

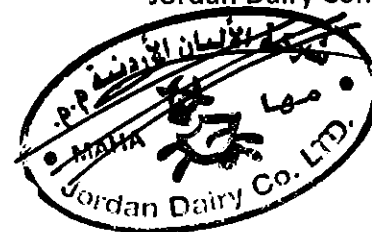
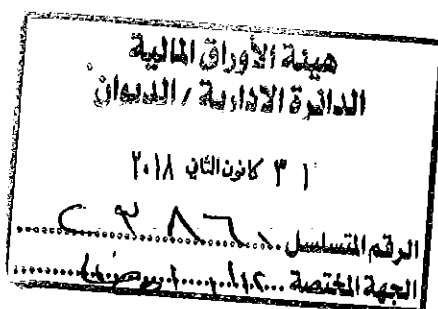
M/S: JORDAN SECURITIES COMMISSION

Disclosure

Kindly find the consolidated financial statements for the year ended Dec 31.2017 and Independent Auditors report for (Jordan Dairy Co).

With regards

Jordan Dairy Company



Jordan Dalry Company (PLC)
Amman – Jordan
Consolidated Financial Statements For
The Year Ended December 31, 2017
and Independent Auditor's Report

Jordan Dairy Company (PLC)
Amman – Jordan

INDEX

Independent Auditor's Report

STATEMENT

Statement of Consolidated Financial Position

A

Statement of Consolidated Comprehensive Income

B

Statement of Consolidated Changes in Equity

C

Statement of Consolidated Cash Flows

D

Notes to Consolidated Financial Statements

NOTES

1 - 24

330/1/105/1507

Independent Auditor's Report

**To stockholders,
Jordan Dairy Company (PLC)
Amman – Jordan**

Opinion

We have audited the consolidated financial statements of **Jordan Dairy Company (PLC)**, which comprise the statement of consolidated financial position as at December 31, 2017, and the consolidated statements of the comprehensive income, changes in equity and cash flows for the year then ended, and notes from (1-24), comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of **Jordan Dairy Company (PLC)** as of December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

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 consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. Accounts' receivable:

The amount of accounts' receivable arising in the consolidated financial statements of the Company represents the amounts due to the Group's customers as a result of forward sales, which is a key audit matter, since the amount of these accounts' receivable is material and its relative importance is high within the Group's current assets.

The main audit procedures we performed to verify the balances of the Group's receivables are:

- Examining and testing of the internal control systems related to the financial operations of accounts' receivable.
- Conducting analytical and substantive tests of balances and transactions of accounts' receivable and linking them with related accounts.
- Obtain confirmations from debtors.
- Examining the adequacy of accounts' receivable provision for doubtful debts and examining management's estimates for that provision.
- Studying the accounts' receivable ageing and verifying compliance with the credit policies granted by the Company to its customers.
- Validation of presentation, disclosure and accounting policies relating to accounts' receivable in accordance with the requirements of IFRS.

b. Property, plant & equipment:

The amount disclosed in the consolidated financial statements of the Company represents the value of the Group's property, plant and equipment used in its operating operations and the amount of these assets is material and its relative importance is high within the Group's non-current assets.

The main audit procedures we performed to verify the balances of property, plant and equipment are as follows:

- Examining and testing of the internal control systems related to the financial operations of property, plant and equipment.
- Conducting analytical and substantive tests of balances and transactions of additions and disposal of property, plant and equipment and linking them with related accounts.
- Verify the physical presence and ownership of the Group's property, plant and equipment.
- Studying management estimates and depreciation rates for property, plant and equipment.
- Verify that there are no indications of impairment in value of property, plant and equipment requiring an impairment test.
- Validation of presentation, disclosure and accounting policies consistent with International Financial Reporting Standards

c. Biological assets:

The amount of biological assets represents the value of cows, calves and fruit trees owned by the Group, and the process of processing and evaluating these assets is relatively complex.

The most important procedures we have undertaken to verify the balances of biological assets are:

- A study to validate the management's estimate of the fair values of the biological assets and how to address the re-measurement differences.
- Validation of presentation, disclosure and accounting policies for biological assets.
- Validate processing of additions and newborns, as well as disposal, death and sale processes.
- Attendance and control of inventories counting of biological assets.

Other information:

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

The management is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account and the accompanying consolidated financial statements are in agreement therewith. We recommend the approval of the consolidated financial statements by the General assembly.


Dweik & Co.

Member of

Leading Edge Alliance International

Rafiq T. Dweik (PHD)

Audit license No (386)



29/January/2018
Amman - Jordan

Statement (A)

Jordan Dairy Company (PLC)**Amman – Jordan****Statement of Consolidated Financial Position as of December 31, 2017, 2016**

	Note	<u>2017/JD</u>	<u>2016/JD</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	3	1160260	532527
Checks under collection		1590469	2233329
Financial assets fair value through comprehensive income	4	000	182919
Accounts' receivable - Net	5	2407754	1929243
Inventory - Net	6	1659866	1411738
L/C's		87728	230507
Other current assets	7	324309	213463
Total Current Assets		7230386	6733726
<u>Non Current Assets</u>			
Property, plant & equipment	8	5305610	3619154
Biological assets	9	1706221	1646825
Property & plant under progress		783481	1385773
Total Non Current Assets		7795312	6651752
Total Assets		15025698	13385478
		=====	=====
<u>Liabilities & Stockholders' Equity</u>			
<u>Current Liabilities</u>			
Due to banks	10	000	352951
Short term loan	11	300000	75000
Notes payable		407080	259748
Accounts' payable		2292591	1959652
Other current liabilities	12	883391	699526
Total Current Liabilities		3883062	3346877
<u>Non Current Liabilities</u>			
Long term loan	11	207945	64158
<u>Stockholders' Equity</u>			
Capital	13	4000000	4000000
Statutory reserve	13	1615381	1462111
Voluntary reserve	13	262500	262500
Shares' premium	13	1345417	1345417
Retained earnings		3711393	2904415
Net Stockholders' Equity		10934691	9974443
Total Liabilities & Stockholders' Equity		15025698	13385478
		=====	=====

“ The accompanying notes are an integral part of these statements ”

Jordan Dairy Company (PLC)
Amman – Jordan
Statement of Consolidated Comprehensive Income
for the Years Ended December 31, 2017, 2016

<u>Comprehensive income</u>	Note	2017/JD	2016/JD
Net sales		17290819	15672418
Cost of sales	14	(14138127)	(13150811)
Gross income		3152692	2521607
Sales & distribution expenses	16	(1080968)	(1009125)
Overhead expenses	17	(839510)	(733872)
Miscellaneous Provisions	18	(150000)	(73000)
Depreciation		(171808)	(131722)
Banking interest & expenses		(10463)	(3001)
Change in fair value of biological assets		59696	76241
Other revenue		39989	117449
Dr commission for acquiring & selling financial assets		(999)	(540)
(Loss) of disposal of financial assets fair value through comprehensive income		(4453)	(5555)
Adjustments on financial assets at fair value through comprehensive income		000	(37465)
Income for the year before tax		994176	721017
Board's remuneration/ Jordan dairy Co.		(10178)	000
Board's remuneration/ subsidiary Co.		(23750)	(25000)
Income for the year / Comprehensive income		960248	696017
Earnings per share from comprehensive income for the year		24%	17.4%
Weighted Average Shares		4000000	4000000

“ The accompanying notes are an integral part of these statements ”

Statement (C)

Jordan Dairy Company (PLC)
Amman – Jordan

Statement of Consolidated Changes in Equity for the years ended
December 31, 2017, 2016

Description	Capital	Statutory reserve	Voluntary reserve	Shares Premium	Retained Earnings		Total
					Realized	Unrealized	
	JD	JD	JD	JD	JD	JD	JD
Balance as of Dec.31, 2015	4000000	1331623	262500	1345417	2309622	229264	9478426
Income for the year after tax/ Comprehensive income	000	000	000	000	646607	49410	696017
Dividends	000	000	000	000	(200000)	000	(200000)
Statutory reserve	000	130488	000	000	(130488)	000	000
Balance as of Dec.31, 2016	4000000	1462111	262500	1345417	2625741	278674	9974443
Income for the year / Comprehensive income	000	000	000	000	900552	59696	960248
Statutory reserve	000	153270	000	000	(153270)	000	000
Balance as of Dec.31, 2017	4000000	1615381	262500	1345417	3373023	338370	10934691

“The accompanying notes are an integral part of these statements”

Statement (D)

Jordan Dairy Company (PLC)
Amman – Jordan
Statement of Consolidated Cash Flows
for the Years Ended December 31, 2017, 2016

	<u>2017 / JD</u>	<u>2016 / JD</u>
<u>Cash Flows From Operating Activities:</u>		
Income for the year / Comprehensive income	960248	696017
<u>Adjustments:</u>		
Depreciation	773193	729035
Provisions	183928	98000
Gains on disposal of property & equipment	(21552)	(31546)
Change in fair value of biological assets	(59696)	(76241)
Adjustments on financial assets	000	37465
Operating income before working capital changes:	1836121	1452730
Accounts' receivable and other current assets	146282	(1273598)
Inventory	(283128)	(93622)
Accounts' payable and other current liabilities	417876	794779
Financial assets fair value through comprehensive income	182919	102001
Net cash flows from operating activities	2300070	982290
<u>Cash Flows From Investing Activities:</u>		
Property, plant & equipment	(2438097)	(852354)
Biological assets	300	(2341)
Property & equipment under process	602292	(1109315)
Net cash flows from investing activities	(1835505)	(1964010)
<u>Cash Flows From Financing Activities:</u>		
Due to banks	(352951)	298055
Dividends	000	(200000)
Notes payables	147332	(6284)
Loan	368787	139158
Net cash flows from financing activities	163168	230929
Net change in cash and cash equivalents	627733	(750791)
Cash & cash equivalents at beginning of the year	532527	1283318
Cash & cash equivalents at end of the year	1160260	532527
	=====	=====

“The accompanying notes are an integral part of these statements”

Jordan Dairy Company (PLC)
Amman – Jordan
Notes to consolidated Financial Statements
for the Year 2017

1- Constitution and objectives:

A- The company is registered as a public shareholding company in the public shareholding companies register at Companies Control Department under the No. (68) on February 29th, 1968, and justified its legal status on December 10th, 1989.

B- The financial statements were approved by the board of directors on 29/January/2018, and it is subject to be approved by the general assembly.

C- Objectives:

To establish plants for dairy products, establishing projects and industries related to dairy industry and marketing its products and trading in its products.

2- Significant accounting policies:

Consolidated Financial statements are prepared under the International Financial Reporting Standards and the related explanatory notes issued by the International Accounting Standards Board (IASB). Following the summary of the significant accounting policies:

A- Amended IFRS:

The Company complies with all following IFRSs requirements and adjustments which were issued by International Accounting Standard Board and become effective within this year:

- IFRs (12) Disclosure of interest in other entities.
- IAS (7) Statement of Cash Flow.
- IAS (12) Income taxes.

B- Basis of Consolidation:

- The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with the International Financial Reporting Standards and the related interpretations originated by the International financial Reporting Interpretations Committee.
- The consolidated financial statements are prepared according to historical cost basis except for financial assets at fair value.
- The Jordanian dinar is the currency of the consolidated financial statements, which represents the main currency of the company.

Following are the consolidation basis:

- 1- The consolidated financial statements include the consolidated financial statements of the parent company and the financial statements of its subsidiaries and other companies that are under its control. Control is presumed to exist when the parent is

exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra- Group balances and transactions are eliminated for the purpose of consolidation.

- 2- The financial statements of subsidiaries are prepared as of the same date of the financial statements of the parent company and using the same accounting policies used by the parent company. The group use uniform accounting policies for reporting like transactions and other events in similar circumstances. The consequences of transactions, and balances, between entities within the group are eliminated.
- 3- The income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date as defined in IFRS 3. Income and expenses of the subsidiary shall be based on the values of the assets and liabilities recognized in the parent's consolidated financial statements at the acquisition date. The income and expenses of a subsidiary are included in the consolidated financial statements until the date when the parent ceases to control the subsidiary.
- 4- The company owns 100% of the capital of the subsidiary company (Al Maha Agricultural & Zoological Investments Co. L.L.C.) that being JD (1,000,000), the subsidiary's financial statements show that its assets as of 31/12/2017 are JD (6,953,709), comprehensive income for the year / Comprehensive income is JD (1,568,644) and net equity is JD (5,092,572). For the purposes of preparing separate financial statements, investments in subsidiaries are recorded using the cost method, with the recognition of any decline in the investment's value - if any -. Dividends arising from investments in subsidiaries are recorded when the General Assembly of the subsidiary decide distributing such dividends.

C- Property, plant & equipment:

Property, plant & equipment are carried at historical cost less (except for land) the accumulated depreciation and impairment. Such assets are depreciated on a straight-line basis at the following depreciation rates:

<u>Asset</u>	<u>Dep. Rate</u>
Cars	15 – 20%
Refrigerators	12%
Tools	10 – 25%
Devices & equipment	10 – 20%
Sanitary installations	10%
Furniture	9 - 25%
Machinery & equipment	8 - 25%
Lab equipment	8 – 25%
Electrical installations	5 – 10%
Purification plant	4 – 10%
Office equipment	2.5 – 25%
Buildings & hangers	2 – 10%

In case of disposal of any property, plant or equipment, the carrying value of such and the related accumulated depreciation to be credited by the recorded amount of each, while the gain or loss resulted from disposal to be recognized in Income Statement. Subsequent additions or improvements expenditures on existing items of property, plant or equipment shall be

capitalized at cost, while repair and maintenance expenditures shall be recognized as current expense.

D- Biological assets:

- 1- Cows are measured by their fair value less estimated costs at the point of sale, and the fair value for cows is determined based on market prices in the local area, and the fair value for cows is determined based on market prices in the local area with similar age, breed and feature genetic. The milk is measured initially by its fair value less estimated costs at the point of sale at the time of milking, and the fair value for milk is determined based on market prices in the local area, and profits earned from sales for the calves (male) are recognized when selling them only at the time of sale, in which are not maintained out for a long period of time.
- 2- As for other biological assets (trees) are measured at fair value, net of estimated costs at the point of sale.

E- Revenues realization :

- ◆ Revenue from sales is realized when shipping goods and the issuance of the invoice to the customer.
- ◆ Interest income is realized on a time basis so as to reflect the actual return on assets.
- ◆ Investments dividends are realized when its distribution is approved by the General Assembly for the investee companies.
- ◆ Other revenue and expenses are realized on an accrual basis.

F- Inventory , spare parts and raw materials:

- ◆ Purchased finished goods are priced at cost or net realizable value , whichever is less, and cost is determined on the basis of first-in first out.
- ◆ Manufactured finished goods are priced at cost or net realizable value , whichever is less, the cost includes direct manufacturing expenses along with bearing part of indirect manufacturing expenses using the method of weighted average cost method.
- ◆ Under manufacturing products are priced at cost or net realizable value, whichever is less , and the cost includes cost of direct manufacturing expenses along with bearing part of indirect manufacturing expenses based on the manufacturing stage by using the weighted average cost method according to each stage of production.
- ◆ Raw materials are priced at cost or net realizable value, whichever is less, and cost is determined on the basis of first-in first out.
- ◆ Spare parts and supplies are priced at cost or net realizable value, whichever is less, and cost is determined on the basis of first-in first out.

G- Use of Estimates :

The preparation of the accompanying financial statements requires estimates and assumptions for some items in the financial statements when applying accounting policies, examples include provision for doubtful debts, and the management conducts future estimates of the uncertainties at the end of the fiscal year, which may lead to a significant risk and is likely to cause fundamental modifications to in operating assets and liabilities balances over the next year. Examples include various provisions, lawsuits and claims filed against the Company.

H- Trade Receivables and Payables:

Trade receivables and payables are recorded at the same amounts of invoices, allowance for doubtful debts of receivables to be taken to offset any decline of collectable value of such debts.

I- Cash and Cash Equivalents :

For preparing Cash Flow Statement purposes, the cash and cash equivalents represent cash on hand and at banks. Any overdrafts that floating from credit to debt balances, or vs. shall be deducted from cash and cash equivalents item.

J- Recognition of Financial Assets and Liabilities :

Financial assets and liabilities are recognized on consistent bases from year to year applying Trade Date Method for the purchase of financial assets.

K- Financial Instruments:

Any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity. Financial instruments consist primarily of cash in hand, cash at banks, accounts receivables, payables, and securities.

3- Cash and cash equivalents:

	<u>2017/JD</u>	<u>2016/JD</u>
Cash on hand	31460	149163
Cash at banks	1128800	383364
Total	<u>1160260</u> =====	<u>532527</u> =====

4- Financial assets fair value through comprehensive income:

	<u>2017/JD</u>	<u>2016/JD</u>
Equity instruments at cost	000	364514
Fair value adjustment	000	(181595)
Total	<u>000</u> =====	<u>182919</u> =====

This item represents the value of investments in a group of listed companies, and this portfolio was managed by the Company's management. The portfolio was sold in 2017

5- **Accounts' receivable - Net:**

	<u>2017/JD</u>	<u>2016/JD</u>
Accounts' receivable	2700937	2172426
Less: provision for doubtful debts	(293183)	(243183)
Total	<u>2407754</u>	<u>1929243</u>

6- **Inventory - Net**

	<u>2017/JD</u>	<u>2016/JD</u>
Spare parts	576956	521694
Feed	466182	363341
Raw material	299729	297493
Finished & under manufacturing goods	252839	188548
Packing materials	202083	219357
Refrigerators' stores	30159	2346
Supplies store	19214	14005
Veterinary materials	11235	7771
Sub total	<u>1858397</u>	<u>1614555</u>
Provision for stagnant goods & spare parts	(198531)	(202817)
Total	<u>1659866</u>	<u>1411738</u>

7- **Other current assets:**

	<u>2017/JD</u>	<u>2016/JD</u>
Employees' receivables	231586	115193
Claims under collection	39905	29822
Refundable deposits	30408	30408
Prepaid expenses	22410	38040
Total	<u>324309</u>	<u>213463</u>

8-Property, plant & equipment:

A-Property, plant & equipment-Jordan Dairy Company

Description	Machinery & equipment		Cars	Refrigerators	Buildings & hangars	Tools	Purification Plant	Furniture & fixtures	Lap equipment	Total
	Lands									
<u>Description</u> <u>Cost</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance as of December 31, 2016	90449	5849531	1261565	336605	930028	335169	135756	82393	27232	9048728
Additions	000	839457	164024	35418	842312	137428	000	47083	585	2066307
Disposals	000	(52229)	(72411)	000	000	000	000	000	000	(124640)
Balance as of December 31, 2017	90449	6636759	1353178	372023	1772340	472597	135756	129476	27817	10990395
<u>Acc. depreciation</u>										
Balance as of December 31, 2016	000	4730936	912638	287261	812483	264896	111890	77843	22529	7220476
Depreciation for the year	000	247957	115276	15790	27684	29218	1227	4374	883	442409
Disposals	000	(52229)	(72411)	000	000	000	000	000	000	(124640)
Balance as of December 31, 2017	000	4926664	955503	303051	840167	294114	113117	82217	23412	7538245
Net book value as of Dec. 31, 2017	90449	1710095	397675	68972	932173	178483	22639	47259	4405	3452150
Net book value as of Dec. 31, 2016	90449	1118595	348927	49344	117545	70273	23866	4550	4703	1828252

B- Al Maha Agricultural & Zoological Investments Co. (subsidiary company):

[illegible]

9- **Biological assets (subsidiary company):**

The Company maintains a number of (1,591) cow capable of producing milk, and (527) pregnant female cow will be admitted to the actual production during the year 2018 and (820) female calves are bred to produce milk in the future, and (65) male calves held for the purpose of selling in the near future, as well as the company maintains biological assets represent a range of fruit trees.

10- **Due to banks:**

This item represents over draft accounts granted by Arab Bank and Jordan Kuwait Bank.

11- **Loan:**

	Loan installments to be paid		2017
	Within a year	After a year	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Jordan Kuwait Bank loan	300000	207945	507945

* On October 3, 2016, the Company signed a loan agreement with Jordan Kuwait Bank of JD (600,000) to finance the purchase of new machinery for the plastics plant bearing interest rate of (3.5%). It was agreed that the loan will be repaid under (24) installments of JD (25000) each, and the first installment shall be due after one year from the date of granting the loan, according to the grace period of (one year) that is mentioned in the aforementioned agreement.

12- **Other current liabilities:**

	<u>2017/JD</u>	<u>2016/JD</u>
Shareholders' consignments	352877	369717
Accrued expenses	250701	147894
End of service provision	72877	25000
Different consignments	59406	7031
Boards' remunerations	33928	25000
Sales tax consignments	26377	19364
Social security consignments	24773	24273
Income tax provision	21542	33927
Vacations' provision	20296	24031
General provision	10276	12830
Lawsuits provision	10011	10011
Income tax consignments	327	448
Total	<u>883391</u>	<u>699526</u>
	=====	=====

13- **Capital and reserves:**

a) **Capital:**

The Company's capital witnessed different increases till reached JD (4,000,000) divided to (4,000,000) shares.

b) Statutory reserve:

The accumulative amount of this account represents amounts transferred from EBIT at a rate of 10% .This reserve is not distributable to shareholders.

c) Voluntary reserve:

The accumulative amount of this account represents amounts that are transferred from EBIT and are subject to the General Assembly approval when transferred, distributed or disposed of pursuant to the Companies Law in force.

d) Shares premium:

This item represents the difference between the par value of shares issued for underwriting and the total amount received from stockholders.

14- Cost of sales:

A- Cost of sales – Jordan Dairy Company:

	<u>Note</u>	<u>2017/JD</u>	<u>2016/JD</u>
Finished & under manufacturing goods beginning balance		188548	250624
Raw materials		6739267	6003307
Industrial expenses	15-1	1676767	1695982
Cost of goods available for sale		8604582	7949913
Finished & under manufacturing goods end of period balance		(252839)	(188548)
Sub total		8351743	7761365
		=====	=====

B- Cost of sales - Al Maha Agricultural & Zoological Investments Co. (subsidiary company):

	<u>Note</u>	<u>2017/JD</u>	<u>2016/JD</u>
Cattle farm expenses	15-2	5691632	5285737
Trees farm expenses	15-3	94752	103709
Sub total		5786384	5389446
Total (A + B)		14138127	13150811
		=====	=====

15-1 Industrial expenses

	<u>2017/JD</u>	<u>2016/JD</u>
Salaries & wages and related exp.	606288	642910
Electricity, water and telephone	329938	321747
Depreciation	291070	262282
Fuel and oil	119809	97966
Social security and provident fund	113544	121244
Maintenance	111056	163185
Cleaning materials	44135	35859
Printer ink	20470	19055
Cars expenses	10715	8515
Workers' wear	8300	5896
Assets' insurance	5691	4376
Lab expenses	5052	5509
Other expenses	4249	4829
Shipping & clearing exp.	3709	000
Medical expenses	1441	862
Fees and subscriptions	1300	1747
Total	<u>1676767</u>	<u>1695982</u>

15-2 Cattle farm expenses:

	<u>2017/JD</u>	<u>2016/JD</u>
Cattle feeding	4532814	4247338
Depreciation	309238	332345
Treatments, medicines and veterinary supplies	284337	236750
Salaries & wages and related exp.	185371	157572
Electricity, water	108367	87461
Fuel and oil	81292	57269
Cars & machinery expenses	60439	54230
Cleaning expenses	55411	49981
Machinery maintenance	39675	36558
Social security	22595	19637
Buildings & office equipment maintenance	10006	5888
Workers' wear	1057	317
Accommodation supplies	1030	194
Other expenses	000	197
Total	<u>5691632</u>	<u>5285737</u>

15-3 Trees farm expenses:

	<u>2017/JD</u>	<u>2016/JD</u>
Electricity	44103	51601
Agricultural marketing	24255	20419
Trim trees	9776	2742
Salaries & wages and related exp.	7018	17505
Treatments, medicine & agricultural seedlings	4440	6282
Supplies for irrigation and cultivation	3157	199
Tools & equipment depreciation	1098	2686
Social security	905	2010
Machinery maintenance	000	265
Total	<u>94752</u>	<u>103709</u>

16- Sales & distribution expenses:

	<u>2017/JD</u>	<u>2016/JD</u>
Salaries & wages and related exp.	481882	468740
Fuel for cars	202768	148239
Commissions	116537	129638
Tenders' expenses	114766	91196
Social security and provident fund	75089	85521
Cars' expenses	43269	41197
Marketing campaign	20718	20000
Cars insurance	13019	13766
Transportation expenses	3139	1424
Stationary	2970	3465
Miscellaneous expenses	2583	1426
Rent	2044	2281
Refrigerators' maintenance	1959	2092
Medical expenses	225	140
Total	<u>1080968</u>	<u>1009125</u>

17- Overhead expenses:

	<u>2017/JD</u>	<u>2016/JD</u>
Salaries & wages and related exp.	481641	442799
Medical expenses	77316	71823
Social security and provident fund	70653	64529
Official fees and subscriptions	41658	26856
End of service provision	40000	000
Buffet	32786	21194
Professional fees	20270	19944
Boards' transportation expenses	16800	18000
Post & telephone expenses	15677	13706
Donations & remunerations	12517	3298
Stationary	8409	7569
Insurance	4636	3924
Promotion & advertising	3916	4529
Hospitality	3791	5433
Cars' expenses	3628	7403
Maintenance	2885	2797
Judicial expenses	1237	790
Traveling & transportation expenses	962	5669
Companies Control Dep. fees	600	1200
Paid Vacations	128	2409
Vacations' provision	000	10000
Total	<u>839510</u>	<u>733872</u>

18- Miscellaneous Provisions:

	<u>2017/JD</u>	<u>2016/JD</u>
Provision for doubtful debts	50000	000
Provision for end of service	40000	25000
Provision for stagnant goods	35000	36000
Provision for unpaid vacations	25000	12000
Total	<u>150000</u>	<u>73000</u>

19- Contingent Liabilities:

Following are the contingent liabilities as at the date of the financial statements:

	<u>2017/JD</u>	<u>2016/JD</u>
L/C's & collections	15336	607240
L/Gs	588492	438936
Total	<u><u>603828</u></u>	<u><u>1046176</u></u>

20- Corporate Tax position:

- ◆ The tax position of the Company was finalized till end of the year 2015.
- ◆ Tax declaration of the Company for the year 2016 was submitted to Income and Sales Tax Department, and tax assessment still not made by the Department yet.
- ◆ The tax position of the subsidiary was finalized till end of the year 2015.

21- Dividends for distribution:

Distributable dividends as of 31/12/2017 amounted JD (3373023) after deducting the unrealized income that amounted JD (338370), pursuant to Jordan Security Commission regulations.

22- Operating Segments:

- ◆ The company and its subsidiary practice it's activities through:

1. Industrial activity:

Industrial activity includes the production and sale of various dairy products and miscellaneous plastic bottles.

2. Cattle and trees' farms activity:

Cattle and trees' farms' activities include fattening and breeding cattle, sheep and calves and establishing farms and trading with its products.

- ◆ The following table shows the presentation of the results of the operating segments for the two companies:

<u>A- Comprehensive Income Information</u>	<u>Industrial Activity</u>	<u>Farms Activity</u>	<u>Investment Activity</u>	<u>2017</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Net sales	9649585	7641234	000	17290819
Cost of sales	(8351743)	(5786384)	000	(14138127)
Gross profit	1297842	1854850	000	3152692
Unallocated expenses	000	000	000	(1205709)
Allocated (loss)	000	000	(4453)	(4453)
Unallocated revenues	000	000	000	39989
Unrealized earnings	000	59696	000	59696
Allocated expenses	(1080968)	000	(999)	(1081967)
Income for the year / Comprehensive income				960248
				=====
<u>B- Other Information</u>				
Assets segment except cash	9049128	4816310	000	13865438
Unallocated assets	000	000	000	1160260
Total Assets				15025698
				=====

23- Financial Instruments:

a- Fair Value:

The book value of financial instruments that represents cash, payables, receivables and loans is matching the fair value.

The notes to the financial statements show the fair value to these financial instruments, and some of the accounting policies show the adopted methods to evaluate such instruments.

b- Credit Risk:

The Company hold current and time deposits at banks of appropriate credit.

c- Prices Risk:

• **Market Risk:**

The market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. The financial instruments represented in the statements of financial position are not subject to such risk.

• **Currency Risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk related to financial instruments namely, the US Dollar are very low as the exchange rate of the US Dollar in exchange

with Jordan Dinar is fixed, while the other exchange rates risk were dealt with accordingly in the financial statements.

- **Interest Rate Risk:**

The financial instruments in the statements of financial position are not subject to interest rate risk, except for the credit and banking credit that are subject to competent controlling commissions.

24- General:

Attention must be drawn to the effect of the Jordan Securities Commission regulations and Jordanian Companies Law on calculating statutory reserve only on the realized earnings bases, as well as presenting the unrealized earnings separately in the retained earnings item. Taking into account restrictions on the distributing dividends for unrealized earnings.