyzes using financial and non-financial information.

Other information included in the Company's annual report.

Other information consists of the information included in the annual report, other than the interim consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the interim consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the interim consolidatedfinancial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, 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 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's financial reporting process.

Auditor's Responsibilities for the Audit of the interim Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated 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 ISAs 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 decisions of users taken on the basis of these interim consolidated financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated 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 management.

- Conclude on the appropriateness of 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the interim consolidated 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 interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 significant deficiencies in internal control that we identify during our audit.

Amman – Jordan
28 July 2021

Ernst + Young

NATIONAL CHLORINE INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (AUDITED)

	Notes	30 June 2021	31 December 2020
		JD	JD
Assets			
Non-Current Assets			
Projects under construction	4	925,340	619,765
Property and equipment	5	15,926,088	15,056,647
Advance payments -renewable energy project	6	-	447,482
		16,851,428	16,123,894
Current Assets			
Accounts receivable	7	460,319	1,223,146
Inventory	8	3,909,116	3,421,581
Other current assets	9	616,041	1,086,236
Checks under collection		416,264	328,784
Cash and cash equivalents	10	1,606,657	2,351,633
		7,008,397	8,411,380
Total Assets		23,859,825	24,535,274
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in capital	1&21	20,000,000	20,000,000
Statutory reserve	21	1,659,268	1,659,268
Voluntary reserve		4,334	4,334
Retained earnings		808,536	1,225,524
Total Shareholders' Equity		22,472,138	22,889,126
Liabilities			
Non-Current Liabilities			
Long term loan	11	56,783	-
Current Liabilities -			
Long-term loan installments due within a year	11	12,950	-
Accounts payable		645,198	1,141,979
Other current liabilities	12	544,779	207,390
Income tax provision	18	127,977	296,779
		1,330,904	1,646,148
Total Liabilities		1,387,687	1,646,148
Total Shareholders' Equity and Liabilities		23,859,825	24,535,274

The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements

National Chlorine Industries Company
Public Shareholding Company
Interim Consolidated Statement Of Comprehensive Income
For The Six months Period Ended 30 June 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		JD	JD	JD	JD
Sales	13	2,414,778	2,504,891	4,656,709	4,349,356
Cost of sales	14	(1,766,326)	(1,848,192)	(3,363,512)	(3,338,980)
Gross profit		648,452	656,699	1,293,197	1,010,376
General and administrative expenses	15	(196,933)	(124,288)	(381,007)	(257,113)
Sale and distribution expenses	16	(156,023)	(179,568)	(296,316)	(282,647)
Other income and expenses, net	17	30,225	33,687	96,138	77,925
Finance costs		(1,023)	-	(1,023)	-
Income for the period before income tax		324,698	386,530	710,989	548,541
Income tax	18	(62,391)	(9,759)	(127,977)	(37,300)
Profit for the period		262,307	376,771	583,012	511,241
Add: Other comprehensive income		-	-	-	-
Total comprehensive income for the period		262,307	376,771	583,012	511,241
Basic and diluted earing per share from profit for the period	23	0,013	0,018	0,029	0,026

The accompanying notes from 1 to 28 form an integral part of these interim consolidated financial statements

NATIONAL CHLORINE INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

		Reserves			
	Paid in capital	Statutory	Voluntary	Retained earning	Total
	JD	JD	JD	JD	JD
Balance at 1 January 2021	20,000,000	1,659,268	4,334	1,225,524	22,889,126
Total comprehensive income for the period	-	-	-	583,012	583,012
Dividend (Note 21)	-	-	-	(1,000,000)	(1,000,000)
Balance at 30 June 2021	20,000,000	1,659,268	4,334	808,536	22,472,138
Balance at 1 January 2020	20,000,000	1,458,894	4,334	(272,599)	21,190,629
Total comprehensive income for the period	-	-	-	511,241	511,241
Balance at 30 June 2020	20,000,000	1,458,894	4,334	238,642	21,701,870

The accompanying notes from 1 to 28 form an integral part of these interim consolidated financial statements

NATIONAL CHLORINE INDUSTRIES COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	Notes	For the six months ended June 30 2021 JD	2020 JD
OPERATING ACTIVITIES			
Profit for the period before tax		710,989	548,541
Adjustments: -			
Depreciation	5	751,803	678,214
Gain from sale of property and equipment		(4,984)	-
Finance costs		1,023	-
Changes in working capital:			
Accounts receivable		762,827	(134,846)
Other current assets		470,195	(211,112)
Checks under collection		(87,480)	(150,682)
Inventory		(487,535)	(44,469)
Accounts payable		(496,781)	(185,582)
Other current liabilities		267,116	(26,983)
Income tax paid	18	(296,779)	(34,714)
Net cash flows from operating activities		1,590,394	438,367
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,020,287)	(186,988)
Projects under construction		(459,928)	(319,677)
Proceeds from sale of property and equipment		5,862	-
Net cash flows used in investing activities		(1,474,353)	(506,665)
FINANCING ACTIVITIES			
Dividends paid		(929,727)	-
Long term loan		73,000	-
Payments of a long-term loan		(3,267)	-
Finance costs paid		(1,023)	-
Net cash flows used in financing activities		(861,017)	-
Net decrease in cash and cash equivalent		(744,976)	(68,298)
Cash and cash equivalents at the beginning of the period		2,351,633	3,800,771
Cash and cash equivalents at the end of the period	10	1,606,657	3,732,473

The accompanying notes from 1 to 28 form an integral part of these interim consolidated financial statements

(1) General

The company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding Company under No. (212) in 9 November 1991 at a share capital amounting to 4,500,000 JD. The share capital was increased later to JD 9,000,000. ،An Extraordinary General Assembly meeting was held on 28 April 2018 where the approval of the General Assembly was granted to increase the Company’s capital to JD 20,000,000 through the capitalization of the amount due to the board of director’s member Mahmoud Abu al Rob at a par value of JD 1 each.

The Company’s address is Mowaqar, Sahab, Hashemite Kingdom of Jordan.

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

The accompanying financial statements were approved by the Board of Directors in their meeting held on 26 July 2021.

(2-1) Basis of Preparation

- The interim consolidated financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34, (Interim Financial Reporting).

- The interim consolidated financial statement is prepared based on the historical cost assumption.

- The interim consolidated financial statement is presented in Jordanian Dinars which is the functional currency of the Group.

- The results for the six-months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. Also, the appropriation was not made on the profits for the six-month period ending on June 30, 2021, which is made at the end of the fiscal year.

(2-2) Basis of Consolidation

The interim consolidated financial statements comprise of the financial statements of National Chlorine Industries a Public Shareholding Company "the Company" and the below subsidiary together are referred to" the Group" as of 30 June 2021:

Company name	Legal status	Country of incorporation	% ownership	Activity	Capital
Soda and Chlorine company	Limited liability	Jordan	100%	Industrial	500,000

The consolidated financial statements include the financial statements of the parent company and the financial statements of the subsidiaries under its control. Control is achieved when the company has the power to control the financial and operating policies of the subsidiaries. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income items to profit or loss.

Control is achieved when the Group is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect returns.

When the Group owns less than the majority of the voting rights or similar in the investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential rights

The Group re-assesses whether or not it controls an investee and if facts or circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, Income and expenses of a subsidiary are consolidated from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring these accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Groups are eliminated in full on consolidation.

(3-1) Changes in Accounting Policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

The second phase of IBOR reform (Interbank Offered Rate) -: Amendments to IFRS 9, IAS 39, IFRS 7. IFRS (4) And the International Financial Reporting Standard No. (16).

The second phase of the IBOR reform provides temporary exemptions related to the impact on financial reporting when replacing the reference used to set the IBOR interest rate with a reference based on the near-risk-free return. Modifications include the following practical applications:

- The practical application to deal with the contractual changes and changes in cash flows resulting from the change of the reference interest rate as changes in the variable interest rate, equivalent to the movement in the interest rate in the market.

- Exemptions from the group require adjusting the definitions used in documenting hedging operations and describing the hedging instrument with continuity of hedging relationships for the group when replacing the reference used to determine the current interest rate with a reference based on risk-free return.

- The Group may use a contractually unspecified interest rate for hedges of the risk of change in fair value or interest rates in the event that interest rate risk is determined separately.

These amendments did not have a material impact on the interim consolidated financial statements of the group. The group will apply these practical applications in future periods if they become applicable.

(3-2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Projects under construction

Projects under construction represent properties under construction and are stated at cost less any impairment loss. This includes the cost of construction and other direct costs.

Projects under construction that will be used as owner occupied properties when completed are not depreciated until such time as the relevant assets are completed and put into operational use.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of activities.

Depreciation (except for land) is computed on a straight-line basis over the estimated useful lives of assets as follows:

Description	Depreciation Rate
	%
Computers	15
Furniture and fixtures	9
Machinery and Equipment	7
Cylinders	7
Buildings	4
Building Improvements	4

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, and the impairment is recorded in the statement of activities.

Accounts receivable

Accounts receivable are stated at original invoice amount less any allowance for expected credit losses (ECL), the company applies the standard's simplified approach.

Inventories

Inventories consist of raw materials and spare parts, where inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of raw materials and spare parts is determined using the weighted average cost.

The cost of finished products, the cost of raw materials and other indirect expenses is determined based on the manufacturing phase (production) using the weighted average cost method.

Provision of inventory is configured for slow-moving spare parts. The book value of the pieces is reduced using the provision, and the loss is included in the consolidated income list.

Cash and Cash Equivalents
For the purpose of cash flow statement cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

Accounts payable and other current liabilities
Accounts payable and other current liabilities are recognized for amounts to be paid in the future for services or goods received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Loans
All loans are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans are subsequently measured at amortized cost using the effective interest method.

Interests on loans are recognized in the statement of comprehensive income in the period they occur including the grace period, if any.

Income Tax
The Group provides for income tax in accordance with the Income Tax law No.34 of 2014, amended by law No.38 of 2018 and its amendments enacted in the Hashemite Kingdom of Jordan and in accordance with IAS 12 which states that deferred tax is provided for temporary differences, at each reporting date, between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Current versus non-current classification
The company presents assets and liabilities in the statement of financial position based on current/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
- Held primarily for trading
- Expected to be realized within twelve months after the reporting period Or
- Cash or cash equivalent 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 liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Revenue recognition
Revenue is recognised in accordance with the five steps model of IFRS 15 which includes the identification of the contracts, price, and performance obligation within the contract, Revenue is recognised when the goods are sold to customers and the invoice is issued, which is usually made at a certain point in time.

Other revenues are recognised on an accrual basis.

Expenses are recognised on an accrual basis.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(3-3) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. Considerable judgment by Group's management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation based on expected usage of the asset or physical wear and tear, management reviews the residual value and useful lives annually and future depreciation charge would be adjusted prospectively where the management believes the useful lives differ from previous estimates.

(4) PROJECTS UNDER CONSTRUCTION

This item represents the value of the electrolysis Cell (**E**) project:

	30 June 2021	31 December 2020
	JD	JD
Balance at 1 January	619,765	474,792
Additions during the period/ year	907,410	627,638
Transfers during the period/ year	(601,835)	(482,665)
	925,340	619,765

The estimated cost to complete the project is JD 1,000,000 and it is expected to be completed during 2021.

(5) PROPERTY AND EQUIPMENT

	Land	Computers	Furniture and fixtures	Machinery and equipment	Cylinders	Buildings	Buildings improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
30 June 2021-									
Cost									
At 1 January 2021	1,601,830	208,938	206,037	30,390,050	361,775	5,804,183	42,356	1,095,053	39,710,222
Additions	-	3,112	2,150	760,934	-	-	-	254,091	1,020,287
Transfers	-	-	-	590,643	-	11,192	-	-	601,835
Disposals	-	-	-	-	-	-	-	(30,648)	(30,648)
At 30 June 2021	1,601,830	212,050	208,187	31,741,627	361,775	5,815,375	42,356	1,318,496	41,301,696
Accumulated depreciation-									
At 1 January 2021	-	192,853	181,337	20,800,484	37,375	2,759,588	5,316	676,622	24,653,575
Depreciation for the period	-	5,390	2,512	561,797	14,300	116,709	2,100	48,995	751,803
Disposals	-	-	-	-	-	-	-	(29,770)	(29,770)
At 30 June 2021	-	198,243	183,849	21,362,281	51,675	2,876,297	7,416	695,847	25,375,608
Net book value at 30 June 2021	1,601,830	13,807	24,338	10,379,346	310,100	2,939,078	34,940	622,649	15,926,088

- Fully depreciated property and equipment amounted to JD 4,229,408 as of 30 June 2021 (JD 4,445,973 as of 31 December 2020).

	Land	Computers	Furniture and fixtures	Machinery and equipment	Cylinders	Buildings	Buildings improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2020-									
Cost									
At 1 January 2020	81,473	197,220	204,452	29,293,877	426,821	5,791,065	42,356	966,012	37,003,276
Additions	1,520,357	11,718	1,585	684,450	241,001	13,118	-	129,041	2,601,270
Transfers	-	-	-	443,874	38,791	-	-	-	482,665
Impairment loss	-	-	-	-	(344,838)	-	-	-	(344,838)
Disposals	-	-	-	(32,151)	-	-	-	-	(32,151)
At 31 December 2020	1,601,830	208,938	206,037	30,390,050	361,775	5,804,183	42,356	1,095,053	39,710,222
Accumulated depreciation-									
At 1 January 2020	-	183,013	176,501	19,710,474	369,606	2,525,465	1,079	598,714	23,564,852
Depreciation for the year	-	9,840	4,836	1,093,328	12,607	234,123	4,237	77,908	1,436,879
Impairment loss	-	-	-	-	(344,838)	-	-	-	(344,838)
Disposals	-	-	-	(3,318)	-	-	-	-	(3,318)
At 31 December 2020	-	192,853	181,337	20,800,484	37,375	2,759,588	5,316	676,622	24,653,575
Net book value at 31 December 2020	1,601,830	16,085	24,700	9,589,566	324,400	3,044,595	37,040	418,431	15,056,647

(6) ADVANCE PAYMENTS- RENEWABLE ENERGY PROJECT

	30 June 2021	31 December 2020
	JD	JD
Al Wathba Investments Company*	-	447,482

* This item represents the Solar Cell project that was transferred to property and equipment during 2021.

(7) ACCOUNTS RECEIVABLE

	30 June 2021	31 December 2020
	JD	JD
Trade receivables	658,218	1,421,045
Expected credit losses	(197,899)	(197,899)
	460,319	1,223,146

The movement for the expected credit losses is as follow:

	30 June 2021	31 December 2020
	JD	JD
Beginning balance	197,899	197,899
Provision for the year	-	-
Ending balance	197,899	197,899

As at 31 December, the aging of unimpaired trade receivables was

	1-30 days	31-90 days	90 to one year	More than one year	Total
	JD	JD	JD	JD	JD
30 June 2021	460,319	-	-	-	460,319
31 December 2020	617,967	457,607	-	147,572	1,223,146

(8) INVENTORY

	30 June 2021	31 December 2020
	JD	JD
Raw materials	91,536	89,202
Chemicals	179,348	153,257
Finished goods	1,240,472	1,041,702
Spare parts	1,993,890	2,020,994
Goods in transit	473,863	186,419
	3,979,109	3,491,574
Provision for slow-moving inventory	(69,993)	(69,993)
	3,909,116	3,421,581

The movement on the provision for slow-moving inventory:

	30 June 2021	31 December 2020
	JD	JD
Beginning balance	69,993	69,993
Provision for the year	-	-
Ending balance	69,993	69,993

(9) OTHER CURRENT ASSETS

	30 June 2021	31 December 2020
	JD	JD
Refundable deposits	310,186	601,651
Prepaid expenses	129,578	91,963
Advance payments	67,827	252,472
Income tax deposit	38,485	74,106
Employees receivables	36,758	32,837
Legal cases	33,207	33,207
	616,041	1,086,236

(10) CASH AND CASH EQUIVALENT

	30 June 2021	31 December 2020
	JD	JD
Cash on hands	7,932	62,000
Current accounts at banks	655,247	101,207
Deposits at banks	943,478	2,188,426
	1,606,657	2,351,633

Cash and cash equivalents presented in the statement of cash flows are as follows:

	30 June 2021	30 June 2020
	JD	JD
Cash on hand	7,932	141,350
Current bank accounts	655,247	405,662
Deposits at banks*	943,478	3,185,461
	1,606,657	3,732,473

* This item includes bank deposits with the Arab Jordan Investment Bank that are due on a monthly basis at an interest rate of 3%.

(11) BANK LOANS

	30 June 2021			31 December 2020
	Short term Installments	Long term Installments	Total	Total
	JD	JD	JD	JD
Arab Jordan Investment Bank	12,950	56,783	69,733	-

On 12 April 2021, the Company signed a loan agreement with the Arab Jordan Investment Bank for a value of JD 73,000 for a period of 5 years, to be paid in 60 equal monthly payments at an interest rate of 6.5%. The purpose of the loan agreement is to finance the purchase of a vehicle. The first installment of the loan (principal and interest) fell due on 30 April 2021 and the last installment will fall due on 31 March 2026.

(12) OTHER CURRENT LIABILITIES

	30 June 2021	31 December 2020
	JD	JD
Advances from suppliers	276,025	7,375
Shareholder deposits	195,125	125,218
Board members remuneration	-	40,000
Accrued expenses	-	1,196
Sales and income tax payables	52,207	12,704
Social security payables	19,691	20,006
Employees payables	1,731	891
	544,779	207,390

(13) SALES

The main activity of the group is focused on the production of chlorine and caustic soda, the table below shows the sales according to geographical distribution:

	30 June 2021	30 June 2020
	JD	JD
Local sales	2,816,458	3,510,958
Foreign sales	1,840,251	838,398
	4,656,709	4,349,356

(14) COST OF SALES

	30 June 2021	30 June 2020
	JD	JD
Raw materials used in production	2,043,404	2,066,761
Depreciation	698,934	639,734
Salaries	370,685	388,425
Transportation	45,650	43,725
Group contribution in social security	53,372	53,429
Insurance	33,718	34,052
Wastewater	46,599	49,275
Maintenance	29,428	32,589
Foreign labor residence	3,575	7,892
Supplies	6,085	7,893
Environmental and medical examinations	840	8,676
Storage	22,100	-
Others	9,122	6,529
	3,363,512	3,338,980

(15) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2021	30 June 2020
	JD	JD
Salaries	205,792	135,547
Company's contribution to social security	20,871	17,916
Fees and licenses	18,310	17,387
Professional fees	25,061	9,547
legal expenses	19,560	3,294
Transportation	46,729	40,533
Board of directors remuneration	1,830	-
Depreciation	14,318	9,277
Others	6,431	7,137
Donations	7,025	5,943
Maintenance	3,315	3,996
Hospitality	3,958	4,161
Mail and phone	2,347	1,901
Advertising	660	474
Vehicles	4,800	-
	381,007	257,113

(16) SALE AND DISTRIBUTION EXPENSES

	30 June 2021	30 June 2020
	JD	JD
Sales contract expenses	160,312	147,567
Vehicles	61,880	71,196
Salaries	18,518	19,213
Depreciation	38,552	29,219
Company's contribution to social security	2,925	2,502
Insurance	1,890	2,122
Maintenance	2,992	1,188
Others	9,247	9,640
	296,316	282,647

(17) OTHER INCOME AND EXPENSES, NET

	30 June 2021	30 June 2020
	JD	JD
Miscellaneous sales	9,734	17,888
Previous years revenue	61,206	-
Interest income	23,976	71,220
Foreign currency exchange	413	908
Other revenue	4,984	-
Other expenses	(4,175)	(12,091)
	96,138	77,925

(18) INCOME TAX

	30 June 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	296,779	34,714
Paid during the period	(296,779)	(43,178)
Income tax provision for the period /year	127,977	305,243
Balance at the end of the period/year	127,977	296,779

The tax status of the Parent company

The income tax was calculated for the period ended at 30 June 2021 accordance with Jordanian Income Tax Law No. (34) of 2014 adjusted to Tax Law No. (38) of 2018.

The Company submitted the income tax declaration for the years 2020 and 2019, but the Income and Sales Tax Department has not reviewed it up to the date of these interim consolidated financial statements.

The Income and Sales Tax Department accepted the tax returns for the year 2018 according to the sampling system on 29 August 2019.

For the tax status for the years 2016 and 2017, the Company has entered into a litigation with the Income and Sales Tax Department, for appealing rejecting and cancelling the income tax claim included in notice number (4030869) issued in accordance to provisions of Article 33/z/2 of law no. (34) for the year 2014, in order to recognize no income tax for the years 2017 and 2016 and to recognize the taxable losses for the year 2016 amounting to JD 147,380 and for 2017 amounting to JD 147,380.

The tax status of the Subsidiary company

No Income tax provision has been provided for the period ended on 30 June 2021 as there is no taxable income.

The Company submitted the income tax declaration for the year ended at 31 December 2020 and 31 December 2019, but the Income and Sales Tax Department has not reviewed it up to the date of these consolidated financial statements.

(19) CONTINGENT LIABILITIES

The Group has contingent liabilities as presented below:

	30 June 2021	31 December 2020
	JD	JD
Letters of guarantee*	426,509	428,808
Labor lawsuit**	19,230	-
Letters of credit***	238,985	451,196
	684,724	880,004

***** There is a refundable deposit against bank guarantees in the amount of JD 57,833.

** Outstanding lawsuits against the Company amounted to JD 19,230 as of 30 June 2021 (No lawsuits against the company as of 31 December 2020), these lawsuits pertains to labor claims. In the opinion of the legal advisor of the Company, the Company is in a good standing and there is no need for a provision as of the date of the financial statements.

*** There are refundable deposits against bank credits in the amount of JD 23,973.

(20) RELATED PARTIES TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group within the normal course of business. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Compensation of key management personnel of the Group is as follows:

	For the six months ended 30 June	
	2021	2020
	JD	JD
Salaries and other benefits	46,625	59,442

(21) EQUITY

- Paid in capital

The authorized and paid in capital is JD 20,000,000 divided into 20,000,000 shares at a par value of JD 1 per share as of 30 June 2021.

- Statutory Reserve

As required by the Jordanian Companies Law, 10% of the profit before tax is transferred to statutory reserve, where it should not exceed the company's capital. This reserve is not available for distribution to the shareholders.

The group did not deduct the mandatory reserve in accordance with the provisions of the Companies Law and the instructions issued, as these financial statements are interim statements and the deduction is made at the end of the year.

- Dividends

The General Assembly approved in its meeting held on 15 March 2021 to distribute cash dividends to shareholders amounting to JD 1,000,000 which represents 5% of share capital.

(22) 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 partners' value.

Capital comprises of share capital, statutory reserve and retained earnings, and is measured at JD 22,472,138 as at 30 June 2021 (31 December 2020: JD 22,889,126).

(23) BASIC AND DILUTED EARNINGS PER SHARE FROM THE INCOME FOR THE PERIOD

This item consists of the following:

	For the six months ended 30 June	
	2021	2020
Profit for the period (JD)	583,012	511,241
Weighted average number of shares (shares)	20,000,000	20,000,000
	JD/Share	JD/Share
Basic and diluted earnings per share from profit for the period	0.029	0.026

(24) RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its interest-bearing liabilities (loan).

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably assess possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities:

	Increase in basis points	Effect on profit for the year
30 June 2021 -	%	
Currency		
JD	1	(697)

	Increase in basis points	Effect on profit for the year
31 December 2020 -	%	
Currency		
JD	1	-

Credit risk

Credit risk may arise from the inability of debtors and other parties to meet their obligations to the Company.

The company's largest customer represents 37% of the total receivables (31 December 2020:19%).

The company believes that it is not exposed to a high degree of credit risk, as it sets a credit limit for customers while monitoring outstanding receivables on an ongoing basis. The company also maintains balances and deposits with leading banking institutions

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 30 June, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	More than 12 months	Total
	JD	JD	JD	JD
30 June 2021				
Accounts payable	645,198	-	-	645,198
Other current liabilities	268,754	-	-	268,754
Long terms loan	3,297	10,264	59,463	73,024
Total	917,249	10,264	59,463	986,976
31 December 2020				
Accounts payable	1,141,979	-	-	1,141,979
Other current liabilities	200,015	-	-	200,015
Total	1,341,994	-	-	1,341,994

Currency risk

Most of the company's transactions are in Jordanian dinars and US dollars. The dinar exchange rate is tied to a fixed rate with the US dollar (1/41 dollars per dinar).

(25) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, trade and other receivables.

Financial liabilities consist of due to trade payables, other current liabilities and long term loans.

The fair value of financial instruments are not materially different from their carrying values.

(26) IMPACT OF COVID-19

The impact of the Coronavirus (Covid-19) still effects the global economy and the various business sectors. This was accompanied by restrictions and measures imposed by the Jordanian government, neighboring countries and the rest of the world. However, this did not have a significant impact on the Company's activities, as the sector continued to operate and was not affected by the expanded quarantine that was imposed during the year 2020, in which most of the company's activities involve the manufacturing of chlorine and soda, which is an essential material for many sectors that did not stop working during the pandemic.

(27) COMPARATIVE FIGURES

Some of the comparative figures for the year ended 31 December 2020 have been reclassified to correspond with 30 June 2021 presentation with no effect on equity or profit for the year 2020.

(28) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and amendments 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 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 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The standard is not expected to have material impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement,
- the right to defer must exist at the end of the reporting period,
- that classification is unaffected by the likelihood,
- that an entity will exercise its deferral right,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the group.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the group.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the group.