



شركة الألبان الأردنية المساهمة العامة المحدودة
JORDAN DAIRY COMPANY LTD.

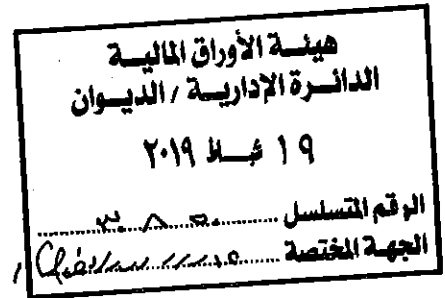
2019/02/19

M/S: JORDAN SECURITIES COMMISSION

Disclosure

Kindly see the consolidated financial statements for year 2018
and independent auditors report .

With regards



Jordan Dairy company



Jordan Dairy Company (PLC)
Amman – Jordan
Consolidated Financial Statements For
The Year Ended December 31, 2018
and Independent Auditor's Report

Jordan Dairy Company (PLC)
Amman – Jordan

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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, 2018, and the consolidated statements of the comprehensive income, changes in equity and cash flows for the year then ended, and notes from (1-23), 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, 2018, 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.

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)



February/13/2019

Amman - Jordan

Statement (A)

Jordan Dairy Company (PLC)**Amman – Jordan****Statement of Consolidated Financial Position as of December 31, 2018, 2017**

	Note	2018/JD	2017/JD
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	3	203207	1160260
Checks under collection		1380267	1590469
Accounts' receivable - Net	4	3389047	2407754
Inventory - Net	5	1464373	1659866
L/C's		80318	87728
Other current assets	6	1355098	324309
Total Current Assets		7872310	7230386
<u>Non Current Assets</u>			
Property, plant & equipment	7	6248956	5305610
Biological assets	8	1849447	1706221
Property & plant under progress		257085	783481
Total Non Current Assets		8355488	7795312
Total Assets		16227798	15025698
		=====	=====
<u>Liabilities & Stockholders' Equity</u>			
<u>Current Liabilities</u>			
Due to banks	9	762546	000
Short term loan	10	454255	300000
Notes payable		302710	407080
Accounts' payable		2139612	2292591
Other current liabilities	11	754329	883391
Total Current Liabilities		4413452	3883062
<u>Non Current Liabilities</u>			
Long term loan	10	952347	207945
<u>Stockholders' Equity</u>			
Capital	12	4000000	4000000
Statutory reserve	12	1735210	1615381
Voluntary reserve	12	262500	262500
Shares' premium	12	1345417	1345417
Retained earnings		3518872	3711393
Net Stockholders' Equity		10861999	10934691
Total Liabilities & Stockholders' Equity		16227798	15025698
		=====	=====

“ 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, 2018, 2017

<u>Comprehensive income</u>	Note	2018/JD	2017/JD
Net sales		16468170	17290819
Cost of sales	13	(14347562)	(14138127)
Gross income		2120608	3152692
Sales & distribution expenses	15	(1012780)	(1080968)
Overhead expenses	16	(853281)	(839510)
Miscellaneous Provisions	17	000	(150000)
Depreciation		(156719)	(171808)
Banking interest & expenses		(22895)	(10463)
Change in fair value of biological assets		138751	59696
Other revenue		38624	39989
Commission for acquiring & selling financial assets		000	(999)
(Loss) on disposal of financial assets fair value through comprehensive income		000	(4453)
Income for the year before tax		252308	994176
Board's remuneration/ Jordan dairy Co.		000	(10178)
Board's remuneration/ subsidiary Co.		(25000)	(23750)
Income for the year / Comprehensive income		227308	960248
Earnings per share from comprehensive income for the year		5,680%	24%
Weighted Average Shares		4000000	4000000

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

Statement (C)

Jordan Dairy Company (PLC)Amman -- JordanStatement of Consolidated Changes in Equity for the years endedDecember 31, 2018, 2017

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, 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
Income for the year / Comprehensive income	000	000	000	000	88557	138751	227308
Dividends	000	000	000	000	(300000)	000	(300000)
Statutory reserve	000	119829	000	000	(119829)	000	000
Balance as of Dec.31, 2018	4000000	1735210	262500	1345417	3041751	477121	10861999

“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, 2018, 2017

	<u>2018 / JD</u>	<u>2017 / JD</u>
Cash Flows From Operating Activities:		
Income for the year / Comprehensive income	227308	960248
Adjustments:		
Depreciation	758116	773193
Provisions	000	183928
Gains on disposal of property & equipment	(14172)	(21552)
Change in fair value of biological assets	(138751)	(59696)
Operating income before working capital changes:	832501	1836121
Accounts' receivable and other current assets	(3644470)	146282
Inventory	195493	(283128)
Accounts' payable and other current liabilities	(282041)	417876
Financial assets fair value through comprehensive income	000	182919
Net cash flows from operating activities	(2898517)	2300070
Cash Flows From Investing Activities:		
Property, plant & equipment	(1687290)	(2438097)
Biological assets	(4475)	300
Property & equipment under process	526396	602292
Net cash flows from investing activities	(1165369)	(1835505)
Cash Flows From Financing Activities:		
Due to banks	2612546	(352951)
Dividends	(300000)	000
Notes payables	(104370)	147332
Loans	898657	368787
Net cash flows from financing activities	3106833	163168
Net change in cash and cash equivalents	(957053)	627733
Cash & cash equivalents at beginning of the year	1160260	532527
Cash & cash equivalents at end of the year	203207	1160260
	=====	=====

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

Jordan Dairy Company (PLC)
Amman – Jordan
Notes to consolidated Financial Statements
for the Year 2018

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 6/February /2019, 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 (9) Financial Instruments.
- IFRs (15) Revenue from Contracts with Customers.

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 31/12/2018 are JD (7,526,791), comprehensive income for the year / Comprehensive income is JD (1,312,039) and net equity is JD (5,304,611). 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>2018/JD</u>	<u>2017/JD</u>
Cash on hand	22875	31460
Cash at banks	180332	1128800
Total	<u>203207</u>	<u>1160260</u>

4- Accounts' receivable - Net:

	<u>2018/JD</u>	<u>2017/JD</u>
Accounts' receivable	3682230	2700937
Less: provision for doubtful debts	(293183)	(293183)
Total	<u>3389047</u>	<u>2407754</u>

5- Inventory - Net

	<u>2018/JD</u>	<u>2017/JD</u>
Spare parts	638229	576956
Feed	304027	466182
Finished & under manufacturing goods	280702	252839
Packing materials	183127	202083
Raw material	172785	299729
Supplies store	21588	19214
Veterinary materials	14277	11235
Refrigerators' stores	12032	30159
Sub total	<u>1626767</u>	<u>1858397</u>
Provision for stagnant goods & spare parts	(162394)	(198531)
Total	<u>1464373</u>	<u>1659866</u>

6- Other current assets:

	<u>2018/JD</u>	<u>2017/JD</u>
Prepaid installments to contactors/ Energy Project	773357	000
Employees' receivables	251265	231586
Prepaid expenses	231914	22410
Refundable deposits	53879	30408
Claims under collection	44608	39905
Withholding tax/Employees	75	000
Total	<u>1355098</u>	<u>324309</u>

7- Property, plant & equipment:

<u>Description</u> <u>Cost</u>	Lands	Machinery & equipment	Cars	Refrige- rators	Buildings & hangers	Tools	Purification Plant	Furniture & fixtures	Lap equipment	Total
	<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, 2017	90449	6636759	1353178	372023	1772340	472597	135756	129476	27817	10990395
Additions	479962	356181	272716	25074	89837	27815	948	6004	425	1258962
Disposals	000	000	(114300)	000	000	000	000	000	000	(114300)
Balance as of December 31, 2018	<u>570411</u>	<u>6992940</u>	<u>1511594</u>	<u>397097</u>	<u>1862177</u>	<u>500412</u>	<u>136704</u>	<u>135480</u>	<u>28242</u>	<u>12135057</u>
<u>Acc. depreciation</u>										
Balance as of December 31, 2017	000	4926664	955503	303051	840167	294114	113117	82217	23412	7538245
Depreciation for the year	000	273053	103785	16735	44916	27067	3620	4771	893	474840
Disposals	000	000	(90619)	000	000	000	000	000	000	(90619)
Balance as of December 31, 2018	<u>000</u>	<u>5199717</u>	<u>968669</u>	<u>319786</u>	<u>885083</u>	<u>321181</u>	<u>116737</u>	<u>86988</u>	<u>24305</u>	<u>7922466</u>
Net book value as of Dec. 31, 2018	570411	1793223	542925	77311	977094	179231	19967	48492	3937	4212591
Net book value as of Dec. 31, 2017	90449	1710095	397675	68972	932173	178483	22639	47259	4405	3452150

7- Property, plant & equipment:

[illegible]

8- Biological assets (subsidiary company):

The Company maintains a number of (1,723) cow capable of producing milk, and (446) pregnant female cow will be admitted to the actual production during the year 2019 and (797) female calves are bred to produce milk in the future, and (70) 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.

9- Due to banks:

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

10- Loans:

	Loans installments to be paid		2018
	Within a year	After a year	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Jordan Kuwait Bank loan	454255	952347	1406602

- a- On October 3rd, 2016, the Parent 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 over (24) installments of JD (25000) each, the first installment to be due after one year from the date of granting the loan, according to the grace period of (one year) that is stated in the aforementioned agreement.
- b- On November 1st, 2017, the Parent Company signed a loan agreement with Jordan Kuwait Bank of JD (600,000) to finance equipment and machinery and expanding the plant, in addition to finance purchasing new piece of land in the same Plant's aria, the loan is bearing interest rate of (2.9%). It was agreed that the loan will be repaid over (108) installments of JD (5556) each, except the last installment that will be JD (5508), the first installment to be due after one year from the date of granting the loan, according to the grace period of (one year) that is stated in the aforementioned agreement.
- c- On July 18, 2018, the Parent Company signed a loan agreement with Jordan Kuwait Bank of JD (850,000) to finance the Solar Project, the loan is bearing interest rate of (2.9%). It was agreed that the loan will be repaid over (108) installments of JD (7871) each, except for the last installment to be JD (7803), the first installment to be due after one year from the date of granting the loan, according to the grace period of (one year) that is stated in the aforementioned agreement. In addition, the Company signed an appendix agreement to increase the value of the loan granted by JD (150000) to become JD (1000000), It was agreed that the loan will be repaid over (108) equal installments of JD (9260) each, the first installment to be due after one year from the date of granting the loan, according to the grace period of (one year) that is stated in the aforementioned agreement.
- d- On November, 1st, 2017, the Subsidiary Company signed a loan agreement with Jordan Kuwait Bank of JD (450,000) to finance letters of credit, policies and transfers; the loan is bearing interest rate of (2.9%). It was agreed that every finance transaction to be repaid over (3) monthly installments, or by one installment after three months from the granting date.

11- **Other current liabilities:**

	<u>2018/JD</u>	<u>2017/JD</u>
Shareholders' consignments	311306	352877
Accrued expenses	218969	250701
Different consignments	57496	59406
Sales tax consignments	39759	26377
Social Security consignments	27810	24773
Boards' remunerations	25000	33928
End of service provision	21779	72877
Income tax provision	18855	21542
Vacations' provision	14115	20296
Lawsuits provision	10011	10011
General provision	9196	10276
Income tax consignments	33	327
Total	<u>754329</u>	<u>883391</u>

12- **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% .

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.

13- **Cost of sales:**

A- Cost of sales – Jordan Dairy Company:

	<u>Note</u>	<u>2018/JD</u>	<u>2017/JD</u>
Finished & under manufacturing goods beginning balance		252839	188548
Raw materials used in production		6574770	6739267
Industrial expenses	14-1	1752657	1676767
Cost of goods available for sale		8580266	8604582
Finished & under manufacturing goods end of period balance		(280702)	(252839)
Sub total		8299564	8351743
		=====	=====

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

	<u>Note</u>	<u>2018/JD</u>	<u>2017/JD</u>
Cattle farm expenses	14-2	5951565	5691632
Trees farm expenses	14-3	96433	94752
Sub total		6047998	5786384
Total (A + B)		14347562	14138127
		=====	=====

14-1 Industrial expenses

	<u>2018/JD</u>	<u>2017/JD</u>
Salaries & wages and related exp.	621360	606288
Electricity, water and telephone	345868	329938
Depreciation	339665	291070
Fuel and oil	154807	119809
Social Security and provident fund	114591	113544
Maintenance	82610	111056
Cleaning materials	50275	44135
Printer ink	17084	20470
Lab expenses	5471	5052
Assets' insurance	5350	5691
Fees and subscriptions	5290	1300
Workers' wear	4964	8300
Other expenses	3029	4249
Cars expenses	1663	10715
Medical expenses	630	1441
Shipping & clearing exp.	000	3709
Total	<u>1752657</u>	<u>1676767</u>

14-2 Cattle farm expenses:

	<u>2018/JD</u>	<u>2017/JD</u>
Cattle feeding	4840555	4532814
Depreciation	260829	309238
Treatments, medicines and veterinary supplies	255237	284337
Salaries & wages and related exp.	198467	185371
Electricity, water	121441	108367
Fuel and oil	90176	81292
Cleaning expenses	60585	55411
Cars & machinery expenses	52031	60439
Machinery maintenance	32722	39675
Social security	24750	22595
Buildings & office equipment maintenance	13528	10006
Fees and subscriptions	544	000
Workers' wear	356	1057
Other expenses	247	000
Accommodation supplies	97	1030
Total	<u>5951565</u>	<u>5691632</u>

14-3 Trees farm expenses:

	<u>2018/JD</u>	<u>2017/JD</u>
Electricity	63473	44103
Agricultural marketing	24089	24255
Treatments, medicine & agricultural seedlings	4300	4440
Salaries & wages and related exp.	2642	7018
Tools & equipment depreciation	903	1098
Supplies for irrigation and cultivation	690	3157
Social security	336	905
Trim trees	000	9776
Total	<u>96433</u>	<u>94752</u>

15- Sales & distribution expenses:

	<u>2018/JD</u>	<u>2017/JD</u>
Salaries & wages and related exp.	481985	481882
Fuel for cars	234072	202768
Commissions	91303	116537
Social security and provident fund	74221	75089
Tenders' expenses	33673	114766
Cars' expenses	33445	43269
Marketing campaign	26507	20718
Cars insurance	16028	13019
Miscellaneous expenses	8209	2583
Accommodation exp.	5715	000
Transportation expenses	3120	3139
Stationary	2242	2970
Refrigerators' maintenance	1699	1959
Medical expenses	561	225
Rent	000	2044
Total	<u>1012780</u>	<u>1080968</u>

16- **Overhead expenses:**

	<u>2018/JD</u>	<u>2017/JD</u>
Salaries & wages and related exp.	532495	481641
Social security and provident fund	80344	70653
Medical expenses	62621	77316
Buffet	40108	32786
Official fees and subscriptions	34936	41658
Professional fees	21980	20270
Boards' transportation expenses	18000	16800
Post & telephone expenses	12991	15677
Maintenance	11584	2885
Provision for vacations	10000	000
Stationary	8404	8409
Insurance	5042	4636
Traveling & transportation expenses	3789	962
Promotion & advertising	3154	3916
Hospitality	2838	3791
Donations & remunerations	2000	12517
Cars' expenses	1765	3628
Companies Control Dep. fees	600	600
Judicial expenses	439	1237
Cleaning expenses	191	000
End of service provision	000	40000
Paid Vacations	000	128
Total	<u>853281</u>	<u>839510</u>

17- **Miscellaneous Provisions:**

	<u>2018/JD</u>	<u>2017/JD</u>
Provision for doubtful debts	000	50000
Provision for end of service	000	40000
Provision for stagnant goods	000	35000
Provision for unpaid vacations	000	25000
Total	<u>000</u>	<u>150000</u>

18- Contingent Liabilities:

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

	<u>2018/JD</u>	<u>2017/JD</u>
L/Gs	302624	588492
L/C's & collections	51863	15336
Total	<u>354487</u>	<u>603828</u>

19- Corporate Tax position:

- ◆ The tax position of the Company was finalized till end of the year 2016.
- ◆ Tax declaration of the Company for the year 2017 was submitted to Income and Sales Tax Department, and tax assessment still not made by the Department yet.
- ◆ The tax position of the subsidiary company was finalized till end of the year 2016.

20- Dividends for distribution:

Distributable dividends as of 31/12/2018 amounted JD (3041751) after deducting the unrealized income that amounted JD (477121), pursuant to Jordan Security Commission regulations.

21- 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>2018</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Net sales	8902442	7565728	000	16468170
Cost of sales	(8299564)	(6047998)	000	(14347562)
Gross profit	602878	1517730	000	2120608
Unallocated expenses	000	000	000	(1057895)
Unallocated revenues	000	000	000	38624
Unrealized gains	000	138751	000	138751
Allocated expenses	(1012780)	000	000	(1012780)
Income for the year / Comprehensive income				227308
<u>B- Other Information</u>				
Assets segment except cash	10357396	7517195	000	17874591
Unallocated assets	000	000	000	203207
Total Assets				18077798

22- 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.

23- General:

- A- 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.
- B- The General Assembly Meeting decided on 28/4/2018 to distribute a percentage of (7.5%) of the subscribed capital as a cash dividend to shareholders.