

Pearl Sanitary Paper Converting Co.
Public shareholding company
Amman - The Hashemite Kingdom of Jordan

Financial statements
As of June 30, 2021
(Reviewed not audited)

**Pearl Sanitary Paper Converting Co.
(P.S.C)
Amman - The Hashemite Kingdom of Jordan**

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Report on the review of the condensed interim financial statements

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To the Board of Directors of

Pearl Sanitary Paper Converting Co. (P.S.C)

Amman - The Hashemite Kingdom of Jordan

Introduction:

We have reviewed the accompanying condensed interim financial statements of **Pearl Sanitary Paper Converting Co. (P.S.C)** comprising of condensed interim statement of financial position as at 30 June 2021, and the related condensed interim statements of comprehensive income, changes in owners' equity and cash flows for six months ended 30 June 2021 and the related explanatory notes.

The management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with *IAS 34 – Condensed interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review:

We conducted our review in accordance with International Standard on Review 2410 "Review of Condensed interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects in accordance with IAS 34.

Other matters:

-The financial statements were audited as on December 31, 2020, and the interim condensed financial statements as on June 30, 2020 were reviewed by another auditor, who issued an unqualified audit report on Jan 19, 2021 and an unqualified review report on July 22, 2020, respectively.

Obeidat&Alsaleh

Nabeel Moh'd Obeidat

License No. 877

شركة عبيدات والصالح
محاسبون قانونيون

Amman in

4 July 2021

Pearl Sanitary Paper Converting Co.
(P.S.C)
Amman - The Hashemite Kingdom of Jordan
Condensed interim financial position
As of June 30, 2021

Reviewed not audited

	<u>Note</u>	<u>June 30, 2021</u>	<u>31-Dec-2020</u>
<u>Assets</u>		JD	JD
<u>Current assets</u>		(Reviewed)	(Audited)
Cash and cash equivalents		304,120	110,548
Accounts receivable and checks under collections - net		-	239,123
Other debit balances		233,780	160,313
Total current assets		537,900	509,984
Property, plant & equipments - net	5	698,755	724,582
Total assets		1,236,655	1,234,566
<u>Liabilities and owners' equity</u>			
<u>Current liabilities</u>			
Accounts payable		42,059	11,941
Income tax provision	6	4,124	5,208
Other credit balances		198,036	200,727
Total current liabilities		244,219	217,876
<u>Owners' equity</u>			
Capital		500,000	500,000
Statutory reserve		460,508	460,508
Retained earnings	7	6,182	56,182
Profit for the period		25,746	-
Total owners' equity		992,436	1,016,690
Total liabilities and owners' equity		1,236,655	1,234,566

The accompanying notes form from (1) To (15) is an integral part of these statements

**Pearl Sanitary Paper Converting Co.
(P.S.C)
Amman - The Hashemite Kingdom of Jordan
Condensed interim statement of comprehensive income
For the six months ended June 30, 2021**

Reviewed not audited

		<u>For the six months ended</u>		<u>For the three months ended</u>	
	<u>Note</u>	<u>30-Jun-2021</u>	<u>30-Jun-2020</u>	<u>30-Jun-2021</u>	<u>30-Jun-2020</u>
		<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Other revenues	8	82,756	82,793	41,735	40,491
General & administrative expenses	9	(54,813)	(58,051)	(19,356)	(20,809)
Profit for the period before tax		27,943	24,742	22,379	19,682
Income tax	6	(2,197)	(2,403)	(936)	(1,280)
Profit for the period		25,746	22,339	21,443	18,402
Total comprehensive income for the period		25,746	22,339	21,443	18,402
		<u>فلس/دينار</u>	<u>فلس/دينار</u>	<u>فلس/دينار</u>	<u>فلس/دينار</u>
Basic and diluted earning per share	10	0.051	0.045	0.043	0.037

The accompanying notes form from (1) To (15) is an integral part of these statements

**Pearl Sanitary Paper Converting Co.
(P.S.C)
Amman - The Hashemite Kingdom of Jordan
Condensed interim statement of changes in owners' equity
For the six months ended June 30, 2021**

Reviewed not audited

Description	Capital	Statutory reserve	Retained earnings	Profit for the period	Total
	JD	JD	JD	JD	JD
<u>For the six months ended June 30, 2021</u>					
Balance as of January 1, 2021 - audited	500,000	460,508	56,182	-	1,016,690
Profit for the period after tax	-	-	-	25,746	25,746
Total comprehensive for the period	-	-	-	25,746	25,746
Dividends paid to shareholders (Note7B)	-	-	(50,000)	-	(50,000)
Balance as of June 30, 2021 - reviewed	500,000	460,508	6,182	25,746	992,436
<u>For the six months ended June 30, 2020</u>					
Balance as of January 1, 2020 - audited	500,000	460,508	104,988	-	1,065,496
Profit for the period after tax	-	-	-	22,339	22,339
Total comprehensive for the period	-	-	-	22,339	22,339
Dividends paid to shareholders	-	-	(100,000)	-	(100,000)
Balance as of June 30, 2020 - reviewed	500,000	460,508	4,988	22,339	987,835

The accompanying notes form from (1) To (15) is an integral part of these statements

**Pearl Sanitary Paper Converting Co.
(P.S.C)
Amman - The Hashemite Kingdom of Jordan
Condensed interim statement of cash flows
For the six months ended June 30, 2021**

		Reviewed not audited	
	<u>Note</u>	<u>June 30, 2021</u>	<u>30-Jun-2020</u>
		<u>JD</u>	<u>JD</u>
<u>Cash flows from operating activities</u>		(Reviewed)	(Reviewed)
Profit for the period before tax		27,943	24,742
Depreciation	5	25,827	25,798
Operating income before changes in working capital		53,770	50,540
<u>(Increase) decrease in current assets</u>			
Accounts receivable and checks under collections - net		239,123	-
Due from related parties		-	(65,200)
Other debit balances		(73,467)	883
<u>Increase (decrease) in current liabilities</u>			
Accounts payable		30,118	519
Other credit balances		(2,691)	(2,309)
Net cash (used in) provided from operating activities Before Tax Paid		246,853	(15,567)
Tax Paid	6	(3,281)	(11,271)
Net cash (used in) provided from operating activities		243,572	(26,838)
<u>Cash flows from financing activities</u>			
Dividends paid to shareholders	7-B	(50,000)	(100,000)
Net cash (used in) financing activities		(50,000)	(100,000)
Net (dcrease) increase in cash		193,572	(126,838)
Cash and cash equivalents at beginning of period		110,548	242,740
Cash and cash equivalents at end of period		304,120	115,902

The accompanying notes form from (1) To (15) is an integral part of these statements

Pearl Sanitary Paper Converting Co.

(P.S.C)

Amman - The Hashemite Kingdom of Jordan

Notes to the condensed interim financial statements - reviewed not audited

1- Company's registration and objectives

Pearl Sanitary Converting Co. P.S.C. was established in accordance of instructions of jordanian companies temporary law number **(1)** for the year **1989** of capital amounted of JD **4,000,000** distributed on **4,000,000** shares of Nominal value JD **1** per share.

The company registered in public shareholding company record at ministry of industry & trade in **JORDAN** under number **(239)** dated of **December 21, 1993** , it obtained the right of commence work at **April 19, 1994** .

The company purposes are to establishing , constructing and managing factories for produce and trade all kinds of face , hands , tolilete , dinning table , kitchen sanitary paper , in addition to other purpose which states in memorandum of association , project of the company considered as certified economic project enjoy exemptions states in investment promotion law number **(11)** for the year **1988** and most important imported property & equipments exeption from all fees and exempt the project of tax for **5** years from **November 12, 1996** (Actual production date) .

The general assembly in its extraordinary meeting held on **September 6, 2012** decided to decrease capital from JD **2,500,000** to JD **500,000** , the decrease amount was distributed as cash dividends to shareholders according to there sharing rate in capital , legal pcedures were completed to ministry of imdustry & trade on **November 14, 2012**.

The Condensed interim financial statements were approved by the board of directors at its meeting held on **July 4, 2021**, these financial statements aren't subject to the approval of the general assembly of shareholders .

2- Significant accounting policies

Basis of preparation of interim financial statements

These condensed interim financial statement have been prepared in accordance with inernational accounting standards ((IFRS) IAS 34))(Interim Financial Reporting).

The condensed interim financial statements are presented in Jordanian Dinars (JOD) which is the company's presentation functional currency .

The condensed interim financial statements have been prepared on historical cost except financial assets and liabilities which appears on fair value.

These condensed inerim financial statements do not include all the information required for a complete set of IFRS financial statements, However , selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual report of financial statements as of **December 31, 2020**, in addition, The results for the six months period ended **June 30, 2021** are not necessarily indicative of the results that may be expected for the financial year ending **December 31, 2021**, and no appropriation was made for the six months profit ended **June 30, 2021** since it made at the year-end .

**Pearl Sanitary Paper Converting Co.
(P.S.C)**

Amman - The Hashemite Kingdom of Jordan

Notes to the condensed interim financial statements - reviewed not audited

3- Use of estimates

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities . These estimates and assumptions also affect the revenues and expenses and the resultant provisions and particular , considerable judgement by management is required in the estimation of the amount and timing of future cash flows . 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 change in such provisions .

Management believe that the estimates are reasonable and are as follows :

- Management evaluates its investments for impairment on a regular basis where there is a prolonged decline , Management estimates the value of impairment and the same is charged in the statement of comprehensive income - An estimate of the collectible amount of trade accounts receivables is made when collection of the full amount is no longer probable . For individually significant amounts , this estimation is performed on an individual basis . Amounts which are not individually significant , but which are past due , are assessed collectively and a provision applied according to the length of time past due , based on historical recovery rates .

- Inventories are held at the lower of either cost or net realizable value . When inventories become old or obsolete , an estimate is made of their realizable value . For individually significant amounts this estimation is performed on an individual basis . Amounts which are not individually significant , but which are old or obsolete , are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence , based on historical selling prices.

- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits . Any impairment is taken to the statement of comprehensive income.

4- Changes in accounting policies

The accounting policies pursued in the preparation of financial statements for the year are consistent with those followed in the preparation of financial statements for the year ended December 31, 2020.

Pearl Sanitary Paper Converting Co.

(P.S.C)

Amman - The Hashemite Kingdom of Jordan

Notes to the condensed interim financial statements - Reviewed not audited

5- Property, plant & equipments - net

A. This item consists of :

	Lands	Buildings & hangers	Office equipments & tools	Furnitures & decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD
<u>Cost</u>						
Balance ending of the period	333,500	1,573,843	166,202	87,667	24,990	2,186,202
<u>Accumulated depreciations</u>						
Balance beginning of the period	-	1,197,627	166,201	87,666	10,126	1,461,620
Additions for the period	-	24,037	-	-	1,790	25,827
Balance ending of the period	-	1,221,664	166,201	87,666	11,916	1,487,447
Book value as of June 30, 2021 (Reviewed)	333,500	352,179	1	1	13,074	698,755
Book value as of December 31, 2020 (Audited)	333,500	376,216	1	1	14,864	724,582

B. No depreciation statements for property , plant & equipments are available.

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Notes to the condensed interim financial statements - reviewed not audited

6- Income tax provision

This item consists of :

A. Transaction of income tax provision during the period represents of :

	30-Jun-2021	31-Dec-2020
	JD	JD
	(Reviewed)	(Audited)
Balance at beginning of the period/year	5,208	12,785
Tax of the period/year (Note 6 C)	2,197	3,692
Income tax paid	(3,281)	(11,269)
Balance at ending of the period/year	4,124	5,208

- B. The income tax for the year **2019** has been accepted & the income tax return for the year **2018 & 2020** have been filed and not reviewed yet.

C. Reconciliation of taxable income

	30-Jun-2021	31-Dec-2020
	JD	JD
	(Reviewed)	(Audited)
Recorded profit	27,943	54,886
Non-taxable expenses	7,992	13,658
Taxable income	35,935	68,544
Income tax rate	21%	21%
Income tax for the period / year	7,546	14,394
Netting property tax	(5,349)	(10,702)
Income tax for the period / year	2,197	3,692

7- Retained earnings

- A. This item consists of :

	30-Jun-2021	31-Dec-2020
	JD	JD
	(Reviewed)	(Audited)
Retained earnings at beginning of the period / year	56,182	104,988
Profit for the year	25,746	51,194
Dividends paid to shareholders (Note 7 B)	(50,000)	(100,000)
Retained earnings at ending of the period / year	31,928	56,182

- B. The general assembly decided in its ordinary meeting held on **April 1, 2021** to distribute cash dividends to shareholders rate of **10%** of capital amounted of **JD 50,000**.

Pearl Sanitary Paper Converting Co.

(P.S.C)

Amman - The Hashemite Kingdom of Jordan

Notes to the condensed interim financial statements - reviewed not audited

8- Other revenues

This item consists of :

	30-Jun-2021	30-Jun-2020
	JD	JD
Credit interests revenues	2,556	3,218
Rents revenues	80,200	79,575
Total	82,756	82,793

9- General and administrative expenses

This item consists of :

	30-Jun-2021	30-Jun-2020
	JD	JD
Salaries	2,250	2,250
Social security	321	321
Government fees & subscriptions	18,006	19,029
Depreciations	25,827	25,798
Others	2,209	2,203
Professional fees & technical consulting	6,200	8,450
Total	54,813	58,051

10- Basic and diluted earning per share

This item consists of :

	30-Jun-2021	30-Jun-2020
	JD	JD
Profit of the period after tax	25,746	22,339
Weighted average shares (share)	500,000	500,000
Basic and diluted earning per share	0.051	0.045

The diluted earning per share is equal to the basic earning per share .

Pearl Sanitary Paper Converting Co.

(P.S.C)

Amman - The Hashemite Kingdom of Jordan

Notes to the condensed interim financial statements - reviewed not audited

11- Related parties transactions

Realated parties include key shareholders , key management personnel , key managers , associates and subsidiaries and controlled companies . The company's management has approved the pricing policies and terms of transactions with related parties.

Details of due from related parties appear on statement of income

	Type of transaction	30-Jun-2021 JD	30-Jun-2020 JD
<u>Sister companies</u>			
Nuqul Automotive Co.	Rents	72,700	72,700
Integrated Automotive Co.	Rents	7,500	6,875
Total		80,200	79,575

12- Risk management

Company is facing finance , credit , liquidity and market risks , in general the main objectives and policies of company in finance risk management which financial statement is faced , it is similar to what declared in financial statements on **December 31, 2020**.

13- Subsequent events

There are no subsequent events may have material affects to financial position .

14- General

General assembly approved on June,14, 2009 the vision of board of directors about changing company's activities according to intense competition which faced company recently which lead to stop production and lease company's building and decrease all expenses & management expenses to minimum limit , and limited the activities in this stage of exploit its trade mark and lease buildings and real estates , until improve economic situation in jordan and clarity of vision around company's future activities .

15- Comparative figures

Certain comparative figures were reclassified to conform with the presentation of the current period.