

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

31 MARCH 2021

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(PUBLIC SHAREHOLDING COMPANY)**

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	<u>PAGE</u>
REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 - 21



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE CHAIRMAN AND THE MEMBERS OF THE BOARD OF DIRECTORS OF
DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dar Al Dawa Development and Investment Company - Public Shareholding Company (the "Company") and its subsidiaries (together the "Group") as at 31 March 2021, and the related interim condensed consolidated statements of income and comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Auditing Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

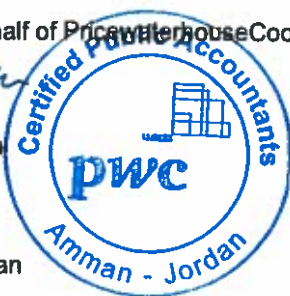
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For and on behalf of PricewaterhouseCoopers "Jordan".


Hazem Sababa
License (802)



Amman – Jordan
29 April 2021

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	34,299,314	35,143,591
Right of use asset	6	136,565	165,949
Projects under construction	5	1,733,121	1,612,933
Intangible assets		3,897,182	3,775,595
Investment in associate		2,273,023	2,253,615
Financial assets at fair value through other comprehensive income		4,288	4,288
Deferred tax assets		2,626,578	2,598,393
Assets classified as held for sale		<u>111,502</u>	<u>111,502</u>
		<u>45,081,573</u>	<u>45,554,364</u>
Current assets			
Inventory		16,257,469	16,040,191
Trade and other receivables		29,635,769	27,396,600
Restricted bank balances		1,917,110	2,055,769
Cash on hand and at banks	7	<u>17,739,242</u>	<u>10,443,380</u>
		<u>65,549,590</u>	<u>55,935,940</u>
TOTAL ASSETS		<u>110,631,163</u>	<u>101,601,806</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1	32,192,553	25,000,000
Advance payments on increase in share capital		2,807,447	-
Statutory reserve		9,260,627	9,260,627
Foreign currency translations differences reserve		(7,709,115)	(7,703,031)
Fair value reserve		(257,865)	(257,865)
Retained earnings		<u>4,943,116</u>	<u>4,817,889</u>
		41,236,763	31,117,620
Non-controlling interest		<u>766,553</u>	<u>791,690</u>
NET EQUITY		<u>42,003,316</u>	<u>31,909,310</u>
Liabilities			
Non-current liabilities			
End of service provisions		715,006	770,509
Deferred tax liabilities		1,170,360	1,175,826
Loans		<u>8,333,010</u>	<u>8,615,015</u>
		<u>10,218,376</u>	<u>10,561,350</u>
Current liabilities			
Bank Overdrafts	7	20,118,178	20,683,528
Loans		21,094,295	20,622,638
Lease liability	6	126,645	124,773
Trade and other payables		10,677,800	11,001,843
Other provisions		6,244,626	6,382,823
Income tax provision	8	<u>147,927</u>	<u>315,541</u>
		<u>58,409,471</u>	<u>59,131,146</u>
TOTAL LIABILITIES		<u>68,627,847</u>	<u>69,692,496</u>
TOTAL OWNERS' EQUITY AND LIABILITIES		<u>110,631,163</u>	<u>101,601,806</u>

The attached notes from 1 to 14 are part of these interim condensed consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

	Notes	For the three month period ended 31 March	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
Revenue from contracts with customers	9	11,214,416	10,968,091
Cost of sales	9	(6,295,557)	(6,927,195)
Gross profit		4,918,859	4,040,896
Selling and distribution expenses		(2,622,349)	(3,199,078)
General and Administrative expenses		(972,242)	(967,863)
Research and development expenses		(243,973)	(178,067)
Impairment losses on financial assets		(16,540)	(82,544)
Other expenses, Net		(289,058)	(201,052)
Income (loss) from operations		774,697	(587,708)
Group's share of profit from associates		19,408	19,012
Finance costs		(711,593)	(802,399)
Income (loss) before income tax		82,512	(1,371,095)
Income tax for the period		5,875	(36,811)
Income (loss) for the period		88,387	(1,407,906)
Attributed to:			
Shareholders of parent company		125,227	(1,362,053)
Non-controlling interest		(36,843)	(45,853)
		88,384	(1,407,906)
Earnings per share:		JD / Fils	JD / Fils
Basic and diluted earnings (loss) per share attributable to equity holders of the Company	12	0.005	(0/054)

The attached notes from 1 to 14 are part of these interim condensed consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

	For the three-month period ended 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Income (loss) for the period	88,384	(1,407,906)
Add: Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Foreign currency translation differences	5,622	(359,622)
Total comprehensive income (loss) for the period	94,006	(1,767,528)
Attributable to		
Shareholders of the parent Company	119,143	(1,693,047)
Non-controlling interest	(25,137)	(74,481)
	94,006	(1,767,528)

The attached notes from 1 to 14 are part of these interim condensed consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

	Share Capital	Advance payments on increase in share capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign currency translations differences	Fair value reserve	Retained earnings (accumulated losses)	Net	Non-Controlling interest	Net owners' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the three month period ended 30 March 2021												
Balance as at 1 January 2021	25,000,000	-	9,260,627	-	-	-	(7,703,031)	(257,865)	4,817,889	31,117,620	791,690	31,909,310
Advance payments on increase in share capital	7,192,553	2,807,447	-	-	-	-	-	-	-	10,000,000	-	10,000,000
Income for period	-	-	-	-	-	-	-	-	125,227	125,227	(36,843)	88,384
Other comprehensive income items	-	-	-	-	-	-	(6,084)	-	-	(6,084)	11,706	5,622
Balance as at 31 March 2021	32,192,553	2,807,447	9,260,627	-	-	-	(7,709,115)	(257,865)	4,943,116	41,236,763	766,553	42,003,316
For the three month period ended 30 March 2020												
Balance as at 1 January 2020	25,000,000	-	9,260,627	9,372,759	2,902,203	4,348,452	(6,735,589)	(257,865)	(20,483,652)	23,406,935	1,016,148	24,423,083
Loss for the period	-	-	-	-	-	-	-	-	(1,362,053)	(1,362,053)	(45,853)	(1,407,906)
Foreign currency translation differences	-	-	-	-	-	-	(330,994)	-	-	(330,994)	(28,628)	(359,622)
Balance as at 31 March 2020	25,000,000	-	9,260,627	9,372,759	2,902,203	4,348,452	(7,066,583)	(257,865)	(21,845,705)	21,713,888	941,667	22,655,555

The attached notes from 1 to 14 are part of these interim condensed consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

	Notes	For the three month period ended 31 March	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
OPERATING ACTIVITIES			
Income (loss) for the period before income tax		82,512	(1,371,095)
Adjustments:			
Depreciation of property, plant and equipment and right of use assets		900,679	896,330
Net foreign currency exchange differences		(87,901)	67,358
Impairment losses on financial assets		21,824	82,544
Group's share of profit from associates		(19,408)	(19,012)
End of service provision		39,526	138,904
Expense for (reversal of) slow moving and near expiry inventory		195,168	(6,254)
Finance cost		711,593	802,399
Changes in working capital			
Inventory		(412,446)	(1,295,183)
Trade and other receivables		(2,261,055)	5,120,992
Trade and other payables		(324,043)	(721,972)
Other provisions		(138,197)	(355,219)
Net cash flows (used in) generated from operating activities before end of service and income tax paid		(1,291,748)	3,339,792
Income tax paid		(171,999)	(609)
End of service paid		(95,029)	(244,936)
Net cash flows (used in) generated from operating activities		<u>(1,558,776)</u>	<u>3,094,247</u>
INVESTING ACTIVITIES			
Projects under construction	5	(174,411)	(49,770)
Purchase of property, plant and equipment	4	(139,148)	(87,629)
Restricted bank balances		138,659	-
Net cash flows used in investing activities		<u>(174,900)</u>	<u>(137,399)</u>
FINANCING ACTIVITIES			
Settlement of loans		(577,897)	(1,043,961)
Granted loans		767,549	1,206,462
Advance payments on increase in share capital		10,000,000	-
Interest paid		(711,593)	(798,762)
Net cash flows generated from (used in) financing activities		<u>9,478,059</u>	<u>(636,261)</u>
Net change in cash and cash equivalents		7,744,383	2,320,587
Cash and cash equivalents at 1 January		<u>(10,240,148)</u>	<u>(19,332,148)</u>
Cash and cash equivalents at 31 March	7	<u>(2,495,765)</u>	<u>(17,011,561)</u>

The attached notes from 1 to 14 are part of these interim condensed consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

(1) GENERAL INFORMATION

Dar Al-Dawa Development and Investment Company Public Shareholding Company (The "Company") was established on 17 August 1975 with a capital of JD 500,000. The Company's paid in capital has increased over the years to reach JD 25,000,000 dividend into 25,000,000 shares at a par value of JD 1 per share as of 31 December 2020.

One of the main objectives of the Company are to manufacture pharmaceutical, chemical, and related products and to import medicines from abroad. The main objectives of the subsidiaries are marketing and distributing Dar Al-Dawa products, manufacturing some specialized pharmaceutical products and carrying out investment activities.

On 20 May 2020, the General Assembly decided in its extraordinary meeting, to increase the company's capital to 35,000,000 JD through the public offering for the shareholders of the company, where the subscribing value was 7,192,553 shares, raising the paid-in capital to become 32,192,553 JD.

On 20 May 2020, the General Assembly decided in its extraordinary meeting, to amortise a balance of JD 16,623,414 from the accumulated losses as at 31 December 2019 against the different reserves within the shareholders' equity.

The Company's headquarters is located in Naour, the Hashemite Kingdom of Jordan P. O. Box 9364.

These interim condensed consolidated financial statements were approved by the Board of Director at their meeting held on 28 April 2021.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of Preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2021 have been prepared in accordance with International Accounting Standard number 34 (Interim Financial Reporting).

The Jordanian Dinar is the presentation currency of these interim condensed consolidated financial statements which is the Group's functional currency.

The interim condensed consolidated financial statements have been prepared according to the historical cost convention.

The interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual report as at 31 December 2020. The results for the three-month period ended 31 March 2021 do not necessarily represent an indicator of the expected results for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2020.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

2-2 Basis of consolidation of financial statements

The financial statements of subsidiaries are consolidated from the date that control commences until such control ceases. The assets, liabilities, expenses and income of subsidiaries are consolidated in the consolidated interim statement of income from the date that the Group controls the subsidiaries until such control ceases.

The interim condensed consolidated financial statements include the financial statements of Dar Al-Dawa Company Development and Investment and its subsidiaries (collectively referred to as "the Group") as at 31 March 2021:

Name of Company	Primary Activity	Country of origin	Paid in capital	Percentage of ownership	Actual percentage of ownership
Dar Al Dawa – Algeria	Marketing	Algeria	6,770,830	100%	100%
Dar Al Dawa – Tunisia	Marketing	Tunis	7,388	100%	100%
Joras– Algeria*	Industrial	Algeria	949,149	70%	70%
Dar Al Dawa Pharma-Romania	Marketing	Romania	727	100%	100%
Al Dar Jordan Investment Company	Investing	Jordan	2,500,000	100%	100%
Medi Pharma – Algeria	Industrial	Algeria	6,880,328	85%	85%
Nutri Dar – Jordan and its subsidiary:	Industrial	Jordan	11,615,911	90.4%	90.4%
- Nutri Dar –Russia**	Marketing	Russia	23,296	61.25%	70%
Al-Nahda Company for Financial Investments***	Financial Investments	Jordan	3,000,000	40.2%	40.2%

* Joras - Algeria under liquidation

** This subsidiary was established during 2010, and Dar Al-Nada Food Company - Russia did not perform any operations or sales during the previous years.

*** Al-Nahda Company is under liquidation

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

Control is achieved when The Group 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.

Specifically, The Group controls an investee if and only if The Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, The Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of The Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of The Group are eliminated in full on consolidation.

When The Group has less than a majority of the voting rights or the similar in the investee, The Group takes all relevant facts and circumstances into account to determine whether it has control over the investee, including:

- Contractual arrangements with the other holders of voting rights in the investee.
- Rights arising from other contractual arrangements.
- Current and potential voting rights of the Group.

The Group reassesses whether it controls the investee if circumstances or facts indicate a change in one or more of the three control elements.

Profits and losses and each item of other comprehensive income are charged to the rights of the equity holders of the parent company and the non-controlling interests even if this results in a deficit in the balance of the non-controlling interests. If necessary, the financial statements of subsidiaries are adjusted to conform their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, and transaction gains and losses are eliminated between The Group and its subsidiaries.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If The Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

Shareholders that have a material impact on the Group:

The authorized capital amounted to 35,000,000 JD divided into 35,000,000 shares, with paid in capital amounted to 32,192,553 JD, divided into 32,192,553 shares as of 31 March 2021.

The following table shows the significant share below to the Group:

	<u>Number of shares</u>	<u>Percentage of ownership</u> %
Social Security corporation	6,806,641	19.44
Sofyan Rajab Hussien	3,507,515	10.02
Abdalraheem Nizar Jardaneh	2,474,256	7.07

2-3 Changes in accounting policies and disclosures

(A) New standards issued and applicable for the annual periods starting on or after 1 January 2021 which has been followed by the group:

New standard	Description	Effective date
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions	As a result of the coronavirus (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. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such 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 concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 June 2020
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9	These amendments defer the date of application of IFRS 17 by 2 years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	1 January 2021

The above amendment and interpretation did not have significant impact on the interim condensed consolidated financial statements.

(B) New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2021:

Standard	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities	These 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 (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<ul style="list-style-type: none"> • Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. • Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. • Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. • Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. 	1 January 2022
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

Management doesn't believe that the above standards will have any impact on the interim condensed consolidated financial statements of the Group once adopted or become effective.

There are no any other new standards or interpretations published that should be adopted by the Group for the annual periods starting on or after 1 January 2021 and which could have a material impact on the Group's interim condensed consolidated financial statements.

(3) KEY ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from the estimates.

In preparing these interim condensed consolidated financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020.

However, as stated in (Note 13), the Group has reviewed the significant sources of uncertainties shown in the annual consolidated financial statements as of 31 December 2020 against the background of the Covid 19 pandemic. The management believes that, other than the expected credit losses arising from the financial assets, all other sources of uncertainties remain similar to those shown in the annual consolidated financial statements as of 31 December 2020. The management will continue to monitor the situation and any required changes that will be reflected in future reporting periods.

(4) PROPERTY, PLANT AND EQUIPMENT

During the three-month ended 31 March 2021, the Group purchased property, plant and equipment at a cost of JD 139,148 (31 March 2020: JD 87,629).

Depreciation expense for the three months ended 31 March 2021 amounted 871,295 JD (31 March 2020: 867,004).

(5) PROJECTS UNDER CONSTRUCTIONS

Projects under constructions recognized at cost and includes constructions costs and direct expenditures.

During the three-month ended 31 March 2021, the Group acquired projects under construction at a cost of JD 174,411 (31 March 2020: 49,770 JD). This amount is mainly consists of the following:

1. The cost of designing and constructing the air conditioning system. The cost of this project is 146,870 JD and this project is expected to be completed in the second quarter of 2021.
2. The project to establish SvalSporin production lines in the Algerian plant. The total cost of this project is 883,840 JD and this project is expected to be completed in the second quarter of 2021.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

(6) RIGHT OF USE ASSET

The Group recognized the right of use at the amount of JD 400,787 as of January 1, 2019, which is the present value of the minimum lease payments for the maximum remaining period of the contract without the renewal option (which is not mandatory) of 3 years. Depreciation is calculated on a straight line basis to allocate the cost over the period of the right to use the assets for 3 years.

The Group recognised lease obligation against the right to use assets amounting to JD 353,525 as of 1 January 2019.

The table below shows the movement on the rent contract as at 31 March 2021:

	Right of use (Unaudited) JD
Balance as at 1 January 2021	165,949
Deduct: Depreciation for the period	(29,384)
Balance as at 31 March 2021	<u>136,565</u>

	Beginning balance JD	Interest on lease obligations JD	Lease payments JD	Ending balance JD	short-term leases JD	long-term leases JD
Lease obligations						
Land	<u>124,773</u>	<u>1,872</u>	<u>-</u>	<u>126,645</u>	<u>126,645</u>	<u>-</u>

(7) CASH ON HAND AND AT BANKS

	31 March 2021 JD (Unaudited)	30 December 2020 JD (Audited)
Cash on hand	42,064	42,509
Cash at Banks	17,814,007	10,517,700
Transferred to assets held for sale	(116,829)	(116,829)
	<u>17,739,242</u>	<u>10,443,380</u>

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

Cash and cash equivalents for the purpose of preparing the interim condensed consolidated statement of cash flows comprise the following:

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	17,739,242	2,258,990
Bank overdrafts	(20,118,178)	(19,153,722)
Cash on hand and at banks – under liquidation	(116,829)	(116,829)
	<u>(2,495,765)</u>	<u>(17,011,561)</u>

- * Bank overdrafts represent the facilities granted to the Group companies from several banks and in different currencies (Jordanian Dinars, Algerian Dinars, US Dollar and Euro). The total ceilings granted during the period amounted to JD 19,276,391 and the average interest rate was 4.6% per annum (31 March 2020: 4.125%).

(8) INCOME TAX PROVISION

No provision has been booked for the Company's income tax for the periods ended 31 March 2021 and 2020 due to the excess in deductible expenses over the taxable income in accordance with Income Tax Law No. 38 of 2018.

Dar Al - Dawa Company Development and Investment - Parent Company

The Company has submitted the self-assessment for the years 2019, 2018 and 2017. The Income and Sales Tax Department has not reviewed the Company's records until the date of preparation of the interim condensed consolidated financial statements.

The company received a final clearance from the Income and Sales Tax Department until the year of 2016.

The Income and Sales Tax Department (the "Department") reviewed the Company's records for the year 2015, which resulted in claims on the income tax for the year 2015 for JD 383,118. The Company filed a legal case to appeal the claim at the Tax Court, which was still outstanding up to the date of preparing these interim condensed consolidated financial statements. The Company has provided against this legal case by an amount of JD 600,000 as at 31 March 2020.

The Company obtained a final clearance from the Income and sales tax Department until 2016.

NutriDar Public Shareholding Company

No income tax provision was calculated for the three months ended 31 March 2021 and 2020 due to the excess of deductible expenses over taxable income

The income tax returns for the years 2019, 2018 and 2017 had been submitted to the Income Tax department; However, the Company's records were still not reviewed by the Department up to the date of preparing these interim condensed consolidated financial statements.

The Company obtained a final clearance from the Income and sales tax Department until 2016.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

Al Dar Jordan Investment Company

No income tax provision was calculated for the three months ended 31 March 2021 and 2020 due to the excess of deductible expenses over taxable income

The Company obtained a final clearance from the Income and Sales Tax Department for the year 2018.

Dar Al Dawa - Romania Company

The Company obtained a final clearance from the Income and Sales Tax Department for the year 2015. The Company provided the income tax returns for the years 2020, 2019, 2018, 2017 and 2016. The Income and Sales Tax Department did not review the Company's records until the date of preparing these condensed consolidated financial statements.

Dar Al - Dawa Company Algeria

The income tax returns for the years 2020, 2019, 2018, 2017 2016 had been submitted to the Income Tax department; however the Company's records were still not reviewed by the Department up to the date of preparing these interim condensed consolidated financial statements.

During 2017, the Algerian Income Tax Department reviewed the Company's records for the years from 2011 to 2014 and issued its report containing the Company's request to pay an additional to the amounts paid for these years. The Company recorded a provision of JD 948,092 against these claims for the period from 2011 until the date of these consolidated financial statements. An amount of JD 462,957 has been paid for the years from 2011 to 2014. The Company's management and legal counsel believe that the provision made is sufficient to meet the liabilities against these such claims.

(9) SEGMENT INFORMATION

The Group is organized for management purposes so that the segments are measured according to the reports used by the Group's chief executive and chief decision maker through geographical distribution of sales and geographical distribution of assets and liabilities.

Sales, sales cost, gross profit and types of goods sold by geographic regions are distributed as follows:

For the three month period ended 31 March 2021 (Unaudited)

(A) Segment information by geographical area:

	Levant	Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net Sales	3,882,976	5,688,167	1,623,359	19,914	11,214,416
Cost of Sales	(2,415,521)	(2,795,503)	(1,073,428)	(11,105)	(6,295,557)
Gross Profit	<u>1,467,455</u>	<u>2,892,664</u>	<u>549,931</u>	<u>8,809</u>	<u>4,918,859</u>

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

	Jordan JD	Algeria JD	Total JD
Other information (unaudited):			
Depreciation on property, plant and equipment and right of use	760,327	140,352	900,679
Finance Costs	498,517	213,076	711,593
Impairment of financial assets	27,470	(10,930)	16,540
Group's share of profit from associates	19,408	-	19,408

For the three month period ended 31 March 2020 (Unaudited)

	Levant JD	Gulf and Yemen JD	Africa JD	Europe and Asia JD	Total JD
Net Sales	4,843,232	4,150,238	1,844,464	130,157	10,968,091
Cost of Sales	(2,967,334)	(2,614,213)	(1,231,525)	(114,123)	(6,927,195)
Total Gross Profit	1,875,898	1,536,025	612,939	16,034	4,040,896

	Jordan JD	Algeria JD	Total JD
Other information (Unaudited):			
Depreciation on property, plant and equipment and right of use	725,349	170,981	896,330
Finance Costs	541,290	261,109	802,399
Impairment of financial assets	82,544	-	82,544
Group's share of profit from associates	19,012	-	19,012

(B) Segment information by product type:

For the three month period ended 31 March 2021 (Unaudited)

	Medicine JD	Babies cereals and formula milk JD	Total JD
Net Sales	9,018,453	2,195,963	11,214,416
Cost of Sales	(4,560,637)	(1,734,920)	(6,295,557)
Total Gross Profit	4,457,816	461,043	4,918,859

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

For the three month period ended 31 March 2020 (Unaudited)

	Medicine JD	Babies cereals and formula milk JD	Total JD
Net Sales	8,673,007	2,295,084	10,968,091
Cost of Sales	(5,278,575)	(1,648,620)	(6,927,195)
Total Gross Profit	<u>3,394,432</u>	<u>646,464</u>	<u>4,040,896</u>

The geographical distribution of assets and liabilities is as follow:

**As at 31 March
2021**

(Unaudited)	Jordan JD	Algeria JD	Tunisia JD	Romania JD	Total JD
Total Assets	82,923,564	27,111,222	23,325	573,051	110,631,162
Total Liabilities	53,958,595	14,665,109	589	3,554	68,627,847

**As at 31
December 2020**
(Audited)

	Jordan JD	Algeria JD	Tunisia JD	Romania JD	Total JD
Total Assets	73,566,657	27,438,441	23,657	573,051	101,601,806
Total Liabilities	54,096,156	15,592,660	127	3,553	69,692,496

(10) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties represent key shareholders, back-up companies, directors and companies in which they are major shareholders. Pricing and terms related to these transactions are approved by the Group's management. The following table summarizes balances with related parties that appear in the consolidated interim condensed statement of financial position:

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Due from related parties		
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate)	143,665	143,665
Al Mufeed Trading - United Arab Emirates	106,780	505,984
Zakaria Hawash (partner at Medi Pharma International)	212,850	212,850
	<u>463,295</u>	<u>862,499</u>

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

Bank facilities from related parties – Invest Bank

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Long-term loans	3,948,164	3,948,164
Overdraft- Invest bank	1,058,170	1,055,752
	<u>5,006,335</u>	<u>5,003,916</u>

The following is a summary of transactions with related parties that appear in the interim condensed consolidated income statement.

	For the three month period ended 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Sales from agents and customers	1,347,177	43,102
Financing costs (Invest bank)	<u>75,033</u>	<u>88,891</u>

The following is a summary of the compensations (salaries, bonuses and other benefits) of key management personnel of the Group:

	For the three-month period ended 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	<u>239,610</u>	<u>225,060</u>

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2021 (UNAUDITED)

(11) CONTINGENT LIABILITIES

At the date of the interim condensed consolidated financial statements, contingent liabilities, contractual obligations, capital commitments and operating leases are as follows:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	1,063,449	256,582
Bank guarantees	11,979,954	11,959,621
Bills of collection	1,006,414	2,186,445

Group Legal cases

There are cases against the Group amounting JD 2,743,840 as at 31 March 2021 (31 December 2020: 2,930,920 JD) within the normal activities of the Group. In the estimation of the management and its legal counsel, the Group will not have any material obligations in respect of these issues.

(12) BASIC AND DILUTED EARNINGS PER SHARE

	31 March 2021	31 March 2020
	JD	JD
	(Unaudited)	(Audited)
Income (loss) for the period	125,227	(1,362,053)
Weighted average number of shares	30,034,787	25,000,000
	Fls/JD	Fls/JD
Basic and diluted share per share of loss for the period	0.005	(0/054)

The basic earnings per share of the loss for the period is equal to the reduced share as the Group has not issued any dilutive financial instruments that affect the basic share of the share.

(13) COVID-19 EFFECT ON THE GROUP'S BUSINESS

The existence of novel coronavirus (Covid-19) was confirmed in early 2020, Which was classified as a pandemic by the World Health Organization (WHO) in March 2020. Causing disruptions to businesses and economic activity. And this has led to uncertainty of the negative effects on the macro economy that lead to Disturbances in business and economic activity. Financial and monetary authorities, both domestic and international, have announced various financial and incentive measures around the world to counter potential negative impacts.

Business continuity plans

The group closely monitors the situation and takes the correct procedures to ensure the safety and security of the group's employees and customer service without interruption. Work arrangements were selected in line with government instructions. Business continuity plans were also selected and put into practice. The Group's management collects and analyzes the best possible information to assess these potential risks in order to establish appropriate response and to reduce as much as possible these risks and ensure the group's ability to continue. Some of these procedures includes permanent reserve stock of raw materials sufficient for the production process for coming months and management of the Group's liquidity. It is worth noting that the health sector was excluded from any closures announced by the government and the continuation of its operational activities and the sale naturally, as this sector is important and vital.

Liquidity management

The Group's management has put in place a set of necessary measures to ensure the availability of liquidity for running the business without cease in operations and interruptions as following:

- 1- The General Assembly approved the capital increase in the amount of 10,000,000 JD in its meeting held on 1 June 2020 to provide the company with the liquidity to run the company's business. The procedures are still under completion at the Securities Commission.
- 2- The Company sold a lot of land that resulted in a capital gain of 8,340,381 JD. This contributed to the amortisation of accumulated losses and improving the financial position and liquidity indicators.
- 3- The General assembly approved the addition of the purpose of manufacturing sterilization and disinfection materials and providing sterilization services for facilities in order to create a new revenue stream in line with market requirements.

Effect on the impairment of financial assets

The group showed the potential impact of the Covid-19 outbreak on inputs and assumptions for measuring expected credit losses according to available information. Overall, Covid-19's position remains variable and rapidly evolving at this point, making it difficult to influence this in the Group's estimate of reliable credit losses. The Group has considered the potential effects of the current economic fluctuations when determining the present amounts for the Group's financial and non-financial assets, and it represents management's best assessment of the observable information. However, the markets remain volatile and the amounts are still sensitive to market volatility.

(14) SUBSEQUENT EVENTS

Subsequent to the date of the interim condensed consolidated financial position, the company completed the procedures for registering the shares of the capital increase in the advance payments account amounted to 2,807,447 JD in the Companies control department, so the subscribed and paid capital became 35,000,000 JD.