NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

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 Auditor's Report

To the shareholder of national chlorine industries group
Public Shareholding company
Amman - Jordan

Opinion
We have audited the consolidated financial statements of National Chlorine Industries group public shareholding company, which comprise the consolidated statement of the financial position as of 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Chlorine Industries as of 31 December 2020, and its consolidated financial performance and its consolidated 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 consolidated financial statements section of our report. We are independent of the 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 group's consolidated 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Property and equipment
At 31 December 2020, total Property and equipment balance amounted JD 15 056 647 which Affected by management estimates for useful life and depreciation method, for these assets which include verifying the calculation of the deprecation and reasonable of estimate, the calculation of depreciation expense is one of the factors affecting the Group results, as well as depending on management estimate to determine the useful life of these property and equipment making them important in the audit.

Scope of Audit to Address Risks
Audit Procedures includes verifying the appropriateness of the Group's explanations to reach of estimates for attaining depreciation rates in addition, we have examined a sample of the purchase invoices for the Group's property and equipment and verified the accuracy of the depreciation expense according to the date Acquisition of Group records.

Adequacy of Provision for expected credit loss
The provision of expected credit loss is considered a key audit matter for our audit. It requires the Group'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 1 292 760 as of 31 December, 2020. This requires making assumptions and using estimates to take the provision for the expected credit loss 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 expected credit loss for accounts receivable. As such, we have studied and understood the ’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, key drivers of expected credit loss are subject to a high level of judgment.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 consolidated 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 consolidated 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 Group 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 Group 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 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group 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 consolidated 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 maintains proper accounting records, duly organized and in line with the acing consolidated financial statements, and we recommend that they be approved by the General Assembly shareholders

Amman – Jordan
18 February 2021

المجموعة المهنية العربية
RSM
RSM Jordan
Certified Public Accountants

NATIONAL CHLORINE INDUSTRIES GROUP
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

Assets	Notes	2020 JD	2019 JD
Non - Current Assets			
Projects under constructions	4	619 765	474 792
Property, plant and equipment	5	15 056 647	13 376 694
Advance payments -renewable energy	6	447 482	-
Total Non - Current Assets		**16 123 894**	**13 851 486**
Current Assets			
Other debit balances	7	411 613	252 139
Spare parts		1 968 259	1 672 836
Cash margins and letters of credit		801 717	637 428
Inventory	8	1 253 256	973 111
Accounts receivable	9	1 292 760	1 250 002
Checks under collection		328 784	-
Cash and cash equivalents	10	2 351 633	3 800 771
Total Current Assets		**8 408 022**	**8 586 287**
Total Assets		**24 531 916**	**22 437 773**
Equity and liabilities			
Equity	11		
Share capital		20 000 000	20 000 000
Statutory reserve		1 659 268	1 458 894
Voluntary reserve		4 334	4 334
Retained earnings (Accumulated losses)		1 225 524	(272 599)
Total Equity		**22 889 126**	**21 190 629**
Liabilities			
Accounts payable		1 143 674	986 093
Other credit balances	12	202 337	226 337
Income tax provision and national contribution		296 779	34 714
Total Liabilities		**1 642 790**	**1 247 144**
Total Equity and liabilities		**24 531 916**	**22 437 773**

The acing notes from 1 to 27 are an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2020

	NOTES	2020 JD	2019 JD
Sales	13	10 104 882	11 996 365
Cost of sales	14	(6 967 889)	(9 050 515)
Gross profit	15	**3 136 993**	**2 945 850**
Selling and distribution expenses	16	(689 818)	(572 257)
Administrative expenses	17	(599 023)	(603 300)
Other expenses, revenues net	18	155 588	211 940
profit for the year before income tax		**2 003 740**	**1 982 233**
Income tax and national contribution	22	(305 243)	(43 760)
Total comprehensive profit for the year		**1 698 497**	**1 938 473**
Basic and diluted earnings profit per share	19	**JD 0.085**	**JD 0.097**

The acing notes from 1 to 27 are an integral part of these consolidated financial statements and should be read with them.

	Share capital JD	Statutory reserve JD	Voluntary reserve JD	(Accumulated Losses) Retained earnings JD	Total JD
31 December 2018	**20 000 000**	**1 264 287**	**4 334**	**(2 016 465)**	**19 252 156**
Statutory reserve	-	194 607	-	(194 607)	-
Total comprehensive profit for the year	-	-	-	1 938 473	1 938 473
31 December 2019	**20 000 000**	**1 458 894**	**4 334**	**(272 599)**	**21 190 629**
Statutory reserve	-	200 374	-	(200 374)	-
Total comprehensive profit for the year	-	-	-	1 698 497	1 698 497
31 December 2020	**20 000 000**	**1 659 268**	**4 334**	**1 225 524**	**22 889 126**

The acing notes from 1 to 27 are an integral part of these consolidated financial statements and should be read with them.

		2020	2019
Operating activities	**Notes**	**JD**	**JD**
profit for the year before income tax		2 003 740	1 982 233
Adjustments for:			
Depreciations	5	1 371 846	1 446 136
Board of directors' remuneration		40 000	45 000
Amortization in Spare parts inventory's		-	69 993
impairment Raw and chemical materials inventory's		-	120 000
expected credit loss provision		-	9 853
Income tax paid		(73 803)	-
Changes in operating assets and liabilities			
Other debit balances		(128 849)	(147 071)
Spare parts		(295 423)	(193 315)
Cash margins and letters of credit		(164 289)	(222 182)
Inventory		(280 145)	(45 946)
Accounts receivable		(42 758)	(220 102)
Checks under collection		(328 784)	119 899
Accounts payable		157 581	(70 088)
Other credit balances		(64 000)	(63 509)
Net cash from operating activities		**2 195 116**	**2 830 901**
Investing activities			
Projects under constructions	4	(144 973)	(466 042)
Purchase of property, plant and equipment	5	(3 051 799)	(527 129)
Advance payments -renewable energy		(447 482)	-
Net cash used in investing activities		**(3 644 254)**	**(993 171)**
Financing activities			
Due to related parties		-	(280)
Net cash used in financing activities		-	**(280)**
Net change in cash and cash equivalents		**(1 449 138)**	**1 837 450**
Cash and cash equivalents at 1 January	10	3 800 771	1 963 321
Cash and cash equivalents at 31 December	10	**2 351 633**	**3 800 771**

The acing notes from 1 to 27 are an integral part of these consolidated financial statements and should be read with them.

1. General

The company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited under No. (212) during 1991. The ’s share capital is JD 9 000 000، The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly has been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000.

The Group's main activities is manufacturing chlorine, soda and related products.

The accompanying consolidated financial statements were approved by the Board of Directors in its meeting on 18 February 2021 and are subject to the approval of the General Assembly of Shareholders.

2. Changes In Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following new standards effective as of 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the group enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the group.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The management of the group believes that the impact of application of IFRS 16 is immaterial and will not be reversed on the group’s consolidated financial statements since there is no leases contract.

3. Significant Accounting Policies

Basis of preparation of the consolidated financial statements

The accompanying consolidated financial statements 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 consolidated financial statements are prepared using the historical cost principle.

The consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

Principles of consolidation

The consolidated financial statements comprise of the financial statements of the and its subsidiaries where the has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the group using consistent accounting policies. All balances, transactions, income, and expenses between the and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the income statements from the acquisition date, which is the date on which control over subsidiaries is transferred to the group. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date, which is the date on which the loses control over the subsidiaries

The following subsidiaries have been consolidated:

	Share capital JD	Nature of Activity	Ownership percentage
National Soda and Chlorine	500 000	Industrial	%100

Segment reporting

Business segments represent distinguishable components of the Group 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.

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.

Property, plant 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.

	%
Machines and equipment's	7
Buildings	4
Vehicles	15
Others	7-20

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

Inventory

Inventories are stated at the lower of cost or net realizable value.
The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads determined by weighted average.

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a expected credit losses.
A provision of expected credit loss is booked when there is objective evidence that the Group will not be able to recover whole or part of the due amounts at the end of the year. When the Group collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated 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

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.

Trade payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Offsetting

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

Revenue recognition and expenses realization

Revenue is recognized when contracts are signed and handing over the lands and apartments to the buyer and all the following conditions are satisfied:
The entity has transferred to the buyer the significant risks and rewards of ownership of the Goods, the entity retains regardless continuing administrative involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, and It is probable that the economic benefits associated with the transaction will flow to the entity.

The costs incurred or to be incurred in respect of the transaction can be measured reliably Project income is recognized on a percentage-of-completion basis Moreover plus a percentage of cost, in particular with respect to the timing of recognition of profit and the amount of recognized profit Dividend revenue from investments is recognized when the shareholder's right to receive payment is established Expenses are recognized on an accrual basis.

Related parties

Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by management

Loans

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes and national contribution

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 consolidated 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 consolidated 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

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the balance sheet date and declared by the Central Bank of Jordan

Accounting estimates

Preparation of the consolidated 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 consolidated statement of other comprehensive income and owners' equity. In particular, this requires the Group'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.

4. **Projects under constructions**

This item represents the value of the technical study of the Jordan Electricity Company for the renewable energy system project.

	2020 JD	2019 JD
Balance at beginning of the year	474 792	8 750
Additions	627 638	466 042
Transfer	(482 665)	-
Balance at end of the year	**619 765**	**474 792**

5. **Property, Plant and equipment**

	Land JD	Machines and equipment's JD	Drums JD	Buildings JD	Vehicles JD	Others JD	Total JD
Cost							
31 December 2019	81 473	28 925 689	426 821	5 791 065	966 012	812 201	37 003 261
Additions	1 520 357	657 452	241 001	13 118	129 041	8 165	2 569 134
Transfer	-	443 874	38 791	-	-	-	482 665
Disposal	-	-	(344 838)	-	-	-	(344 838)
31 December 2020	**1 601 830**	**30 027 015**	**361 775**	**5 804 183**	**1 095 053**	**820 366**	**39 710 222**
Accumulated depreciation							
31 December 2019	-	19 306 056	369 606	2 514 165	660 441	776 299	23 626 567
Depreciation	-	1 006 450	12 607	234 119	77 828	40 842	1 371 846
Disposal	-	-	(344 838)	-	-	-	(344 838)
31 December 2020	**-**	**20 312 506**	**37 375**	**2 748 284**	**738 269**	**817 141**	**24 653 575**
Net book value							
31 December 2019	81 473	9 619 633	57 215	3 276 900	305 571	35 902	13 376 694
31 December 2020	**1 601 830**	**9 714 509**	**324 400**	**3 055 899**	**356 784**	**3 225**	**15 056 647**

6. **Advance payments -renewable energy**

	2020 JD	2019 JD
Wathba Investment*	**447 482**	**-**

* A contract was signed with Al-Wathba , with a value of 534 685 JD, to implement a project of supplying, installing, operating and maintaining an electric power generation station using electro-photovoltaic technology in order to generate the electrical energy needed to cover part of the electricity consumption.

7. **Other debit balances**

	2020 JD	2019 JD
Prepaid expenses	91 923	91 898
Advanced payments	179 514	-
Income tax deposit	74 107	35 017
Employee's receivable	32 822	90 367
Stamps and fees	40	-
Cases	33 207	33 207
Others	000	1 650
	411 613	**252 139**

8. Inventory

	2020 JD	2019 JD
Raw and chemical materials	211 554	128 370
Finished goods	1 041 702	1 052 932
	1 253 256	**1 181 302**
Impairment provision	-	(208 191)
	1 253 256	**973 111**

9. Accounts receivable

	2020 JD	2019 JD
Trade receivable	1 490 659	1 447 901
Less: expected credit loss provision	(197 899)	(197 899)
	1 292 760	**1 250 002**

The can adopts the policy of dealing with creditworthy parties in addition to obtaining sufficient guarantees (where appropriate) to mitigate the financial losses resulted from the inability to settle their obligations. The books a provision against uncollected debts of a period exceeding 365 days in case there are no settlement movement.

	2020 JD	2019 JD
1-30 Day	687 581	696 009
31-60 Day	120 044	170 561
61-90 Day	337 563	53 234
More than 91	345 471	528 097
	1 490 659	**1 447 901**

The movement of the expected credit loss provision was as follow:

	2020 JD	2019 JD
Balance at beginning of the year	197 899	188 046
Returned from provision	-	-
Provision for the year	-	9 853
Balance at ending of the year	**197 899**	**197 899**

10. Cash and cash equivalents

	2020 JD	2019 JD
Cash on hand	62 000	39 078
Current accounts at bank	101 207	359 946
Bank deposit*	2 188 426	3 401 747
	2 351 633	**3 800 771**

* Bank deposits in Jordanian Dinars Monthly maturity at interest rate of 3% and 4.5%.

11. Equity

Capital

The authorized and share capital of the is JD20 000 000 divided into 20 000 000 shares at JD 1 per share.

The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly have been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000 through a special subscription to Mr. Mahmoud Khalil Abu-Rub by 11 000 000 shares with a par value of JD 1 per share, The approval of the Securities Commission have been issued on November 19, 2018 on the registration of shares capital increase of 11 000 000 shares from the due to related parties account of these shares to the shareholder Mahmoud Khalil Abu Al-Rub at a price of JD 1 provided that the prohibition of the disposal of these shares for one year from Date of completion For the issuance procedures of the Commission.

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 's subscribed capital However, the may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the 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 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

12. Other credit balances

	2020	2019
	JD	JD
Shareholders' deposits	125 218	125 464
Provision for staff indemnity	-	18 484
Board of directors' remuneration	40 000	45 000
Accrued expenses	1 196	-
sales tax deposit	10 170	17 406
Social Security payable	20 006	18 297
Employee payable	876	1 583
Others	4 871	103
	202 337	**226 337**

13. Sales

	2020	2019
	JD	JD
Local sales	7 349 687	8 814 732
Export sales	2 755 195	3 181 633
	10 104 882	**11 996 365**

14. Cost of sales

	2020	2019
	JD	JD
Depreciation	1 288 437	1 382 644
Salaries and related benefits	779 012	820 597
Raw materials used in production	4 354 610	6 383 523
Transportation	87 991	96 938
Group contribution in Social security	106 870	110 883
Insurance	63 711	74 364
Waste water	101 821	102 204
Maintenance	49 535	56 082
Foreign labor residence	14 757	6 487
Supplies	23 732	8 540
Others	40 542	8 253
Environmental and medical examinations	14 263	-
Storage	37 760	-
Consulting	4 848	-
	6 967 889	**9 050 515**

15. Elements of gross profit

	Local sales JD	Export sales JD	Total JD
Sales	7 349 687	2 755 195	10 104 882
Cost of sales	(5 214 671)	(1 753 218)	(6 967 889)
Gross profit	**2 135 016**	**1 001 977**	**3 136 993**

16. Selling and distribution expenses

	2020 JD	2019 JD
Vehicles	153 187	175 597
Selling contracts expenses	400 804	283 933
Salaries and wages	37 095	37 917
Others	18 665	17 625
Depreciation	63 648	48 664
Group contribution in Social security	5 003	3 974
Insurance	4 157	3 192
Maintenance	5 587	1 355
Stationary	1 560	-
Environmental and medical examinations	112	-
	689 818	**572 257**

17. Administrative expenses

	2020 JD	2019 JD
Salaries and related benefits	308 122	282 409
Group's contribution in Social security	36 205	38 500
Legal expense and fees	5 143	28 480
Board of director's transportation allowance	62 683	54 000
Board of directors' remuneration	40 000	45 000
Transportation and travel	16 754	17 906
Professional fees	27 418	17 530
Others	10 464	31 262
licenses and fees	24 448	15 292
Donations	7 347	16 910
Depreciation	19 761	14 829
Hospitality	7 206	8 551
Maintenance	7 770	12 547
Insurance	8 865	8 844
Telephone and post	4 892	3 989
Stationary	3 617	4 399
Advertising	2 145	2 852
Vehicles	4 800	-
Environmental and medical examinations	1 383	-
	599 023	**603 300**

18. Other expenses and revenues,net

	2020 JD	2019 JD
Scrap	139 700	70 927
Others	(315 190)	(9 580)
Returned from provision	208 191	-
Prior years (expenses) revenue	(105)	18 055
Interest revenues	120 914	132 538
Foreign currency exchange	2 078	-
	155 588	**211 940**

19. Basic and diluted earnings profit per share

	2020 JD	2019 JD
Total comprehensive profit for the year	1 698 497	1 938 473
Weighted average number of shares	20 000 000	20 000 000
	JD 0.085	**JD 0.097**

20. 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 Group manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not material affect net interest income.

The Group 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 Group's 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 relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Group. Moreover, the Group adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Group's default on its liabilities.

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:

	2020 JD	2019 JD
Current accounts at bank	2 289 633	3 761 693
Checks under collection	328 784	-
Accounts receivable	1 292 760	1 250 002
Cash margins and letters of credit	801 717	637 428
Other debit balances	319 690	252 139
	5 032 584	**5 901 262**

Liquidity risk

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

The Group 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 Group reputation.

The following are the contracted maturities of financial liabilities:

	Maturing during the year JD	Maturing during more than a year JD	Total JD
2019			
Accounts payable	986 093	-	986 093
Other credit balances	226 337	-	226 337
	1 212 430	**-**	**1 212 430**
2020			
Accounts payable	1 143 674	-	1 143 674
Other credit balances	202 337	-	202 337
	1 346 011	**-**	**1 346 011**

21. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, checks under collection, accounts receivable, cash margins and letters of credit, and other debit balances. Financial liabilities consist of accounts payable, income tax provision and other credit balances.

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

22. Income tax and national contribution

National Chlorine Industries company

The income tax was calculated for the year 2020 accordance with Jordanian Income Tax Law No. (38) Of 2018.

The income tax rate in Jordan is 16% + 1% national contribution tax.
The tax return for the 2019 has been submitted, however, the returns has not been reviewed by the Income and Sales Tax Department until the date of these 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.

tax situation for the year 2017,2016 the company has sued the income and sales tax auditor the subject matter of the lawsuit is objection and prevention of claiming the accrued income tax under the notices No. (4030869) issued under the provisions of Article 33 / 2 From Law No. (34) for the year 2014, which there is no accrued income tax for the years 2016,2017 and the claim for losses for the year 2016 (950 890 JD) and for the year 2017 (1 440 008 JD).

The company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2015.

National Soda and Chlorine

No Income Tax provision has been provided for the year ended 31 December 2020 due to there is no taxable income.

The income tax rate in Jordan is 16% + 1% national contribution tax.
The tax return for the 2019 has been submitted, however, the returns has not been reviewed by the Income and Sales Tax Department until the date of these consolidated financial statements.
The company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2018.

The movement of the income tax provision was as follow:

	2020 JD	2019 JD
Net profit	2 003 740	2 182 079
impairment inventory's provision	(208 191)	-
Accumulated losses	-	(1 908 575)
Taxable income	**1 795 549**	**273 504**
income tax rate	17%	16%
Income tax	**305 243**	**43 760**

23. Contingent liabilities

At the date of the consolidated statement of financial position, the company was responsible for:

	2020 JD	2019 JD
Letters of guarantee	428 808	468 026
labor lawsuit	1 000	-
Letters of credit	451 196	453 099
	881 004	**921 125**

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

	2020	2019
	JD	JD
Salaries and other benefit	133 164	140 557

24. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support it business and maximize shareholder value.
The Group 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 2020 and 2019.
The Extraordinary General Assembly held a meeting on April 28, 2018. The approval of the General Assembly have been issued to increase the capital to JD 20 000 000 instead of JD 9 000 000.
Capital comprises share capital, reserves and retained earnings (accumulated losses), and is measured at, JD 22 889 126 as at 31 December 2020 (2019: JD 21 190 629)

25. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the group's consolidated financial statements are disclosed below. The group 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.

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 I 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.

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 recognizes 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.

IBOR reform Phase 2
which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Company's hedging relationships to continue upon the replacement of an existing interest, rate benchmark with an RFR. The reliefs require the Company to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to, the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Company may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Company may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Company reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Company is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

26. Comparative Figures

Some of the comparative figures for the year 2019 have been reclassified to correspond with the year ended 31 December 2020 presentation and it did not result in any change to the last year's operating results or equity.

27. Coronavirus impact

The Coronavirus outbreak has impacted and caused significant disruption in the global economy and different business sectors along with restrictions and procedures implemented by governments The spread of this epidemic did not have any material impact to the group, and on the group's consolidated financial statements as of 31 December 2020.