

**JORDAN VEGETABLE OILS INDUSTRIES**  
**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2020**



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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 2020, 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 2020

**JORDAN VEGETABLE OILS INDUSTRIES**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

	<u>Notes</u>	30 September 2020	31 December 2019
<u>ASSETS</u>		JD (Unaudited)	JD (Audited)
<b>Non-current assets -</b>			
Property and equipment	4	935,378	947,295
Investment properties		468,744	474,087
Financial assets at fair value through other comprehensive income	12	989,497	1,282,451
		<u>2,393,619</u>	<u>2,703,833</u>
<b>Current assets -</b>			
Inventory		684,418	691,686
Accounts receivable and other current assets		1,248,777	1,384,648
Cash on hand and at banks	8	3,206,790	3,064,136
		<u>5,139,985</u>	<u>5,140,470</u>
<b>Total assets</b>		<u>7,533,604</u>	<u>7,844,303</u>
 <b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity -</b>			
Paid in capital	1	4,000,000	4,000,000
Statutory reserve		1,000,000	1,000,000
Fair value reserve		(294,971)	(2,017)
Retained earnings		716,958	1,716,958
Profit for the period		875,391	-
<b>Total Equity</b>		<u>6,297,378</u>	<u>6,714,941</u>
<b>Current liabilities -</b>			
Accounts payable and other current liabilities		1,162,461	1,054,729
Due to related parties	7	33,449	17,259
Income tax provision	5	40,316	57,374
<b>Total liabilities</b>		<u>1,236,226</u>	<u>1,129,362</u>
<b>Total equity and liabilities</b>		<u>7,533,604</u>	<u>7,844,303</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 2020 (UNAUDITED)**

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		JD	JD	JD	JD
<b>Sales</b>	9	<u>1,264,062</u>	<u>1,006,476</u>	<u>4,085,672</u>	<u>4,017,557</u>
<b>Less: Cost of Sales -</b>					
Finished goods- beginning balance		165,256	176,367	250,751	324,117
Cost of goods manufactured and purchases		759,822	636,171	2,345,571	2,165,881
Finished goods- ending balance		<u>(225,088)</u>	<u>(252,232)</u>	<u>(225,088)</u>	<u>(252,232)</u>
Cost of sales		<u>699,990</u>	<u>560,306</u>	<u>2,371,234</u>	<u>2,237,766</u>
<b>Gross Profit</b>		<u>564,072</u>	<u>446,170</u>	<u>1,714,438</u>	<u>1,779,791</u>
Selling and distribution expenses		(54,943)	(42,856)	(161,147)	(138,181)
Administrative expenses		(124,441)	(125,192)	(386,122)	(401,476)
Provision for expected credit losses		<u>(60,000)</u>	<u>(117,920)</u>	<u>(300,000)</u>	<u>(367,920)</u>
<b>Operating Profit</b>		<u>324,688</u>	<u>160,202</u>	<u>867,169</u>	<u>872,214</u>
Bank commissions		(211)	(215)	(739)	(755)
Other Income		<u>13,533</u>	<u>21,603</u>	<u>64,161</u>	<u>161,400</u>
<b>Profit for the period before tax</b>		<u>338,010</u>	<u>181,590</u>	<u>930,591</u>	<u>1,032,859</u>
Income tax	5	<u>(18,060)</u>	<u>(21,355)</u>	<u>(55,200)</u>	<u>(78,049)</u>
<b>Profit for the period</b>		<u>319,950</u>	<u>160,235</u>	<u>875,391</u>	<u>954,810</u>
		<u>Fils/ JD</u>	<u>Fils/ JD</u>	<u>Fils/ JD</u>	<u>Fils/ JD</u>
<b>Basic and diluted earnings per share for the period</b>		<u>0/08</u>	<u>0/04</u>	<u>0/22</u>	<u>0/24</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 COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the period	319,950	160,235	875,391	954,810
<b>Other comprehensive income items</b>				
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	(13,530)	(49,709)	(292,954)	(105,993)
<b>Total other comprehensive income items which will not to be reclassified to the statement of income in subsequent periods, net of tax</b>	<b>(13,530)</b>	<b>(49,709)</b>	<b>(292,954)</b>	<b>(105,993)</b>
<b>Total comprehensive income for the period</b>	<b>306,420</b>	<b>110,526</b>	<b>582,437</b>	<b>848,817</b>

**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 2020 (UNAUDITED)**

	Paid in capital	Statutory Reserve	Fair Value Reserve	Retained Earnings	Profit for the period	Total
	JD	JD	JD	JD	JD	JD
<b>For the period ended 30 September 2020 -</b>						
Balance at 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)
<b>Balance at 30 September 2020</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>(294,971)</b>	<b>716,958</b>	<b>875,391</b>	<b>6,297,378</b>
<b>For the period ended 30 September 2019 -</b>						
Balance at 1 January 2019	4,000,000	1,000,000	91,773	1,413,797	-	6,505,570
Total comprehensive Income for the period	-	-	(105,993)	-	954,810	848,817
Dividends (note 11)	-	-	-	(800,000)	-	(800,000)
<b>Balance at 30 September 2019</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>(14,220)</b>	<b>613,797</b>	<b>954,810</b>	<b>6,554,387</b>

**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 2020 (UNAUDITED)**

	Notes	For the nine months ended 30 September	
		2020 JD	2019 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the period before income tax		930,591	1,032,859
<b>Non-cash Adjustments:-</b>			
Depreciation		72,994	70,368
Provision for expected credit losses		300,000	367,920
Gain from sale of property and equipment		-	-
Interest income		(20,703)	(39,440)
<b>Working capital changes:</b>			
Inventory		7,268	131,560
Due to related parties		16,190	(21,135)
Accounts receivable and other current assets		(164,129)	(432,826)
Accounts payable and other current liabilities		87,683	(41,332)
Income tax paid	5	(72,258)	(114,136)
<b>Net cash flows from operating activities</b>		<b>1,157,636</b>	<b>953,838</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of financial assets through other comprehensive income		-	(97,242)
Purchase of property and equipment	4	(55,734)	(4,090)
Interest received		20,703	39,440
<b>Net cash flows used in investing activities</b>		<b>(35,031)</b>	<b>(61,892)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends paid		(979,951)	(769,183)
<b>Net cash flows used in financing activities</b>		<b>(979,951)</b>	<b>(769,183)</b>
<b>Net increase in cash and cash equivalents</b>		<b>142,654</b>	<b>122,763</b>
Cash and cash equivalents, beginning of the period		3,064,136	2,804,643
<b>Cash and cash equivalents, end of the period</b>	8	<b>3,206,790</b>	<b>2,927,406</b>

**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 2020 (UNAUDITED)**

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**(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. (5) held on 19 October 2020.

**(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 at 31 December 2019. In addition, the results for the nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.



**JORDAN VEGETABLE OILS INDUSTRIES**  
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**(3) SIGNIFICANT 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 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

**Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

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. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Company has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

**(4) PROPERTY AND EQUIPMENT**

During the nine months period ended 30 September 2020, the Company purchased property and equipment with a cost of JD 55,734 (30 September 2019: JD 4,090).

**JORDAN VEGETABLE OILS INDUSTRIES**  
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**(5) INCOME TAX**

The income tax provision was calculated for the 9 months ended 30 September 2020 and 31 December 2019 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.

Starting from 1 January 2020, the company has registered in the General Sales Tax Network in accordance to the Investment Commission Law No. (30) of 2014 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%).

The movement on income tax provision is as follows:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance as at the beginning of the period/ year	57,374	80,676
Income tax expense for the period/ year	55,200	72,863
Income tax expense for prior years	-	17,971
Income tax paid	<u>(72,258)</u>	<u>(114,136)</u>
Balance as at the ending of the period/ year	<u>40,316</u>	<u>57,374</u>

**(6) CONTINGENT LIABILITIES**

**Guarantees -**

As at 30 September 2020, the Company has contingent liabilities represented in letter of guarantees with an amount of JD 147,975 (2019: JD 142,975).

**Law suits 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 2019. 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 –**

As at 30 September 2020 lawsuits raised by the Company amounted to JD 2,132,405 (2019: JD 2,367,265) representing accounts receivable, and returned checks related to its ordinary course of business.

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**(7) RELATED PARTIES**

Related parties represent sister companies, major shareholders and key management personnel of the Company and other companies where the directors or senior managers are principal owners.

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 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Due to related parties</b>		
Vegetable Oils Industries Co. Ltd. – Nablus (Sister Company)	33,449	17,259

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

	For the nine months ended 30 September	
	2020	2019
	JD	JD
	(Unaudited)	(Unaudited)
Board of directors transportation and remuneration	22,050	22,050
Salaries and benefits	149,800	127,770

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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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 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	2,242,429	1,415,908
Bank deposits*	964,361	1,511,498
	<u>3,206,790</u>	<u>2,927,406</u>

\* This item represents deposits at banks, its interest matures from one to three months at a rate of 0.75% per annum for deposits in US Dollars and 3% per annum for deposits in Jordanian Dinar.

**(9) SALES**

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)
<b>Type of goods-</b>						
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>
<b>Geographical markets-</b>						
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**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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2019 sectors	For the three months ended 30 September 2019			For the nine months ended 30 September 2019		
	Margarine	Oil	Total	Margarine	Oil	Total
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
<b>Type of goods-</b>						
Sale of margarine	969,701	-	969,701	3,872,692	-	3,872,692
Sale of oil	-	36,775	36,775	-	144,865	144,865
Total revenue	<u>969,701</u>	<u>36,775</u>	<u>1,006,476</u>	<u>3,872,692</u>	<u>144,865</u>	<u>4,017,557</u>
<b>Geographical markets-</b>						
Local sales	884,346	36,775	921,121	3,723,007	144,865	3,867,872
Foreign sales	85,355	-	85,355	149,685	-	149,685
Total revenue	<u>969,701</u>	<u>36,775</u>	<u>1,006,476</u>	<u>3,872,692</u>	<u>144,865</u>	<u>4,017,557</u>

**(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 30 May 2020 to distribute cash dividends with a percentage of 25% from its paid in capital.

The General Assembly approved in its ordinary meeting held on 23 March 2019 to distribute cash dividends with a percentage of 20% from its paid in capital.

**JORDAN VEGETABLE OILS INDUSTRIES**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(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 2020	31 December 2019	Hierarchy
	JD (Unaudited)	JD (Audited)	
Financial assets at fair value through other comprehensive income:			
Equity instruments	989,497	1,282,451	Level 1

**(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 2020.