

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

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

**30 SEPTEMBER 2023**



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Dar Al Dawa Development and Investment Company (the “Company”) and its subsidiaries (the “Group”) comprising of the interim condensed consolidated statement of financial position as at 30 September 2023 and the related interim condensed consolidated Statement of Income and interim condensed consolidated statement of comprehensive income for the three months and nine months then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the period then ended and its explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). 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 information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to the 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.

## **Other Matter**

The consolidated financial statements for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the period ended 30 September 2022 were audited and reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on 30 March 2023 and 30 October 2022 respectively.

Amman – Jordan  
31 October 2023

**ERNST & YOUNG**  
Amman - Jordan

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

	Notes	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS -</b>			
Property, plant and equipment	3	30,661,300	31,766,905
Projects in progress		677,693	608,380
Intangible assets		3,868,208	3,756,296
Investment in an associate		1,972,777	2,036,049
Financial assets at fair value through other comprehensive income		4,130	4,130
Deferred tax assets		1,629,479	1,619,072
		<u>38,813,587</u>	<u>39,790,832</u>
<b>CURRENT ASSETS -</b>			
Inventories		19,809,726	15,017,445
Trade receivables and other current assets		33,198,472	33,846,766
Amounts due from related parties	5	2,931,396	3,542,946
Restricted bank balances	6	1,954,060	1,948,414
Cash on hand and at banks	6	14,368,856	13,750,746
		<u>72,262,510</u>	<u>68,106,317</u>
Net assets held for sale		88,899	88,899
<b>Total Assets</b>		<u>111,164,996</u>	<u>107,986,048</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY -</b>			
<b>PARENT COMPANY'S SHAREHOLDERS' EQUITY</b>			
Paid-in capital	4	35,000,000	35,000,000
Statutory reserve		10,000,000	10,000,000
Voluntary reserve		1,992,003	1,992,003
Special reserve		1,268,624	1,268,624
Other reserves		246,696	246,696
Foreign currency translation differences		(9,387,544)	(8,982,905)
Fair value reserve		(257,865)	(257,865)
Retained earnings		4,653,369	4,192,591
		<u>43,515,283</u>	<u>43,459,144</u>
Non-controlling interest		499,317	513,920
<b>Net equity</b>		<u>44,014,600</u>	<u>43,973,064</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES -</b>			
Long-term loans	7	742,821	2,633,653
End of service indemnity provision		449,958	371,235
		<u>1,192,779</u>	<u>3,004,888</u>
<b>CURRENT LIABILITIES -</b>			
Due to banks	6	18,450,540	15,841,433
Revolving loans	8	23,460,009	17,929,842
Long-term loan instalments maturing within a year	7	2,479,623	2,593,608
Trade payables and other current liabilities		16,851,141	19,113,234
Other provisions		3,984,979	5,029,698
Income tax provision	9	731,325	500,281
		<u>65,957,617</u>	<u>61,008,096</u>
<b>TOTAL LIABILITIES</b>		<u>67,150,396</u>	<u>64,012,984</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>111,164,996</u>	<u>107,986,048</u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Revenue from contracts with customers	10	21,249,778	16,782,517	55,525,349	42,676,273
Cost of sales	10	(12,995,478)	(9,873,319)	(33,685,769)	(25,556,189)
<b>Gross profit</b>		<b>8,254,300</b>	<b>6,909,198</b>	<b>21,839,580</b>	<b>17,120,084</b>
Selling and Marketing expenses		(4,045,401)	(3,471,427)	(11,046,836)	(9,274,839)
Administrative expenses		(1,278,739)	(1,063,354)	(3,700,931)	(3,065,369)
Research and development expenses		(365,216)	(307,419)	(932,982)	(741,435)
Expected credit losses expense		(18,957)	(107,246)	(146,433)	(139,388)
Other expenses, net		(87,798)	(287,585)	(318,628)	(568,970)
<b>Profit from operations</b>		<b>2,458,189</b>	<b>1,672,167</b>	<b>5,693,770</b>	<b>3,330,083</b>
The Group's share of net results from an associate		(2,667)	9,783	(12,810)	56,936
Compensations for employee's termination		(170,562)	-	(736,898)	-
Finance costs		(1,228,606)	(660,532)	(2,872,156)	(1,734,804)
Interest income		176,983	118,605	475,644	242,104
<b>Profit for the period before income tax</b>		<b>1,233,337</b>	<b>1,140,023</b>	<b>2,547,550</b>	<b>1,894,319</b>
Income tax for the period	9	(263,291)	(327,335)	(373,615)	(400,027)
<b>Profit for the period</b>		<b>970,046</b>	<b>812,688</b>	<b>2,173,935</b>	<b>1,494,292</b>
<b>Profit for the period attributable to:</b>					
Parent company's shareholders		980,802	828,733	2,210,778	1,565,780
Non-controlling interest		(10,756)	(16,045)	(36,843)	(71,488)
		<b>970,046</b>	<b>812,688</b>	<b>2,173,935</b>	<b>1,494,292</b>
		<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>
<b>Basic and diluted earnings per share from the profit for the period attributable to the shareholders of the parent company</b>	13	<b>0/028</b>	<b>0/024</b>	<b>0/063</b>	<b>0/045</b>

The attached notes from 1 to 13 form 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 AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	970,046	812,688	2,173,935	1,494,292
<b>Add: Other comprehensive income items to be reclassified to income statement in subsequent periods</b>				
Foreign currency translation differences	(769,301)	256,507	(382,399)	180,818
<b>Total comprehensive income for the period</b>	<b>200,745</b>	<b>1,069,195</b>	<b>1,791,536</b>	<b>1,675,110</b>
<b>Attributable to:</b>				
Parent company's shareholders	212,202	1,083,348	1,806,139	1,742,286
Non-Controlling interest	(11,457)	(14,153)	(14,603)	(67,176)
	<b>200,745</b>	<b>1,069,195</b>	<b>1,791,536</b>	<b>1,675,110</b>

The attached notes from 1 to 13 form 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 EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Attributable to equity holders of the parent Company											
	Paid-in capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign	Fair	Retained earnings	Total	Non-	Net equity	
						currency translation differences	value reserve			controlling interest		
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
<b>30 September 2023 -</b>												
<b>Balance as at 1 January</b>	35,000,000	10,000,000	1,992,003	1,268,624	246,696	(8,982,905)	(257,865)	4,192,591	43,459,144	513,920	43,973,064	
Profit for the period	-	-	-	-	-	-	-	2,210,778	2,210,778	(36,843)	2,173,935	
Other comprehensive income items after tax	-	-	-	-	-	(404,639)	-	-	(404,639)	22,240	(382,399)	
Total comprehensive income for the period	-	-	-	-	-	(404,639)	-	2,210,778	1,806,139	(14,603)	1,791,536	
Dividends (Note 4)	-	-	-	-	-	-	-	(1,750,000)	(1,750,000)	-	(1,750,000)	
<b>Balance as at 30 September 2023</b>	<u>35,000,000</u>	<u>10,000,000</u>	<u>1,992,003</u>	<u>1,268,624</u>	<u>246,696</u>	<u>(9,387,544)</u>	<u>(257,865)</u>	<u>4,653,369</u>	<u>43,515,283</u>	<u>499,317</u>	<u>44,014,600</u>	
<b>30 September 2022 -</b>												
<b>Balance as at 1 January</b>	35,000,000	10,000,000	1,992,003	1,268,624	242,425	(8,377,944)	(257,865)	1,869,639	41,736,882	632,448	42,369,330	
Profit for the period	-	-	-	-	-	-	-	1,565,780	1,565,780	(71,488)	1,494,292	
Other comprehensive income items after tax	-	-	-	-	-	176,506	-	-	176,506	4,312	180,818	
Total comprehensive income for the period	-	-	-	-	-	176,506	-	1,565,780	1,742,286	(67,176)	1,675,110	
<b>Balance as at 30 September 2022</b>	<u>35,000,000</u>	<u>10,000,000</u>	<u>1,992,003</u>	<u>1,268,624</u>	<u>242,425</u>	<u>(8,201,438)</u>	<u>(257,865)</u>	<u>3,435,419</u>	<u>43,479,168</u>	<u>565,272</u>	<u>44,044,440</u>	

The attached notes from 1 to 13 form 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 NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Notes	For the nine months ended 30 September	
		2023	2022
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		2,547,550	1,894,319
<b>Adjustments for -</b>			
Depreciation		2,566,143	2,614,647
Foreign currency differences		306,181	171,848
Expected credit losses expense		146,433	139,388
The Group's share of net results from an associate		12,810	(56,936)
End of service indemnity provision		136,982	156,746
Recoveries from expired and near expiry goods		(409,770)	(334,098)
Interest income		(475,644)	(242,104)
Gain on disposal of property, plant and equipment		(89,507)	-
Finance cost		2,872,156	1,734,804
<b>Working capital changes -</b>			
Inventories		(4,382,511)	1,505,792
Accounts payable and other current liabilities		(2,263,965)	2,353,185
Other provisions		(1,044,719)	(280,103)
Accounts receivable and other current assets		(308,661)	(10,192,238)
Related parties		611,550	-
Paid from end of service indemnity provision		(58,259)	(219,830)
Income tax paid	9	(152,979)	(46,167)
<b>Net cash flows from (used in) operating activities</b>		<b>13,790</b>	<b>(800,747)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of property, plant and equipment	3	(1,430,687)	(1,121,365)
Projects in progress		(69,193)	(52,288)
Restricted bank balances		(5,646)	51,283
Interest income revenues		475,644	242,104
Dividends received from an associate		50,460	-
Proceeds from sale of property, plant and equipment		71,441	(35,233)
<b>Net cash flows used in investing activities</b>		<b>(907,981)</b>	<b>(915,499)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Loans settlement		(2,004,817)	(2,961,687)
Finance costs paid		(2,872,156)	(1,734,804)
Dividends paid	4	(1,750,000)	-
Revolving loans		5,530,167	3,619,651
Loans received		-	506,421
<b>Net cash flows used in financing activities</b>		<b>(1,096,806)</b>	<b>(570,419)</b>
Net decrease in cash and cash equivalents		(1,990,997)	(2,286,665)
Cash and cash equivalents at the beginning of the period		(1,995,630)	(4,637,068)
<b>Cash and cash equivalents at the end of the period</b>	6	<b>(3,986,627)</b>	<b>(6,923,733)</b>

The attached notes from 1 to 13 form 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**  
**30 SEPTEMBER 2023 (UNAUDITED)**

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**(1) GENERAL INFORMATION**

Dar Al Dawa Development and Investment Public Shareholding Company (The “Company”) was established on 17 August 1975 with a paid-in capital of JD 500,000. The Company’s Paid in capital has increased over the years to reach JD 35,000,000 divided into 35,000,000 shares at a par value of JD 1 per share.

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

The Company’s headquarters are located in Na’ur, Amman – the Hashemite Kingdom of Jordan.

These interim condensed consolidated financial statements were approved by the Company’s Board of Directors at their meeting held on 29 October 2023.

**(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**(2-1) BASIS OF PREPARATION**

The interim condensed consolidated financial statements as at 30 September 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements are presented in Jordanian Dinar, which is the functional currency of the Company.

The interim condensed consolidated financial statements were prepared under the historical cost basis except for financial assets at fair value through other comprehensive income which are presented at fair value at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not contain all information and disclosures that are required for 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 2022. Furthermore, the results of operations for the nine months period ended 30 September 2023 do not necessarily reflect the expected results of the operations for the year ending 31 December 2023.

## **(2-2) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new standard effective as at 1 January 2023 as shown below:

### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Group.

### **Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments will be applied retrospectively at 1 January 2024. The Group is currently assessing the effect of these amendments on the current practices, and whether the current loan contracts might require any amendments.

The amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2023 (UNAUDITED)**

The amendments are effective from 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

**(2-3) Basis of consolidation**

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries under its control, and control is achieved when the Company is exposed to the variable returns resulting from its investment in the subsidiaries or has rights in such returns, and is able to influence such returns through its authority over the subsidiaries, and transactions, balances, revenues and expenses between the Company and the subsidiaries are excluded. The subsidiaries included in the interim condensed consolidated financial statements are as follows:

Company Name	Main activity	Country of establishment	Percentage of ownership 2023	Actual percentage of ownership 2023	Percentage of ownership 2022	Actual percentage of ownership 2022
Dar Al Dawa- Algeria	Marketing	Algeria	100%	100%	100%	100%
Dar Al Dawa- Tunis	Marketing	Tunis	100%	100%	100%	100%
Dar Al Dawa Pharma – Romania	Marketing	Romania	100%	100%	100%	100%
Aldar Jordan for Investments	Investments	Jordan	100%	100%	100%	100%
Aldar investment for consulting	Financial consulting	Jordan	100%	100%	100%	100%
Medi Pharma International – Algeria	Industrial	Algeria	85%	85%	85%	85%
NutriDar – Jordan and its subsidiaries	Industrial	Jordan	90.4%	90.4%	90.4%	90.4%
NutriDar– Russia*	Marketing	Russia	70%	61.25%	70%	61.25%
Al Nahda for Financial Investments**	Financial investments	Jordan	40.2%	40.2%	40.2%	40.2%

\* This subsidiary was established in 2010. NutriDar - Russia did not carry out any operations or sales during the previous years.

\*\* Al-Nahda Company is under liquidation.

Control is achieved when a group has rights in variable returns resulting from its association with the investee group and has the ability to influence these returns through its ability to control the investee group. The investee group is controlled only when the following is achieved:

- The Group's control over the investee group (existing rights that give the Group the ability to direct the relevant activities of the investee company).
- Display of the group or its rights in the variable returns resulting from its association with the investee group.

**DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY**  
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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- The ability to exercise control over the investee group and influence its returns.  
Where the Group owns less than a majority of voting rights or similar rights in the investee company, the Group shall take into account all relevant facts and circumstances to determine whether it has control over the investee company, including:
- Contractual arrangements with other voting rights holders in the investee company.
- Rights resulting from other contractual arrangements.
- Current voting rights and possible voting rights of the group.

The Group reassesses whether it controls the investee company and if there are circumstances or facts indicating a change in one or more of the three elements of control.

The financial statements of the subsidiary shall be consolidated from the date of exercising control until such control ceases. The income and expenses of subsidiaries are consolidated in the consolidated interim condensed comprehensive income statement from the date of the Group's control of the subsidiaries until such control ceases.

Profit and loss and every other item of comprehensive income is charged to the shareholders' equity in the parent company and the rights of non-controlling parties, even if this results in a deficit in the equity balance of the non-controlling parties. If necessary, the financial statements of subsidiaries are amended to align their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, profits and losses relating to transactions between the Group and its subsidiaries are excluded.

The effect of a change in ownership in the subsidiary that does not result in a loss of control is recorded. When you lose control of the affiliate, the group will:

- Derecognition of assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the rights of non-controlling parties
- Derecognition of foreign currency translation reserves
- Recognition of the fair value of the amounts received
- Recognition of the fair value of the investment held in the subsidiary
- Recognition of profits or losses resulting from the loss of control
- Reclassification of the company's share previously recorded in other comprehensive income items to profit and loss

### **(3) PROPERTY, PLANT AND EQUIPMENT**

The Group purchased property, plant and equipment during the nine-month period ended 30 September 2023 with a cost of JD 1,430,687 (30 September 2022: JD 1,121,365).

**(4) SHAREHOLDER'S EQUITY**

**Paid in capital**

The Company's authorized and subscribed capital is JD 35,000,000 with a nominal value of JD 1 per share as at 30 September 2023.

**Statutory reserve**

The accumulated amounts of JD 10,000,000 as of 30 September 2023 represent the amounts transferred from the annual net profit before income tax by 10% during the years in accordance with the Companies Law, and it is not distributable to shareholders. The Group may stop transferring amounts to the statutory reserve when the reserve balance reaches 25% of the authorized capital, but it is permissible, with the approval of the Company's general assembly, to continue deducting this annual percentage until this reserve reaches the equivalent of the Company's authorized capital.

**Voluntary reserve**

The accumulated amounts in this account represent the amounts transferred from the annual net profit before income tax by no more than 20% during the years and is distributable to shareholders.

**Special reserve**

The accumulated amounts in this account represent the amounts transferred from the annual net profit before income tax by no more than 5% during the years, and it is distributable to shareholders, the special reserve is to be used for the purposes determined by the Board of Directors.

**Other reserves**

The accumulated amounts of JD 246,696 in this account represent actuarial gains resulting from the revaluation of defined benefit plans through comprehensive income from prior years.

**Foreign currency exchange differences**

The accumulated amounts of JD 9,387,544 in this account represent the foreign currency differences resulting from the translation of the financial statements of foreign subsidiaries.

**Dividends**

In its ordinary meeting held on 27 April 2023, the General Assembly approved the distribution of cash dividends to shareholders of 5% of the nominal value of the share for 2022 of JD 1,750,000.

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**(5) RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent major shareholders, associate and board of directors of the Company, and companies of which they are principal shareholders. Policies and terms of these transactions are approved by the Group's management.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

**Amounts due from related Parties**

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Zakaria Hawash (Partner in Medi Pharma International)	1,879,000	1,170,482
Al Mufeed Trading– United Arab Emirates (Company owned by a board member)	842,840	2,203,000
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate)	209,556	169,464
	<u>2,931,396</u>	<u>3,542,946</u>

**Advance payments from customers:**

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Dara for health (Company Owned by a shareholder with a significant influence)	<u>1,327,015</u>	<u>2,453,547</u>

Transactions with related parties included in the interim condensed consolidated statement of income are as follow:

	For the nine months ended 30 September	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Sales to agents - Dara Group for Health (Company owned by a shareholder with a significant influence)	<u>7,248,657</u>	<u>3,552,799</u>
Sales to agents - Al Mufeed Trading (Company owned by a Board Member)	<u>3,626,328</u>	<u>3,285,146</u>

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The following is a summary of the benefits (salaries, bonuses and other benefits) of the Group's senior executive management:

	For the nine months ended 30 September	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	1,100,597	894,980

**(6) CASH ON HAND AND AT BANKS**

Cash and bank balances shown in the interim condensed consolidated statement of financial position represent the following:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	79,974	67,273
Bank balances	4,031,335	4,266,608
Short-term deposits*	10,257,547	9,416,865
	14,368,856	13,750,746

\* This item represents deposits with Arab Bank and Arab Banking Corporation Bank, with an average interest rate of 6% - 6.5% per annum in 2023 (31 December 2022: 3.5% - 4.5%) that matures within one to three months period.

Cash and cash equivalents for the purpose of preparing the interim condensed consolidated statement of cash flows was as follows:

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	14,368,856	12,600,550
Due to banks*	(18,450,540)	(19,641,112)
Cash and bank balance – subsidiary under liquidation	95,057	116,829
	(3,986,627)	(6,923,733)

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\* Due to banks represent the facilities granted to the Group's companies by several banks and in different currencies (Jordanian dinar, Algerian dinar, US dollar and Euro). The total ceilings granted as at 30 September 2023 were equivalent to JD 20,065,226 and the average interest rate was 5.75% per annum (31 December 2022: 3.5%).

\*\* The Company deposited restricted cash amounting to JD 1,954,060 as a collateral in exchange for increasing the ceiling of the overdraft facilities account for Dar Al-Dawa Algeria with the Housing Bank for Trade and Finance – Algeria.

**(7) Long-term Loans**

			30 September 2023		
			(Unaudited)		
	Company name	Currency	Short-term	Long-term	Total
			JD	JD	JD
Societe Generale Bank **	Medi Pharma International	Algerian Dinar	861,807	-	861,807
Arab Bank (1)	Dar Al Dawa - Jordan	US Dollar	867,816	2,836	870,652
Arab Bank (2)	Dar Al Dawa - Jordan	Jordanian Dinar	750,000	739,985	1,489,985
			<u>2,479,623</u>	<u>742,821</u>	<u>3,222,444</u>

			31 December 2022		
			(Audited)		
	Company name	Currency	Short-term	Long-term	Total
			JD	JD	JD
Societe Generale Bank **	Medi Pharma International	Algerian Dinar	975,792	616,969	1,592,761
Arab Bank (1)	Dar Al Dawa - Jordan	US Dollar	867,816	653,698	1,521,514
Arab Bank (2)	Dar Al Dawa - Jordan	Jordanian Dinar	750,000	1,362,986	2,112,986
			<u>2,593,608</u>	<u>2,633,653</u>	<u>5,227,261</u>

\* Interest rates on long-term loans range from 3.5% - 8.35% (31 December 2022: between 3.5% - 7,75 %) depending on the currency of the loan.

\*\* The Company mortgaged the 9.8-dunum land of Medi Pharma International plant in Algeria to Societe Generale Bank.

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**(8) REVOLVING LOANS**

			30 September 2023		31 December 2022	
			(Unaudited)		(Audited)	
			Utilized		Utilized	
Company name	Currency	Ceiling	Balance	Ceiling	Balance	
			JD	JD	JD	JD
Arab Banking Corporation	Dar Al Dawa – Jordan	US Dollar	3,261,400	3,127,036	3,261,400	2,904,713
Housing Bank	Dar Al Dawa – Jordan	US Dollar	5,672,000	5,536,113	5,672,000	5,058,906
Arab Bank	Dar Al Dawa – Jordan	US Dollar	11,344,000	9,848,192	6,381,000	6,942,392
Arab Jordan Investment Bank	Dar Al Dawa – Jordan	US Dollar	2,836,000	1,395,009	2,836,000	969,791
Arab Bank	NutriDar	US Dollar	1,063,500	935,683	1,063,500	208,033
Arab Banking Corporation	NutriDar	US Dollar	3,013,250	2,617,976	3,013,250	1,846,007
			<u>27,190,150</u>	<u>23,460,009</u>	<u>22,227,150</u>	<u>17,929,842</u>

\* Interest rates on bank loans range between 7.3% - 7.7% (31 December 2022: 6.3% - 7.5%).

**(9) INCOME TAX PROVISION**

The Group calculated the income tax for the results of operations for the periods ended 30 September 2023 and 2022 in accordance with income tax law No. (34) of 2014 and its amendments.

**Dar Al Dawa Development & Investment Company - Parent Company**

The Company submitted its tax declaration for the years 2021 and 2022. The Income and Sales Tax Department did not review the Company's records up until the date of preparing these interim condensed consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2020 except for 2017 where the Income and Sales Tax Department reviewed the Company's records for the year 2017. The Company did not accept the approved amount of accumulated losses by the Income and Sales Tax Department in the amount of JD 960,547, where the Company's management requests the approval of the amount of JD 2,565,426, therefore the Company has registered a lawsuit for objection with the Tax Court of First Instance. The objection case decision was not issued by the Tax Court of First Instance until the date of preparing these interim condensed consolidated financial statements.

### **NutriDar Public Shareholding Company**

The Company submitted its tax declaration for the years 2018 until 2022, and the Income and Sales Tax Department did not review the Company's records until the date of preparing the interim condensed consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2017.

### **Al Dar Jordan Investment Company**

The Company submitted its tax declaration for the years 2019 until 2022, and the Income and Sales Tax Department did not review the Company's records until the date of preparing the interim condensed consolidated financial statements.

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

### **Dar al Dawa – Romania**

The Company submitted its tax declaration for the year 2022, and the Income and Sales Tax Department did not review the Company's records until the date of preparing the interim condensed consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2021.

### **Dar al Dawa Company Algeria**

The Company submitted its tax declaration for the years 2017 until 2022, and the Income and Sales Tax Department did not review the Company's records until the date of preparing the 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 thereon, which included a claim to pay JD 462,957 in excess of the amounts already paid for these years by the Company. Also, the Company booked during 2017 a provision amounted to JD 694,632 against these liabilities to cover the period from 2011 up to 2017. The Company paid an amount of JD 462,957 for the years from 2011 to 2014. The Company recorded additional provision during 2022 amounted to JD 151,500 to cover the potential risks for the years from 2018 up to 2022.

In the opinion of the Company's management and legal counsel, the provision taken is sufficient to meet the liabilities that may arise from such claims.

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The movement on the income tax provision is as follows:

	30 September 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Balances as at the beginning of the period / year	500,281	295,049
Income tax for the period / year	384,023	393,197
Income tax due from previous years	-	49,229
Paid during the period / year	(152,979)	(237,194)
Balances as at the end of the period / year	<u>731,325</u>	<u>500,281</u>

The income tax for the period shown in the interim condensed consolidated statement of comprehensive income consists of the following:

	30 September 2023	30 September 2022
	JD (Unaudited)	JD (Unaudited)
Income tax for the period	384,023	362,268
(Releases) additions from deferred tax assets	(10,408)	37,759
	<u>373,615</u>	<u>400,027</u>

**(10) SEGMENT REPORTING OF SALES**

The Group is organized for administrative purposes so that the sectors are measured according to the reports that are used by the General Manager and the main decision maker of the Group through the geographical distribution of sales and the geographical distribution of assets and liabilities.

The distribution of sales, cost of sales, gross profit and types of goods sold by geographical areas is as follows:

**For the nine months ended 30 September 2023 (Unaudited):**

	Levant and Iraq	Arabian Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	26,945,359	18,381,401	9,968,364	230,225	55,525,349
Cost of sales	(16,216,034)	(10,584,674)	(6,705,946)	(179,115)	(33,685,769)
Gross profit	<u>10,729,325</u>	<u>7,796,727</u>	<u>3,262,418</u>	<u>51,110</u>	<u>21,839,580</u>

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	Medicine	Babies' cereals and milk	Total
	JD	JD	JD
Net sales	45,656,731	9,868,618	55,525,349
Cost of sales	(25,775,150)	(7,910,619)	(33,685,769)
Gross profit	<u>19,881,581</u>	<u>1,957,999</u>	<u>21,839,580</u>

	Jordan	Algeria	Total
	JD	JD	JD
<b>Other information:</b>			
Finance cost	(2,253,156)	(619,000)	(2,872,156)
Depreciation	(2,156,368)	(409,775)	(2,566,143)
The Group's share of net results from an associate	(12,810)	-	(12,810)
Interest income	475,644	-	475,644
Provision for expected credit losses	136,936	9,497	146,433

**For the nine months ended 30 September 2022 (Unaudited):**

	Levant and Iraq	Arabian Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	21,043,049	12,376,380	9,066,794	190,050	42,676,273
Cost of sales	(12,063,915)	(6,787,846)	(6,590,056)	(114,372)	(25,556,189)
Gross profit	<u>8,979,134</u>	<u>5,588,534</u>	<u>2,476,738</u>	<u>75,678</u>	<u>17,120,084</u>

	Medicine	Babies' cereals and milk	Total
	JD	JD	JD
Net sales	34,230,693	8,445,580	42,676,273
Cost of sales	(18,902,730)	(6,653,459)	(25,556,189)
Gross profit	<u>15,327,963</u>	<u>1,792,121</u>	<u>17,120,084</u>

	Jordan	Algeria	Total
	JD	JD	JD
<b>Other information:</b>			
Depreciation	(2,586,519)	(28,128)	(2,614,647)
Finance cost	(1,108,756)	(626,048)	(1,734,804)
Provision for expected credit losses	(104,908)	(34,480)	(139,388)
Interest income	242,104	-	242,104
The Group's share of net results from an associate	56,936	-	56,936

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The distribution of assets and liabilities by geographical regions is as follows:

	Jordan JD	Algeria JD	Tunisia JD	Romania JD	Total JD
<b>As at 30 September 2023 (Unaudited)</b>					
Total assets	78,772,444	31,797,236	22,264	573,052	111,164,996
Total liabilities	48,662,085	18,483,013	1,744	3,554	67,150,396
	Jordan JD	Algeria JD	Tunisia JD	Romania JD	Total JD
<b>As at 31 December 2022 (Audited)</b>					
Total assets	80,607,027	26,783,703	22,264	573,054	107,986,048
Total liabilities	48,495,101	15,512,584	1,744	3,555	64,012,984

**(11) CONTINGENT LIABILITIES**

At the date of the interim condensed consolidated financial statements, the Group has contingent contractual obligations as follows:

	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<b>Contingent Liabilities:</b>		
Letters of credit	396,057	362,057
Bank guarantees	14,125,394	14,019,190
Bills of collection	704,361	1,770,438

**(12) LAWSUITS HELD AGAINST THE GROUP**

There are lawsuits filed against the Group in the amount of JD 2,936,720 as of 30 September 2023 (31 December 2022: JD 2,931,666) within the normal activity of the Group, and in the opinion of the management and its legal advisor, the Group will not have material obligations for these cases.

**(13) Basic and diluted earnings per share from the profit for the period**

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Profit for the period (Dinar)	2,210,778	1,565,780
Weighted average number of shares during the period (Share)	35,000,000	35,000,000
	Fils/JD	Fils/JD
<b>Basic and diluted earnings per share from the profit for the period</b>	<u>0/063</u>	<u>0/045</u>