JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)

SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects the separate financial position of Jordan Paper Sacks Company L.LC. (later on the "Company") as at 31 December 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards***.***

What we have audited

The Company's separate financial statements comprise:

- The separate statement of financial position as at 31 December 2021;
- The separate statement of income for the year then ended;
- The separate statement of comprehensive income for the year then ended;
- The separate statement of changes in equity for the year then ended;
- The separate statement of cash flows for the year then ended; and
- The notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of a matter

The Company does not issue consolidated financial statements to include the activities of its subsidiary, due to the applicability of exemption conditions stated under the International Financial Reporting Standard (10) that undertakes the consolidation exemptions. Mondi Packaging Bags Division Company B.V. "Ultimate parent company" prepares a consolidation financial statements for the group in accordance with International Financial Reporting Standards. Our opinion is not modified in this respect.

Responsibilities of management and those charged with governance for the separate financial statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Company maintains proper accounting records which are consistent, in all material aspects, with the accompanying separate financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers “Jordan”

Omar Kalanzi
License no. (1015)

Amman - Jordan
DATE

JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,501,106	2,964,677
Intangible assets		5,095	7,985
Investments in subsidiaries	6	4,292,419	4,292,419
Deferred tax assets	16	147,347	137,066
		6,945,967	7,402,147
CURRENT ASSETS			
Inventory	7	2,476,185	1,999,523
Other debit balances	8	283,119	172,335
Due from related parties	9	510,961	1,156,714
Trade receivables	10	3,858,383	3,337,954
Cash on hand and at banks	11	5,268,371	4,083,935
		12,397,019	10,750,461
TOTAL ASSETS		19,342,986	18,152,608
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital	12	2,365,450	2,365,450
Share premium		40,000	40,000
Statutory reserve	12	2,365,450	2,365,450
Voluntary reserve		908,336	908,336
Other reserve		81,986	81,986
Actuarial losses arising from the re-measurement of end-of-service indemnity		(336,362)	(334,828)
Retained earnings		7,508,285	7,372,398
NET EQUITY		12,933,145	12,798,792
LIABILITIES			
NON-CURRENT LIABILITIES			
End-of-service indemnity	15	674,002	647,193
CURRENT LIABILITIES			
Due to related parties	9	4,034,796	3,623,207
Trade payables		317,327	472,296
Other credit balances	13	961,137	451,369
Income tax provision	16	422,579	159,751
		5,735,839	4,706,623
TOTAL LIABILITIES		6,409,841	5,353,816
TOTAL EQUITY AND LIABILITIES		19,342,986	18,152,608

General Manager **Financial Manager**

The attached notes 1 to 23 are an integral part of these separate financial statements

JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)
SEPARATE STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Revenues from contracts with customers	17	17,117,561	13,246,159
Cost of sales of goods	18	(14,963,400)	(12,058,125)
Gross profit		2,154,161	1,188,034
Selling and distribution expenses	19	(430,000)	(163,754)
Administrative expenses	20	(995,125)	(866,229)
(Provision for) reversal of expected credit loss	10	(12,766)	178,101
Other gain - net	21	304,230	21,666
Operating profit		1,020,500	357,818
Finance Income		-	6,350
Finance costs		(2,628)	(15,396)
Income for the year before dividends from subsidiaries and income tax		1,017,872	348,772
Dividends from subsidiaries	9	4,823,082	1,927,436
Income for the year before income tax		5,840,954	2,276,208
Income tax expense	16	(705,067)	(276,787)
Profit for the year		5,135,887	1,999,421

The attached notes 1 to 23 are an integral part of these separate financial statements

JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Profit for the year		5,135,887	1,999,421
Add: other comprehensive income items			
Actuarial (loss) gain from re-measurement of end-of-service indemnity	15	(1,534)	21,016
Total comprehensive income for the year		5,134,353	2,020,437

The attached notes 1 to 23 are an integral part of these separate financial statements

JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Other reserve	Actuarial losses arising from the re-measurement of end-of-service indemnity	Retained earnings	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD
2021								
Balance at 1 January 2021	2,365,450	40,000	2,365,450	908,336	81,986	(334,828)	7,372,398	12,798,792
Profit for the year	-	-	-	-	-	-	5,135,887	5,135,887
Other comprehensive loss for the year	-	-	-	-	-	(1,534)	-	(1,534)
Dividends declared (Note 23)	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Balance at 31 December 2021	2,365,450	40,000	2,365,450	908,336	81,986	(336,362)	7,508,285	12,933,145
2020								
Balance at 1 January 2020	2,365,450	40,000	2,365,450	908,336	81,986	(355,844)	8,572,977	13,978,355
Profit for the year	-	-	-	-	-	-	1,999,421	1,999,421
Other comprehensive income for the year	-	-	-	-	-	21,016	-	21,016
Dividends declared (Note 23)	-	-	-	-	-	-	(3,200,000)	(3,200,000)
Balance at 31 December 2020	2,365,450	40,000	2,365,450	908,336	81,986	(334,828)	7,372,398	12,798,792

The attached notes 1 to 23 are an integral part of these separate financial statements

JORDAN PAPER SACKS COMPANY
(LIMITED LIABILITY COMPANY)
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before income tax		5,840,954	2,276,208
Adjustments:			
Depreciation of property, plant and equipment	5	540,700	594,035
Amortisation of intangible assets		2,890	4,348
Provision (reversal) for expected credit loss	10	12,766	(178,101)
Provision for slow-moving inventory	7	-	1,845
End-of-service indemnity provision	15	22,647	21,365
Finance costs		2,628	15,396
Finance income		-	(6,350)
Gain on disposal of property, plant and equipment	21	(15,970)	(2,195)
Changes in working capital:			
Inventory		(476,662)	1,303,710
Trade receivables		(533,195)	879,828
Due from related parties		645,753	(428,972)
Other debit balances		(110,784)	92,091
Due to related parties		411,589	(219,434)
Trade payables		(154,969)	160,288
Other credit balances		450,082	(141,941)
Cash flows from operating activities before income tax and end-of-service indemnity paid		6,638,429	4,372,121
Income tax paid	16	(452,520)	(80,020)
End-of-service indemnity paid	15	-	(109,184)
Net cash flows generated from operating activities		6,185,909	4,182,917
INVESTING ACTIVITIES			
Loan to a subsidiary		-	1,170,989
Purchases of property, plant and equipment	5	(84,650)	(44,563)
Proceeds from sales of property, plant and equipment		23,491	2,198
Interest income received		-	6,350
Net cash flows (used in) generated from investing activities		(61,159)	1,134,974
FINANCING ACTIVITIES			
Repayment of bank loans		-	(685,096)
Dividends paid	23	(4,940,314)	(3,153,718)
Interest paid		-	(9,766)
Net cash flows used in financing activities		(4,940,314)	(3,848,580)
Net Change in cash and cash equivalents		1,184,436	1,469,311
Cash and cash equivalents at 1 January		4,083,935	2,614,624
Cash and cash equivalents at 31 December	11	5,268,371	4,083,935
Noncash transactions:			
Transferred from projects in progress to property, plant and equipment	5	-	52,525

The attached notes 1 to 23 are an integral part of these separate financial statements

(1) GENERAL INFORMATION

Jordan Paper Sacks Company was established on 13 May 1974, and was registered at the Ministry of Industry and Trade as a limited liability company under the registration number 279 on 5 November 1989 with a share capital of JD 250,000, which was subsequently increased to reach JD 2,365,450 with a par value of JD 1 per share.

The Company's objectives include manufacturing, promoting, and marketing various types of paper sacks through local and foreign markets. Moreover, the Company has the right to perform all kinds of related trading activities and undertakings in order to achieve its objectives, in addition to conducting other trading and industrial activities.

The address of the Company is Ein Al Basha, P.O Box 119, Ein Al Basha, 19374 Jordan.

The Company is 68% owned by Mondi Packaging Bag Division Company P.V.

These financial statements were authorised for issuance by the board of directors on **DATE**.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS.

The separate financial statements have been prepared under the historical cost convention and going concern basis.

The separate financial statements are presented in the Jordanian Dinar, which represents the functional currency of the Company.

The Company does not issue consolidated financial statements to include the activities of its subsidiary, due to the applicability of exemption conditions stated under the International Financial Reporting Standard (10) that undertakes the consolidation exemptions. Mondi Packaging Bags Division Company B.V. “Ultimate parent company” prepares a consolidation financial statements for the group in accordance with International Financial Reporting Standards.

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in (Note 4).

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Title	Key requirements	Effective date *
Covid-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 *Leases* which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognized in profit or loss arising from the rent concessions. * The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022. If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.	1 June 2020/ 1 April 2021

Title	Key requirements	Effective date *
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. · The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.	1 January 2021

* Applicable to reporting periods commencing on or after the given date.

(b) New and revised IFRS issued but not yet effective and not early adopted

As at 30 June 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021.

Title	Key requirements	Effective date *
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022

Title	Key requirements	Effective date *
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022

Title	Key requirements	Effective date *
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023 (deferred from 1 January 2022)
Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates– Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

Title	Key requirements	Effective date *
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: · right-of-use assets and lease liabilities, and · decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	*n/a* **

The management of the Company is still in the process of evaluating the impact of these amendments on the financial statements and it believes that there will be no material impact upon adoption.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the separate financial statements are measured using the currency of the primary economic environment in which the entity operates "the functional currency". The separate financial statements are presented in the Jordanian Dinar, which is the Company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the separate statement of income.

Foreign exchange gain and loss is deferred in equity if it relates to qualifying cash flow hedges and qualifying net investment hedges or attribuitable to part of the net investment in a foreign operation.

2.4 Property, plant and equipment

Property, plant and equipment is shown at historical cost, less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the separate statement of income during the financial period in which they are incurred.

Land is not depreciated, depreciation on assets is calculated using the straight-line method except for certain items in plant and equipment which are depreciated using the percentage of production method to allocate their cost over their estimated useful lives, as follows:

	Useful life (years)
Buildings and Hangars	4 – 40
Machinery	4 – 10
Power plant	10
Vehicles	6.5
Computers	4 – 5
Tools	6.25 – 10
Office furniture and fixtures	4 – 10

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the separate statement of income as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of income in the year the asset is derecognized.

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the separate statement of income.

2.5 Projects under construction

Projects under construction are shown at cost and include the cost of projects and direct expenses according to the percentage of business completion. Projects under construction are only depreciated when the related assets are completed and ready to be used

2.6 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investments in subsidiary companies are shown using the equity method. According to the equity method, the initial recognition of the investment is at cost, and the carrying amount of the investment is subsequently increased or decreased within the profit or loss of the subsidiary after the date of acquisition.

Subsequent to the date of acquisition, the share of the investing company from the subsidiary's profits or losses is recorded in the income statement, and its share of changes in the income statement is recorded under the Company's share of profit from investments in subsidiary companies against the effect of the investment account of the same amount.

The subsidiaries are accounted for using the cost method less any impairment. The subsidiaries' accounts are not consolidated within the accompanying separate financial statements. Based on International Financial Reporting Standard (10) concerning the exceptions of consolidating the financial statements. Mondi Packaging Bags Division Company B.V. “Ultimate parent company” prepares a consolidation financial statements for the group in accordance with International Financial Reporting Standards.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Inventory

Inventories and goods in transit are valued 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 (based on normal operating capacity), it excludes borrowing costs. Costs of indirect raw materials, packaging materials and spare parts are determined using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses

A provision is made for slow-moving inventory and spare parts. The carrying value of the inventory is reduced through a provision account, and the impairment loss is recognized in the separate statement of income.

2.9 Financial Assets

2.9.1 Trade receivable

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component when they are recognized at fair value. They are subsequently measured at amortized cost using effective interest rate method.

2.9.2 Impairment of financial assets

The Company has one type of financial assets that is subject for the expected credit loss model; which is trade receivables.

While cash at banks, other debit balances, amounts due from related parties and loans to subsidiaries are also subject to the requirements for impairment in IFRS 9, the impact of these financial assets is not material.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all receivables.

To measure expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on payment data for the sales of the prior 12 months of each reporting date. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect customers' ability to settle payables.

2.10 Cash and cash equivalents

For the purpose of presentation in the separate statement of cash flows, cash and cash equivalents includes cash on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the separate statement of financial position.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Trade payables

Trade payables are obligations for the purchase of goods or services from suppliers during the ordinary course of business of the Company. Payable accounts are classified as current liabilities if the payment is due within one year or less, otherwise they are recognized as a non-current liability.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the separate statement of income over the period of the borrowings using the effective interest method.

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the separate statement of income in the period in which they are incurred.

2.15 Revenue recognition

Revenue is income arising in the course of the Company’s ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Transfer of control for the Company's sales is made at a point in time, revenue is recognized net of discounts, returns and value added taxes, export duties and other similar mandatory payments.

The Company recognizes revenue from the following main sources:

(i) Sale of paper products directly to the customers:

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract based on the agreements signed with some customers, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms ranges between 90 and 180 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

All the Company's sales are performed within a short period, thus, the period between the transfer of the promised goods or services to the customer and payment by the customer doesn't exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money

(ii) Finance income on bank deposits

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ("EIR") applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

2.16 **End-of-service indemnity**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled within 12 months are included in other credit balances.

End of service indemnity

End of service indemnity is an employee's benefit plan and not considered specific subscription plan.

The Company pays employees at the end of their services, and these payments usually depend on one or more factors such as the age and years of service and compensation in accordance with the Company's internal regulations and rules.

The Company has specific benefit plans represented in the end of service indemnity for its employees.

The liability recognised in the separate statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Previous service costs are immediately included in the separate statement of income.

2.17 **Lease contracts**

Payments associated with short-term leases for impaired assets on a straight-line basis are recognized as an expense in the separate income statement. Short-term leases are leases with a term of 12 months or less with no call option.

2.18 **Distribution of profit - LLC**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the General assembly.

2.19 **Income tax**

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the separate financial statements because the latter includes non-taxable revenue or expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-taxable items.

Taxes are calculated on the basis of the tax rates prescribed in the prevailing tax law, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the separate financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the liability method using the tax rates expected to be applied at the tax settlement date or the realization of the deferred tax assets or liabilities.

The carrying values of deferred income tax assets and liabilities are reviewed at the date of the separate financial statements and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow that all or part of the deferred income tax asset to be utilized or when the tax liability is recognized.

2.20 Provisions

Provisions are recognized when the Company has a present or expected legal obligation as a result of past events; it is probable that cash outflows will be required to settle the obligation; and the amount can be reliably estimated.

2.21 Offsetting

Offsetting between financial assets and financial liabilities and showing the net amount in the statement of financial position is performed only when binding legal rights are available and when it is settled on the basis of clearing or the realization of the assets and the settlement of liabilities at the same time.

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including Foreign exchange risk, price risk, Cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company’s operations are exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US Dollar and Euro. There has been no change in the rate of the foreign exchange between the US Dollar and the Jordanian Dinar during the year as the exchange rate is fixed. Exchange differences relating to Euro transactions are recognised in the separate statement of income at the date of the transaction, which is immaterial during 2021.

The table below shows the sensitivity analysis for different currencies (other than the Jordanian dinar and the US dollar) to future changes in the conversion rate:

	Increase in exchange rate	Balance	Effect on profit for the year
	٪	JD	JD
2021			
Assets			
Euro	5	3,039,042	151,952
Liabilities			
Euro	5	3,489,797	(174,490)
		6,528,838	(22,538)
2020			
Assets			
Euro	5	1,783,694	84,939
Liabilities			
Euro	5	3,399,098	(161,862)
		5,182,792	(76,923)

(ii) Cash flow and fair value interest rate

The Company's interest rate risk arises from borrowings from banks with variable interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by bank accounts that bear interest. Borrowings issued at fixed rates expose to the fair value interest rate risk.

The Company had no outstanding loans as at December 31, 2021 and 2020.

(b) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The Company is exposed to credit risk on the following financial instruments:

Category	Class	Amount	Impairment model
Financial assets at amortised cost	- Trade receivables	3,858,383	Simplified approach
	- Cash at banks	5,266,357	General approach

Trade receivables:

- The Company structures the levels of credit risk it undertakes by placing limits on the amount of credit risk accepted in relation to a customer. On granting of credit, an assessment is performed of the credit worthiness of the debtor and the ability to pay.

- The management on a monthly basis reviews the aging analysis and follows up on all outstanding payments.

Credit risk concentration:

- The Company is exposed to credit risk concentration with regards to the trade receivables; as the largest four customers represents 53% of the total outstanding balance as at 31 December 2021 (December 2020: 46%).

Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to customers, related party and loans to subsidiaries including outstanding receivables and committed transactions.

Cash and deposits are maintained with banks having acceptable credit ratings as follows:

	Rating	2021	2020
		JD	JD
Arab Bank	Ba2	3,973,542	2,247,931
Housing Bank	B1	1,292,815	1,830,553
		5,266,357	4,078,484

(c) Liquidity risk

Management of the Company monitors the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2021 and 2020, based on contractual payment dates and current market interest rates.

Balances due within 12 months equal their carrying amounts, as the effect of discounting is not significant.

	Less than 1 year	More than 1 year
	JD	JD
31 December 2021		
Trade payables	317,327	-
Due to related parties	4,034,796	-
Other credit balances (excluding statutory liabilities)	755,898	-
End-of-service indemnity	-	674,002
31 December 2020		
Trade payables	472,296	-
Due to related parties	3,623,207	-
Other credit balances (excluding statutory liabilities)	336,457	-
End-of-service indemnity	-	647,193

3.2 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the separate statement of financial position less cash and cash equivalents. Total capital is the total equity, as shown in the separate statement of financial position, plus net debt.

Gearing ratio for 2020 and 2021 is not presented as there was no balance of outstanding loans as at 31 December 2020 and 2021.

3.3 Fair value estimation

Financial assets include cash at banks, trade receivables, due from related party, loans to subsidiaries and certain other current assets. Financial liabilities including overdrafts, borrowings, trade payables, due to related party and some other current liabilities.

The carrying values of trade receivables less impairment provision and payables are assumed to approximate to their fair values.

3.4 Financial instruments by category

	2021	2020
	JD	JD
Assets as per the separate statement of financial position		
Financial assets at amortised cost		
Due from related parties	510,961	1,156,714
Trade receivables	3,858,383	3,337,954
Other debit balances (excluding prepayments and advances to suppliers)	122,953	124,365
Cash on hand and at banks	5,268,371	4,083,935
	9,760,668	8,702,968
Liabilities as per the separate statement of financial position		
Financial liabilities at amortised cost		
Due to related parties	4,034,796	3,623,207
Trade payables	317,327	472,296
Other credit balances (excluding statutory liabilities)	755,898	336,457
End-of-service indemnity	674,002	647,193
	5,782,023	5,079,153

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Income tax

The Company determines the expected tax liabilities based on estimates of whether additional taxes will be due. When the final result of taxes on these matters is different from the amounts initially recorded, such differences will affect income tax expenditures in the period in which this determination is made. At the reporting date, the Company reviews the balance of deferred tax assets to assess their recoverable amount and therefore the balance is adjusted to reflect the total benefits that the Company will receive.

As at the date of the separate financial statements, there was no uncertain tax position, and management, in addition to the tax advisor, believes that the provision and income tax expense is sufficient to meet all of the outstanding liabilities.

(b) Provision for slow-moving inventories

The Company establishes a provision for slow-moving inventories in accordance with the accounting policy stated in (Note 2-8). The carrying value is compared with the recoverable amount for the purpose of determining the provision amount. These calculations require the use of estimates.

(c) End-of-service indemnity

The Company establishes a provision for employees' end of service indemnity in accordance with its own policies and procedures. These provisions require the use of estimates.

The assumptions used to determine the costs of end-of-service liabilities include the discount rate, the turnover rate, the mortality rate and expected future salary increases. Any change in these assumptions will affect these liabilities. The Company determines the appropriate discount rate value at the end of each year, and this discount rate must be used to determine the present value of the estimated future cash outflows expected to settle these liabilities.

(d) Provision for expected credit loss

With regard to estimating the collectible amounts of receivables from contracts and trade receivables, the company applied the simplified approach permitted in IFRS 9. The simplified approach is applied to a portfolio of trade receivables that is inherently homogeneous that carries the same credit risk.

The ECL is determined by a combination of factors such as overall quality, aging of receivables, continuous credit evaluation of the customer's financial strength and collateral requirements of clients in certain circumstances. Management makes provision for expected credit losses based on the best estimate at the end of the reporting period.

(5) PROPERTY, PLANT AND EQUIPMENT

	Plant's land	Buildings and hangars	Machinery	Power plant	Vehicles	Computers	Tools	Office furniture and fixtures	Projects Under Construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2021										
Cost:										
Balance at 1 January 2021	35,456	2,089,989	8,978,730	24,081	512,707	167,212	444,388	38,757	-	12,291,320
Additions	-	5,150	-	-	51,000	9,835	-	-	18,665	84,650
Disposals	-	-	-	-	(79,601)	(1,200)	-	-	-	(80,801)
Balance at 31 December 2021	35,456	2,095,139	8,978,730	24,081	484,106	175,847	444,388	38,757	18,665	12,295,169
Accumulated depreciation										
Balance at 1 January 2021	-	1,605,355	6,789,876	24,081	388,122	142,634	341,554	35,021	-	9,326,643
Depreciation for the year	-	26,343	420,653	-	48,620	14,915	29,489	680	-	540,700
Related to disposals	-	-	-	-	(72,655)	(625)	-	-	-	(73,280)
Balance at 31 December 2021	-	1,631,698	7,210,529	24,081	364,087	156,924	371,043	35,701	-	9,794,063
Net Book Value										
At 31 December 2021	35,456	463,441	1,768,201	-	120,019	18,923	73,345	3,056	18,665	2,501,106

Fully depreciated assets amounted to JD 5,997,404 as at 31 December 2021 (2020: JD 5,726,302).

The depreciation expense for the year ended December 31, 2021 has been distributed to administrative expenses in the amount of JD 50,006 (2020: JD 60,275) and the cost of sales in the amount of JD 490,694 (2020: JD 533,760).

(5) PROPERTY, PLANT AND EQUIPMENT

	Factory's land	Buildings and hangars	Machinery	Power plant	Vehicles	Computers	Tools	Office furniture and fixtures	Projects Under Construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020										
Cost:										
Balance at 1 January 2020	35,456	2,040,769	8,969,732	24,081	536,503	167,212	439,018	38,757	52,525	12,304,053
Additions	-	-	5,693	-	33,500	-	5,370	-	-	44,563
Transfers	-	49,220	3,305	-	-	-	-	-	(52,525)	-
Disposals	-	-	-	-	(57,296)	-	-	-	-	(57,296)
Balance at 31 December 2020	35,456	2,089,989	8,978,730	24,081	512,707	167,212	444,388	38,757	-	12,291,320
Accumulated depreciation										
Balance at 1 January 2020	-	1,579,914	6,321,275	24,081	396,035	124,271	309,983	34,342	-	8,789,901
Depreciation for the year	-	25,441	468,601	-	49,380	18,363	31,571	679	-	594,035
Related to disposals	-	-	-	-	(57,293)	-	-	-	-	(57,293)
Balance at 31 December 2020	-	1,605,355	6,789,876	24,081	388,122	142,634	341,554	35,021	-	9,326,643
Net Book Value										
At 31 December 2020	35,456	484,634	2,188,854	-	124,585	24,578	102,834	3,736	-	2,964,677

(6) INVESTMENTS IN SUBSIDIARIES

The ownership percentage of these subsidiaries is as follows:

	Location	Paid in Capital	Activity	Owner percentage	Cost	
				%	31 December	
					2021	2020
					JD	JD
PAP-SAC MAGHREB	Morocco	6,655,587	Manufacturing of Paper Sacks	60	3,993,352	3,993,352
Mondi Kaso Iraq Industrial Bag LTD.	Iraq	586,406	Manufacturing of Paper Sacks	51	299,067	299,067
					4,292,419	4,292,419

The Company performed an assessment to measure the indicators of impairment in its subsidiaries by studying the market and the results of these companies' business, and there were no indicators identified in accordance with the requirements of International Accounting Standard No. (36) Impairment of financial assets.

(7) INVENTORY

	2021	2020
	JD	JD
Raw materials	993,104	1,028,990
Finished goods	249,319	143,392
Packaging materials	29,188	19,037
Work in progress	4,379	843
	1,275,990	1,192,262
Provision for slow-moving inventory *	(12,434)	(12,434)
Goods In transit	1,212,629	819,695
	2,476,185	1,999,523

The Company's policy for determining the provision for slow moving inventory is as follows:

	Percentage
Wood	3% round wood 4% wood chip
Pulp and paper	50% after 1 year without movement 100% after 2 years without movement
Other production and merchandise	50% after 1 year without movement 100% after 2 years without movement
Other raw and auxiliary materials	50% after 1 year without movement 100% after 2 years without movement

* The movement on the provision for slow moving inventory is as follows:

	2021	2020
	JD	JD
At 1 January	12,434	10,589
Additions during the year	-	1,845
At 31 December	12,434	12,434

(8) OTHER DEBIT BALANCES

	2021	2020
	JD	JD
Refundable deposits	117,198	115,754
Advance payments	100,408	-
Prepaid expenses	59,758	47,970
Others	5,755	8,611
	283,119	172,335

(9) RELATED PARTY TRANSACTIONS AND BALANCES

The Company is controlled by Mondi Packaging Bags Division Company B.V., which owns 68% of the Company's shares.

Related parties comprise the shareholder and fellow subsidiaries of Mondi Packaging Bags Division Company B.V. The Company maintains significant balances with these related parties that arise from commercial and services transactions as follows:

(a) Balances with related parties as at 31 December 2021 and 2020 were as follows:

	2021	2020
Due from related parties	JD	JD
PAP SAC - MAGHREB*	238,997	20,790
Jordan Carbonate Company*	156,934	-
Suez Bags S.A.E*	91,445	74,398
Fenchase Enterprise Limited Company – Partner	80,990	80,775
Mondi – Oman*	43,231	28,173
National Paper Products Import & Export S.A.E*	-	227,776
Kaso Group for General Trading Co.*	-	825,438
	611,597	1,257,350
Less: Provision for doubtful debts	(100,636)	(100,636)
	510,961	1,156,714

* These items represent amounts due from fellow subsidiaries companies. Moreover, these accounts are non- interest bearing and within the ordinary course of business.

Due to related parties	2021 JD	2020 JD
MPPS/ FRANTSHACH	2,467,395	2,327,386
MPSS/ STETI	514,638	873,100
Kaso Group For General Trading Co.	418,171	-
Mondi Industrial bags GmbH	196,734	161,452
Month – Stambo	142,382	-
Dipeco	129,489	24,079
Mondi – Lebanon	129,018	223,839
National Paper Products Import & Export S.A.E	22,883	-
Mondi - Packaging AG	14,086	13,351
	4,034,796	3,623,207

The above balances are due to fellow subsidiaries. Moreover, these accounts are non-interest bearing and matures within a period of 90 days.

(b) The following transactions were carried out with related parties at terms agreed by management:

	2021 JD	2020 JD
Purchases from Mondi Group – Holding Company	9,937,631	7,936,473
Technical support expenses - Mondi Group - Holding Company	259,911	188,496
Sales to Jordan Carbonate Company *	551,921	246,785
Consulting fees - BOD member	67,126	51,795

* The Company is partially owned by a member of the Board of Managing Directors.

Salaries of the executive management amounted to JD 355,478 as of 31 December 2020 (2020: JD 453,960).

(c) Dividend income from subsidiaries:

The Company received dividend income on June 30, 2021 from PAP SAC - MAGHREB amounting to MAD 35,734,180 (equivalent to JD 2,832,929 as of the date of payments) for the results of the year ended 31 December 2021. (2020: MAD 6,653,880 - equivalent to JD 481,769).

The Company received dividend income on January 27, April 12, April 15 and December 31, 2021 from its subsidiary (Mondi Kaso Iraq Industrial Bag LTD.) amounting to USD 2,805,000 (equivalent to JD 1,990,153 as of the date of payment) for the results of the year ended 31 December 2021. (2020: USD 2,040,000 - equivalent to JD 1,445,667).

(10) Trade Receivables

	2021	2020
	JD	JD
Trade receivables	3,963,975	3,412,775
Cheques under collection	-	18,005
	3,963,975	3,430,780
Less: loss allowance	(105,592)	(92,826)
	3,858,383	3,337,954

The fair values of trade receivables approximate to their carrying value as of 31 December 2021 and 2020 respectively.

The following is the aging schedule for current and doubtful trade receivables as of 31 December:

Year	Current balances	1-30 days	31-90 days	91-120 days	More than 120 days	Total
		JD	JD	JD	JD	JD
2021	3,136,387	623,563	121,757	77,405	4,863	3,963,975
2020	2,712,861	505,009	133,974	32,938	27,993	3,412,775

As per the credit policy of the Company, customers are extended a credit term of 30 days in the normal course of business. Trade receivables that are one month past due, are not considered impaired if insured against default. Any amount that is not insured is provided for, as per the following categories:

Overdue days	Percentage
	%
0 – 30 Days	2
30 – 90 Days	10
90 – 120 Days	50
Over 120 Days	100

The movement on the provision for expected credit losses is as follows:

	2021	2020
	JD	JD
At 1 January	92,826	270,927
Provision for expected credit loss	12,766	-
Reversal of provision for expected credit loss	-	(178,101)
At 31 December	105,592	92,826

The Company has adopted a policy of dealing with only creditworthy counterparties in addition to obtaining sufficient guarantees as a mean of mitigating the risk of financial loss from defaults. The Company adopted a policy where a provision is booked against receivables not collected for more than 120 days with no movement during that period.

(11) CASH ON HAND AND AT BANKS

	2021	2020
	JD	JD
Cash on hand	2,014	5,451
Cash at banks	5,266,357	4,078,484
	5,268,371	4,083,935

The Company calculated the expected credit losses on the cash at banks, however, did not book the provision as the loss given default was considered to be immaterial.

(12) EQUITY

Paid in Capital

The authorized paid in capital of the Company is JD 2,365,450 divided into 2,365,450 shares with a nominal value of JD 1 per share.

Statutory Reserve

According to the requirements of Article No. (70) of the Jordanian Companies Law, the Company should deduct 10% of its annual net profit and transfer it to the compulsory reserve, and this deduction will continue for each year, provided that the total amount deducted for this reserve does not exceed the Company's capital. For the purposes of this law, net profits represent profits before withholding the income tax expense. This reserve is not available for distribution to partners.

(13) OTHER CREDIT BALANCES

	2021	2020
	JD	JD
Accrued expenses	256,446	68,161
Income and Sales tax deposits	192,961	103,079
Accrued consulting fees	109,058	41,932
Dividends payable	147,355	87,669
Accrued bonus	129,992	62,258
Provision for unpaid employees' vacations	79,448	62,272
Accrued freights and custom expense	17,037	-
Social security contributions	12,278	11,833
Accrued salaries	16,562	14,165
	961,137	451,369

(14) LOANS

The Company was granted a bank facility in the form of revolving loan with a ceiling of USD 2,500,000 (equivalent to JD 1,772,250) from a local bank at an interest rate of monthly LIBOR + 2.25% and not less than 3.25%, All credit facilities were granted against part of the plant assets and inventory's insurance policy amounted to approximately JD 5 million, which has been allocated as collateral for each facility obtained from the related banks. The loan balance was paid during the year 2020.

(15) END-OF-SERVICE INDEMNITY

The Company's Board of Directors approved the employees' end-of-service indemnity scheme, which was revised several times, the last of which was on 30 April 2009, whereas the indemnity scheme has been cancelled for any employee who joined the Company after 30 April 2009.

The Company has assigned a licensed actuarial consultant, for the purpose of calculating the liability of the Company's end-of-service indemnity offered to its employees as per the requirements of International Accounting Standard 19 (IAS 19).

(a) Movement on end-of-service indemnity provision:

	2021	2020
	JD	JD
At 1 January	647,193	750,398
Current service cost	22,647	21,365
Discount value	2,628	5,630
Actuarial Loss (gain) from re-measurement of end-of-service Indemnity	1,534	(21,016)
Less: Indemnities paid during the year	-	(109,184)
At 31 December	674,002	647,193

(b) Amounts recognized in the separate statement of income:

	2021	2020
	JD	JD
Current service cost	22,647	21,365
Interest expense	2,628	5,630
	25,275	26,995

(c) Amounts recognized in the separate statement of comprehensive income:

	2021	2020
	JD	JD
Actuarial Loss (gain) from re-measurement of end-of-service Indemnity	1,534	(21,016)

(d) Principle assumptions

The table below illustrates the Company's best estimate of the variables that will determine the ultimate cost of providing the end-of-service indemnity:

	2021	2020
	JD	JD
Currency		
Discount rate	0.6%	0.6%
Price inflation	2%	2%
Future escalation rate	3.25%	3.25%
Employees' data:		
Number of active employees	29	29
Average age of active employees	40.3	39.3
Average services	19.5	18.5
Total salaries and pension salaries for active employees	440,783	414,689

At the end of the year if assumptions differ 1% from management's estimates, with all other variables held constant, then the profit for the year will be affected as follows:

	1% Increase	1% Decrease
2021		
Discount Rate	558,115	786,847
Salary growth rate	782,003	558,115
Employee Turnover rate	634,332	634,332

	1% Increase	1% Decrease
2020		
Discount Rate	531,292	761,036
Salary growth rate	756,138	532,793
Employee Turnover rate	647,193	647,193

(16) INCOME TAX AND DEFERRED TAX ASSETS

(a) Income tax Provision

Movement on the provision for income tax is as follows:

	2021	2020
	JD	JD
At 1 January	159,751	7,962
Income tax for the year	715,348	231,809
Income tax paid	(452,520)	(80,020)
At 31 December	422,579	159,751

(b) Reconciliation of accounting profit with tax profit

	2021	2020
	JD	JD
Profit before income tax	5,840,954	2,276,208
Deduct:		
Used provision	71,249	11,772
Indemnities paid during the year	-	109,184
Dividends from foreign subsidiaries	4,823,082	1,927,436
Add:		
Provision for expected credit loss	-	(178,101)
Other provisions	214,831	21,103
End of service provision	25,275	26,995
Taxable profit	1,186,729	97,813
Less: Profits from export sales	-	-
Adjusted taxable profit	1,168,303	97,813
Declared tax rate	18%	17%
*Income tax expense	213,611	16,628
Effective tax ratio	4.0%	0.7%

* The company’s tax expense for the year is different from the amount presented on the separate statement of income, as a result of booking withholding tax related to dividends from subsidiaries, with an amount of JD 501,737 (2020: JD 215,181).

(c) Income tax expense in the separate statement of income for the year consists of the following:

	2021	2020
	JD	JD
Income tax for the year	715,348	231,809
(Additions) releases from deferred tax assets for the year	(10,281)	44,978
	705,067	276,787

The Company's income tax has been settled, up to the year 2018. Moreover, the Company has submitted its tax returns for 2019 and 2020 and has not been reviewed by the income and sales department as of the date of these separate financial statements. The Company's management and the tax consultant believe that the booked provision is sufficient to settle any potential tax liability arising therefrom.

(d) Deferred tax assets

	2021				2021	2020
	Balance at 1 January	Amounts added	Amounts released	Balance at 31 December	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
End-of-service indemnity provision	538,100	28,343	-	566,443	96,295	91,478
Provision for doubtful debts	92,826	12,766	-	105,592	17,951	15,780
Provision for doubtful debts-related parties	100,636	-	-	100,636	17,108	17,108
Provision for employees' vacation	62,272	19,371	-	81,643	13,879	10,586
Impairment in slow moving inventory	12,434	-	-	12,434	2,114	2,114
	806,268	60,480	-	866,748	147,347	137,066

The movement on deferred tax assets as follows:

	2021	2020
	JD	JD
At 1 January	137,066	182,044
Added during the year	10,282	5,733
Released during the year	-	(50,711)
At 31 December	147,347	137,066

The rate which was used to calculate the deferred tax assets for 31 December 2021 and 2020 is 17%.

(17) REVENUES FROM CONTRACTS WITH CUSTOMERS

	2021	2020
	JD	JD
Timing of revenue - At a point in time		
Sales	17,211,673	13,258,413
Discounts	(94,112)	(12,254)
Net sales	17,117,561	13,246,159

(18) COST OF SALES

	2021	2020
	JD	JD
Raw and packaging materials – 1 January (Note 7)	1,048,027	1,655,497
Add: Purchases of raw and packaging materials	12,531,894	8,770,700
Raw and packaging materials available for Use	13,579,921	10,426,197
Less: Raw and packaging materials – 31 December (Note 7)	(1,022,292)	(1,048,027)
Raw and packaging materials used in production	12,557,629	9,378,170
Other expenses:		
Salaries, wages and employees' benefits	769,853	678,189
Sacks freight expenses	494,615	780,030
Depreciation of property, plant and equipment (Note 5)	490,694	533,760
Maintenance and spare parts	225,089	165,514
Electricity and water	122,728	106,836
Cliches for printing	116,811	120,686
Medical expenses	92,711	119,256
Cleaning	50,837	45,692
Machinery expenses	39,769	28,125
Insurance premiums	36,040	15,728
Maintenance of factory building	22,894	11,469
End of service expenses	22,647	21,365
General safety expenses	21,443	31,342
Transportation	1,453	1,306
Provision for slow moving inventory (Note 7)	-	1,845
Others	7,650	3,247
	2,515,234	2,664,390
Total cost of production	15,072,863	12,042,560
Finished goods and work in process – 1 January (Note 7)	144,235	159,800
Finished goods and work in process – 31 December (Note 7)	(253,698)	(144,235)
Cost of sales	14,963,400	12,058,125

(19) SELLING AND DISTRIBUTION EXPENSES

	2021	2020
	JD	JD
Clearing and shipping services expenses	320,224	60,341
Salaries, allowances, overtime and benefits	109,241	102,069
Sacks freight insurance	535	1,344
	430,000	163,754

(20) GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Salaries, allowances, overtime and benefits	356,441	294,749
Consulting fees	295,691	246,683
Subscription fees and other	122,076	92,474
Depreciation of property, plant and equipment (Note 5)	50,006	60,275
Telephone and postage	38,906	32,868
Bank commissions	33,449	26,841
Professional fees	23,950	22,200
Social security contributions	22,999	35,210
Security expenses	12,340	11,670
Vehicles and internal transportation	10,554	5,989
Hospitality	9,076	6,752
Advertising and marketing	5,627	3,650
Management Committee bonuses	4,800	4,800
Insurance expenses	2,917	2,931
Amortization of intangible assets	2,890	4,348
Travel, transportation and foreign accommodation	2,000	13,167
Medical insurance expenses	703	1,453
Donations	700	-
Staff training	-	169
	995,125	866,229

(21) OTHER INCOME - NET

This item consists of the following:

	2021	2020
	JD	JD
Gain from management fees agreements	103,621	61,132
Gain (loss) on foreign currency translation	105,192	(80,061)
Gain from the sale of spoiled paper	79,447	37,816
Gain on disposal of property, plant & equipment	15,970	2,195
Other	-	584
	304,230	21,666

(22) CONTINGENCIES AND COMMITMENT

	2021	2020
	JD	JD
Letters of guarantee	527,550	555,021

(23) DIVIDEND DECLARED

The General Assembly of the Company resolved in its extra-ordinary meetings held on 9 June, 13 September and 15 December 2021 to distribute dividends amounted to JD 5,000,000. (2020: JD 3,200,000). The total amount of dividends paid during the year 2021 was JD 4,940,314 (2020: JD 3,153,718).