

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2021



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Vegetable Oils Industries (the Company) comprising the interim condensed statement of financial position as of 30 September 2021, and the interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine months period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 "Interim Financial Reporting". 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 Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Amman – Jordan
26 October 2021

Ernst + Young

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	<u>Notes</u>	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	4	1,072,820.00	1,002,287
Investment properties		461,620.00	466,963
Financial assets at fair value through other comprehensive income	12	1,246,815.00	1,029,611
		<u>2,781,255.00</u>	<u>2,498,861</u>
Current assets -			
Inventory		732,332	541,003
Accounts receivable and other current assets		1,477,725	1,123,483
Cash on hand and at banks	8	3,024,742	3,649,913
		<u>5,234,799</u>	<u>5,314,399</u>
Total assets		<u>8,016,054</u>	<u>7,813,260</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Paid in capital	1	4,000,000	4,000,000
Statutory reserve		1,000,000	1,000,000
Fair value reserve		(37,653)	(254,857)
Retained earnings		1,787,200	1,821,621
Total Equity		<u>6,749,547</u>	<u>6,566,764</u>
Current liabilities -			
Accounts payable and other current liabilities		1,175,174	1,158,374
Due to related parties	7	56,843	33,972
Income tax provision	5	34,490	54,150
Total liabilities		<u>1,266,507</u>	<u>1,246,496</u>
Total equity and liabilities		<u>8,016,054</u>	<u>7,813,260</u>

THE ACCOMPANYING NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

		For the three months ended 30 September		For the nine months ended 30 September	
	Notes	2021	2020	2021	2020
		JD	JD	JD	JD
Sales	9	1,655,527	1,264,062	4,908,539	4,085,672
Less: Cost of Sales -					
Finished goods- beginning balance		260,278	165,256	135,644	250,751
Cost of goods manufactured and purchases		1,039,808	759,822	3,319,172	2,345,571
Finished goods- ending balance		(140,938)	(225,088)	(93,651)	(225,088)
Cost of sales		1,159,148	699,990	3,361,165	2,371,234
Gross Profit		496,379	564,072	1,547,374	1,714,438
Selling and distribution expenses		(54,000)	(54,943)	(164,905)	(161,147)
Administrative expenses		(119,994)	(124,441)	(397,598)	(386,122)
Provision for expected credit losses		(24,999)	(60,000)	(74,999)	(300,000)
Operating Profit		297,386	324,688	909,872	867,169
Bank commissions		(266)	(211)	(797)	(739)
Other Income		31,007	13,533	104,065	64,161
Profit for the period before tax		328,127	338,010	1,013,140	930,591
Income tax	5	(14,885)	(18,060)	(47,561)	(55,200)
Profit for the period		313,242	319,950	965,579	875,391
		Fils/ JD	Fils/ JD	Fils/ JD	Fils/ JD
Basic and diluted earnings per share for the period		0/08	0/08	0/24	0/22

THE ACCOMPANYING NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

JORDAN VEGETABLE OILS INDUSTRIES
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period	313,242	319,950	965,579	875,391
Other comprehensive income items				
Other comprehensive income which will not be reclassified to the statement of income in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income	(26,122)	(13,530)	217,204	(292,954)
Total other comprehensive income items which will not to be reclassified to the statement of income in subsequent periods, net of tax	(26,122)	(13,530)	217,204	(292,954)
Total comprehensive income for the period	<u>287,120</u>	<u>306,420</u>	<u>1,182,783</u>	<u>582,437</u>

THE ACCOMPANYING NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Paid in capital	Statutory Reserve	Fair Value Reserve	Retained Earnings	Total
	JD	JD	JD	JD	JD
For the period ended 30 September 2021 -					
Balance as of 1 January 2021	4,000,000	1,000,000	(254,857)	1,821,621	6,566,764
Total comprehensive Income for the period	-	-	217,204	965,579	1,182,783
Dividends (note 11)	-	-	-	(1,000,000)	(1,000,000)
Balance as of 30 September 2021	4000,000	1,000,000	(37,653)	1,787,200	6,749,547
For the period ended 30 September 2020 -					
Balance as of 1 January 2020	4,000,000	1,000,000	(2,017)	1,716,958	6,714,941
Total comprehensive Income for the period	-	-	(292,954)	875,391	582,437
Dividends (note 11)	-	-	-	(1,000,000)	(1,000,000)
Balance as of 30 September 2020	4000,000	1,000,000	(294,971)	1,592,349	6,297,378

THE ACCOMPANYING NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

		For the nine months ended 30 September	
	Notes	2021 JD	2020 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before income tax		1,013,140	930,591
Adjustments for –			
Depreciation	4	76,391	72,994
Provision for expected credit losses		74,999	300,000
Interest income		(34,963)	(20,703)
Bank commissions		797	739
Working capital changes –			
Inventory		(191,329)	7,268
Due to related parties		22,871	16,190
Accounts receivable and other current assets		(429,241)	(164,129)
Accounts payable and other current liabilities		6,577	87,683
Income tax paid	5	(67,221)	(72,258)
Net cash flows from operating activities		472,021	1,158,375
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	4	(141,581)	(55,734)
Interest received		34,963	20,703
Net cash flows used in investing activities		(106,618)	(35,031)
<u>FINANCING ACTIVITIES</u>			
Bank commissions		(797)	(739)
Dividends paid		(989,777)	(979,951)
Net cash flows used in financing activities		(990,574)	(980,690)
Net (decrease) increase in cash and cash equivalents		(625,171)	142,654
Cash and cash equivalents, beginning of the period		3,649,913	3,064,136
Cash and cash equivalents, end of the period	8	3,024,742	3,206,790

THE ACCOMPANYING NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

JORDAN VEGETABLE OILS INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2021 (UNAUDITED)

(1) GENERAL

Jordan Vegetable Oils Industries (the Company) was established in 1953 and registered as a Public Shareholding Company with an authorized and paid capital of JD 500,000 divided into 500,000 shares at par value of JD 1 each. The Company increased its paid in capital through the years to become JD 4,000,000 in 2010 divided into 4,000,000 shares at par value of JD 1.

The Company's main activity is to produce vegetable oils and other related and complimentary products.

The financial statements were approved for issuance by the Company's board of directors in its meeting No. (7) held on 25 October 2021.

(2) BASIS OF PREPARATION

The accompanying condensed interim financial information was prepared in accordance with the International Accounting Standard (IAS) 34 "interim financial reporting".

The interim condensed financial information is presented in Jordanian Dinar, which is the Company's functional currency.

The interim condensed financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value at the financial statement date.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as of 31 December 2020. In addition, the results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

JORDAN VEGETABLE OILS INDUSTRIES
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2021 (UNAUDITED)

(3) CHANGES IN ACCOUNTING POLICIES

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(4) PROPERTY AND EQUIPMENT

During the nine months period ended 30 September 2021, the Company purchased property and equipment with a cost of JD 141,581 (30 September 2020: JD 55,734). The depreciation expense for the nine-month period ended 30 Sep 2021 was JD 76,391 (30 Sep 2020: JD 72,994).

(5) INCOME TAX

The income tax provision was calculated for the 9 months ended 30 September 2021 and 31 December 2020 in accordance with Income Tax Law No. (38) of 2018 and the Investment commission Law No. (30) of 2014.

The Company reached a final settlement with the Income Tax Department up to the year 2016.

The company has registered in the General Sales Tax Network as an institution in the development zones. Tax is imposed on the income of the institution registered in the Development Zones arising from transformational industrial activities with a total local value-added of at least (30%) at a rate of (5%) plus (1%) "National Solidarity" contribution a total of (6%).

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The movement on income tax provision is as follows:

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Balance as of 1 January	54,150	57,374
Income tax expense for the period / year	47,561	69,034
Income tax paid	(67,221)	(72,258)
Balance as at the ending of the period / year	<u>34,490</u>	<u>54,150</u>

(6) CONTINGENT LIABILITIES

Guarantees –

As at 30 September 2021, the Company has contingent liabilities represented in letter of guarantees with an amount of JD 127,300 (2020: JD 147,975).

Lawsuits against the company –

A decision from the federal court of the Republic of Iraq to compel the Company to pay JD 631,610 for the General Company for Food Trading, the Company was notified of this decision on 28 March 2017. The management and legal advisor believe that the provision recorded for this lawsuit is sufficient to meet the obligations that may arise. The Company has fully provided against this lawsuit.

Lawsuits raised by the company –

Lawsuits raised by the Company as at 30 September 2021 amounted to JD 2,103,051 (2020: JD 2,132,405) representing accounts receivable, and returned checks related to its ordinary course of business.

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(7) RELATED PARTIES

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

Pricing policies and terms of these transactions are approved by the Company's management.

Related parties balances included in the interim statement of financial position are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Due to related parties		
Vegetable Oils Industries Co. Ltd. – Nablus (Sister Company)	56,843	33,972

A summary of related party transactions as shown in the interim statement of income:

	For the nine months ended 30 September	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Board of directors transportation and remuneration	22,050	22,050
Salaries and benefits	210,990	149,800

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(8) CASH AND CASH EQUIVALENTS

The cash and cash equivalents that appear in the interim statement of cash flows represent the following:

	30 September 2021 JD (Unaudited)	30 September 2020 JD (Unaudited)
Cash on hand and at banks	1,279,189	2,242,429
Bank deposits*	1,745,553	964,361
	<u>3,024,742</u>	<u>3,206,790</u>

* This item represents deposits at banks, its interest matures from one to three months at a rate of 0.75% (30 Sep 2020: 0.75%) per annum for deposits in US Dollars and 3.25% - 3.5% (30 Sep 2020) per annum for deposits in Jordanian Dinar.

JORDAN VEGETABLE OILS INDUSTRIES
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AS AT 30 SEPTEMBER 2021 (UNAUDITED)

(9) SALES

2021 sectors	For the three months ended 30 September 2021			For the nine months ended 30 September 2021		
	Margarine	Oil	Total	Margarine	Oil	Total
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods-						
Sale of margarine	1,655,527	-	1,655,527	4,908,539	-	4,908,539
Sale of oil	-	-	-	-	-	-
Total revenue	<u>1,655,527</u>	<u>-</u>	<u>1,655,527</u>	<u>4,908,539</u>	<u>-</u>	<u>4,908,539</u>
Geographical markets-						
Local sales	1,583,353	-	1,583,353	4,671,384	-	4,671,384
Foreign sales	72,174	-	72,174	237,155	-	237,155
Total revenue	<u>1,655,527</u>	<u>-</u>	<u>1,655,527</u>	<u>3,908,539</u>	<u>-</u>	<u>3,908,539</u>

2020 sectors	For the three months ended 30 September 2020			For the nine months ended 30 September 2020		
	Margarine	Oil	Total	Margarine	Oil	Total
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods-						
Sale of margarine	1,233,937	-	1,233,937	4,049,153	-	4,049,153
Sale of oil	-	30,125	30,125	-	36,519	36,519
Total revenue	<u>1,233,937</u>	<u>30,125</u>	<u>1,264,062</u>	<u>4,049,153</u>	<u>36,519</u>	<u>4,085,672</u>
Geographical markets-						
Local sales	1,195,638	30,125	1,225,763	3,914,867	36,519	3,951,386
Foreign sales	38,299	-	38,299	134,286	-	134,286
Total revenue	<u>1,233,937</u>	<u>30,125</u>	<u>1,264,062</u>	<u>4,049,153</u>	<u>36,519</u>	<u>4,085,672</u>

JORDAN VEGETABLE OILS INDUSTRIES
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(10) LEGAL RESERVES

No legal reserves were taken in accordance with the Jordanian Companies' Law, as these are interim financial statements.

(11) DIVIDENDS

The General Assembly approved in its ordinary meeting held on 20 March 2021 to distribute cash dividends with a percentage of 25% from its paid in capital.

The General Assembly approved in its ordinary meeting held on 30 May 2020 to distribute cash dividends with a percentage of 25% from its paid in capital.

(12) FAIR VALUES OF FINANCIAL ASSETS

Financial assets comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through OCI, and some other current assets. Financial liabilities consist of accounts payable, due to related parties and some other current liabilities

The Company uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- 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.

Financial assets measured at fair value and valuation method used are as follows:

	30 September 2021	31 December 2020	Hierarchy
	JD (Unaudited)	JD (Audited)	
Financial assets at fair value through other comprehensive income:			
Equity instruments	1,246,815	1,029,611	Level 1

JORDAN VEGETABLE OILS INDUSTRIES
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AS AT 30 SEPTEMBER 2021 (UNAUDITED)

(13) 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 on the vegetable oil production sector, and on the Company's financial statements as of 30 September 2021.

The outbreak of this epidemic did not have a fundamental impact on the oil and vegetable ghee production sector or other similar industries and on the company's financial statements. Revenues amounted to JD 4,908,539 for the nine-months ended 30 Sept 2021 (September 30, 2020: JD 4,085,672), with a net increase of JD 822,867.