NUTRI DAR COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Nutridar Company– Public Shareholding Company
Amman Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Nutridar Company – Public Shareholding Company** (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounts receivable and due from related parties valuation

Judgment is required to assess the appropriate level of provisioning for doubtful accounts receivable including due from related parties. The Group has large number of foreign and local customers, which increases the risk of having a difficulty of collecting these amounts. Additionally, the Group has a long outstanding due from Dar Al Dawa Algeria (a subsidiary of the parent company) of JD 2,825,919 as of 31 December 2016.

How the key audit matter was addressed

We tested the methodology for calculating the provisions for doubtful debts, reviewed the basis of valuation and assumptions used in identifying doubtful accounts, along with the provisioning criteria for such accounts. In doing so, we tested the accuracy of ageing of accounts receivable and evaluated the sufficiency of the provision against doubtful accounts.

We obtained direct confirmation from Dar Al Dawa Algeria and discussed with the Group's management their plans to collect or settle these receivables. Refer to notes (5) and (12) to the consolidated financial statements for more details about this matter.

Valuation of inventories

At 31 December 2016, total inventories balance amounted to JD 2,283,353 representing 16% of the Group's total assets. We considered this as a key audit matter as the assessment of revaluation of inventories to net realizable value is mainly based on management estimates.

How the key audit matter was addressed

We considered the basis for inventory obsolescence in line with management estimates. In doing so we tested the ageing profile of inventory, the process for identifying obsolete and slow moving items in inventory and historical loss rates and the sufficiency of the provision for obsolete and slow moving items.

Refer to note (4) to the consolidated financial statements for more details about this matter.

Other Information Included in the Group's 2016 Annual Report

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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.

EY
Building a better working world

Responsibilities of Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group 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 consolidated 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 to 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 auditor's 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements are in agreement therewith.

Ernst & Young/ Jordan

Ernst & Young

Mohammad Al-Karaki
License No. 882

Amman – Jordan
29 March 2017

Nutri Dar Company - Public Shareholding Company
Consolidated Statement of Financial Position
As At 31 December 2016

Assets	Notes	2016	2015
		JD	JD
Non-current Assets –			
Property, plant and equipment	3	2,936,235	3,311,658
Deferred tax assets	15	112,516	83,934
		3,048,751	3,395,592
Current Assets -			
Inventories	4	2,283,353	2,325,635
Accounts receivable	5	2,682,771	2,533,989
Due from related parties	12	2,825,919	3,059,631
Other current assets	6	392,243	400,387
Checks under collection		1,446,325	1,018,753
Cash on hand and at banks	7	1,324,082	537,423
		10,954,693	9,875,818
Total Assets		14,003,444	13,271,410
Equity and Liabilities			
Equity -	8		
Paid-in capital		11,615,912	8,920,636
Statutory reserve		552,700	463,477
Voluntary reserve		1,002	1,002
Accumulated losses		(3,751,929)	(4,466,264)
		8,417,685	4,918,851
Non-controlling Interests		6,989	6,989
Total Equity		8,424,674	4,925,840
Liabilities -			
Non-current liabilities			
Long-term loans	9	-	1,304,758
Current liabilities -			
Current portion of long-term loans	9	1,304,860	1,925,795
Short term loans	9	1,812,975	1,425,013
Due to banks	10	-	210,100
Accounts payable	11	1,991,585	1,773,181
Other current liabilities	13	209,500	395,804
Other provisions	14	256,445	358,816
Due to related parties	12	3,405	952,103
		5,578,770	7,040,812
Total Liabilities		5,578,770	8,345,570
Total Equity and Liabilities		14,003,444	13,271,410

The attached notes 1 to 26 form part of these consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
Sales		12,255,507	13,563,816
Cost of sales	16	(8,532,273)	(9,525,177)
Gross profit		3,723,234	4,038,639
Selling and distribution expenses	17	(1,736,007)	(1,629,254)
Administrative expenses	18	(760,790)	(645,853)
Research and development expenses		(142,214)	(175,004)
Foreign currency losses		(116,960)	(8,212)
Provision for doubtful accounts	5	-	(58,049)
Finance costs		(219,147)	(304,522)
Other expenses	19	-	(357,832)
Other income		26,860	26,491
Profit for the year before tax		774,976	886,404
Income tax benefits (expense)	15	28,582	(103,832)
Profit for the year		803,558	782,572
Attributable to:			
Equity holders of the Company		803,558	782,572
Non-controlling interests		-	-
		803,558	782,572
		Fils/JD	Fils/JD
Basic and diluted earnings per share attributable to equity holders of the Company	20	0/085	0/088

The attached notes 1 to 26 form part of these consolidated financial statements

	2016	2015
	JD	JD
Profit for the year	803,558	782,572
Add: Other comprehensive income items	-	-
Total comprehensive income	803,558	782,572
Attributable to:		
Equity holders of the Company	803,558	782,572
Non-controlling interests	-	-
	803,558	782,572

The attached notes 1 to 26 form part of these consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company						
	Paid-in capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2016	8,920,636	463,477	1,002	(4,466,264)	4,918,851	6,989	4,925,840
Capital increase (Note 8)	2,695,276	-	-	-	2,695,276	-	2,695,276
Total comprehensive income	-	-	-	803,558	803,558	-	803,558
Transferred to statutory reserve	-	89,223	-	(89,223)	-	-	
Balance at 31 December 2016	11,615,912	552,700	1,002	(3,751,929)	8,417,685	6,989	8,424,674
Balance at 1 January 2015	8,920,636	374,836	1,002	(5,160,195)	4,136,279	6,989	4,143,268
Total comprehensive income	-	-	-	782,572	782,572	-	782,572
Transferred to statutory reserve	-	88,641	-	(88,641)	-	-	-
Balance at 31 December 2015	8,920,636	463,477	1,002	(4,466,264)	4,918,851	6,989	4,925,840

The attached notes 1 to 26 form part of these consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before tax		774,976	886,404
Adjustments for:			
Depreciation	3	545,791	566,589
Finance costs		219,147	304,522
Loss from disposal of property, plant and equipment		446	-
Provision for slow moving inventories	4	-	75,000
Provision for doubtful accounts	5	-	58,049
Other provisions		47,554	209,663
Working capital changes:			
Inventories		42,282	(528,796)
Accounts receivable		(148,782)	(455,688)
Other current assets		8,144	1,014,704
Checks under collection		(427,572)	(136,655)
Accounts payable		218,404	(483,697)
Other provisions paid		(149,925)	(67,755)
Other current liabilities		(186,304)	30,907
Due from related parties		233,712	87,986
Due to related parties		(948,698)	(148,728)
Net cash flows from operating activities		229,175	1,412,505
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(174,959)	(63,180)
Proceeds from disposal of property, plant and equipment		4,145	-
Net cash flows used in investing activities		(170,814)	(63,180)
FINANCING ACTIVITIES			
Capital increase		2,695,276	-
Long term loans paid		(1,925,693)	(1,822,685)
Short term loans		387,962	534,654
Interest paid		(219,147)	(304,522)
Net cash flows from (used in) financing activities		938,398	(1,592,553)
Net increase (decrease) in cash and cash equivalents		996,759	(243,228)
Cash and cash equivalents, beginning of the year		327,323	570,551
Cash and cash equivalents, end of the year	7	1,324,082	327,323

The attached notes 1 to 26 form part of these consolidated financial statements

(1) GENERAL

Nutri Dar was established as a public shareholding company on 29 September 1994. The Company's paid in capital as of 31 December 2016 is JD 11,615,912 divided into 11,615,912 shares at par value of JD 1 per share.

The General Assembly in its extraordinary meeting held on 27 April 2016 to increase the Company's authorized capital from JD 9,000,000 to JD 12,000,000 through resolved private offering to Company's shareholders. The subscribed amount was JD 2,695,276 as of 31 December 2016.

The Company's main activities are producing and marketing full range of infant and baby milk formula, infant cereals, infant teas, kids' multivitamin and Omega 3 gummies, quick cooking out flakes and skimmed milk powder.

The consolidated financial statements were approved by the Board of Directors on 14 March 2016, and requires the approval of the General Assembly.

(2.1) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Jordanian Dinars (JD), which represents the Group's functional currency.

(2.2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015 except for the followings:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)
In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Group's financial position or performance and became effective for annual periods which started from 1 January 2016.

(2.3) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Nutri Dar Company (the "Company") and the following subsidiaries (together are referred to as "Group") as of 31 December 2016:

Name of subsidiary	Owning %	Country	Main activity	Capital
Nutri Dar Russia*	70%	Russia	Selling and distributing Nutri Dar kids milk products	JD 23,296

* Nutri Dar Russia was established in 2010 and has no operation up to the date of the consolidated financial statements.

Control is achieved when the Group is exposed, or has rights, to variable return 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 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 returns.

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, Income and expenses of a subsidiary are consolidated from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and 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 this accounting policies into the 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 Groups are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(2.4) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(2.5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

Depreciation (except for land) is computed on a straight-line basis at the following annual rates:

	%
Buildings	3
Machinery, equipment and furniture	5-20
Computers	25
Others	4-15

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts and the impairment is recorded in the consolidated statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Accounts Receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of any amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Cost is accounted for as follows:

Raw materials and packaging materials – purchase cost on weighted average basis.

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with original maturities of three months or less, so that does not include risk of change in value.

For the purpose of the preparation consolidated statement of cash flows, cash and cash equivalent consist of cash on hand and at banks and less due to banks.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for services or goods received whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Loans

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Finance costs are included in the consolidated statement of profit or loss.

Income Tax

Income tax expense represents current year income tax and deferred income tax.

Tax expense is calculated based on taxable income, which may be different from the accounting income as it may include non-taxable income or non-deductible expenses in the current year that are deductible in subsequent years or accumulated losses.

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the consolidated statement of financial position date.

The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Revenue

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the revenue can be reliably measured.

Interest revenue is recognized as interest accrues using the effective interest rate method.

Other revenues are recognized on an accrual basis.

Research and Development

Research and development expenses are charged to the consolidated statement of profit or loss when incurred. Development expenses are not capitalized due to the uncertainties inherent in the development stage, and therefore not meeting the criteria mentioned in IAS 38.

Foreign Currencies

The consolidated financial statements are presented in Jordanian Dinars, which is the parent's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the financial statements of the entity are measured using that functional currency.Transactions in foreign currencies are initially recorded in the functional currency's rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the consolidated statement of financial position date.

All differences are taken to the consolidated statement of profit or loss.

Assets and liabilities of subsidiaries that have functional currencies different from the presentation currency of the Company are translated at the rate of exchange ruling at the consolidated statement of financial position date. Revenues and expenses of those subsidiaries are translated using the average exchange rate for the year. All resulting exchange differences are recorded as a separate component of equity.

(3) PROPERTY, PLANT AND EQUIPMENT

2016 -	Land*	Buildings	Machinery, equipment and furniture	Computers	Others	Total
	JD	JD	JD	JD	JD	JD
Cost -						
At 1 January 2016	217,211	3,491,132	4,772,620	152,134	103,809	8,736,906
Additions	-	10,557	135,315	5,837	23,250	174,959
Disposals	-	-	(4,875)	-	-	(4,875)
At 31 December 2016	217,211	3,501,689	4,903,060	157,971	127,059	8,906,990
Accumulated depreciation -						
At 1 January 2016	-	1,302,220	3,888,306	135,000	99,722	5,425,248
Charge for the year	-	99,622	434,603	4,258	7,308	545,791
Disposals	-	-	(284)	-	-	(284)
At 31 December 2016	-	1,401,842	4,322,625	139,258	107,030	5,970,755
Net book value -						
At 31 December 2016	217,211	2,099,847	580,435	18,713	20,029	2,936,235

2015 -	Land*	Buildings	Machinery, equipment and furniture	Computers	Others	Total
	JD	JD	JD	JD	JD	JD
Cost -						
At 1 January 2015	217,211	3,482,802	4,732,615	137,609	103,489	8,673,726
Additions	-	8,330	40,005	14,525	320	63,180
At 31 December 2015	217,211	3,491,132	4,772,620	152,134	103,809	8,736,906
Accumulated depreciation -						
At 1 January 2015	-	1,202,864	3,446,574	114,267	94,954	4,858,659
Charge for the year	-	99,356	441,732	20,733	4,768	566,589
At 31 December 2015	-	1,302,220	3,888,306	135,000	99,722	5,425,248
Net book value -						
At 31 December 2015	217,211	2,188,912	884,314	17,134	4,087	3,311,658

* The factory's land is mortgaged in favor of Invest Bank (Note 9).

Depreciation included in the consolidated statement of profit or loss is allocated as follows:

	2016	2015
	JD	JD
Cost of sales	505,459	517,062
Selling and distribution expenses	25,594	17,491
Administrative expenses	14,738	32,036
	545,791	566,589

The cost of fully depreciated property, plant and equipment was JD 967,535 as at 31 December 2016.

(4) INVENTORIES

	2016	2015
	JD	JD
Raw materials and packaging	1,018,448	1,094,255
Finished goods	1,252,077	1,222,859
Work in progress	33,981	69,150
Goods in transit	2,539	43,436
Advertising materials	12,075	6,881
	2,319,120	2,436,581
Allowance for slow moving inventories	(35,767)	(110,946)
	2,283,353	2,325,635

Movement on the allowance for slow moving inventories is as follows:

	2016	2015
	JD	JD
Balance at 1 January	110,946	46,755
Charge for the year	-	75,000
Write off during the year	(75,179)	(10,809)
Balance at 31 December	35,767	110,946

(5) Accounts Receivable

	2016	2015
	JD	JD
Local sales' receivables	1,946,709	1,944,956
Foreign sales' receivables	1,580,060	1,467,868
	3,526,769	3,412,824
Less: Allowance for doubtful accounts	(843,998)	(878,835)
	2,682,771	2,533,989

Movement on the allowance for doubtful accounts is as follows:

	2016	2015
	JD	JD
at 1 January	878,835	821,295
Charge for the year	-	58,049
Write-off during the year	(34,837)	(509)
At 31 December	843,998	878,835

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

		Past due but not impaired					
	Neither past due nor impaired	*1-30 Days*	*31 – 60 days*	*61 – 90 days*	*91 – 120 days*	*>120 days*	*Total*
	JD	JD	JD	JD	JD	JD	JD
2016	1,165,517	273,443	156,385	63,155	375,864	648,407	2,682,771
2015	2,204,396	186,752	50,320	20,444	72,077	-	2,533,989

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The Group does not obtain any grantees against these receivables, therefore they are unsecured.

(6) Other Current Assets

	2016	2015
	JD	JD
Due from sales tax	199,323	185,869
Advances to agents and suppliers	68,276	89,589
Cash deposits	12,527	32,709
Staff receivables	46,854	44,181
Prepaid expenses	56,833	46,682
Others	8,430	1,357
	392,243	400,387

(7) Cash on Hand and at Banks

	2016	2015
	JD	JD
Cash on hand	6,697	6,997
Current bank account – JD	27,777	426,172
Current bank account – foreign currencies	439,608	104,254
Short term deposit – JD*	850,000	-
	1,324,082	537,423

* The term deposit is made for varying periods between 1-3 months within an annual interest rate of 4%.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2016	2015
	JD	JD
Cash and bank balances	1,324,082	537,423
Due to bank (Note10)	-	(210,100)
	1,324,082	327,323

(8) SHAREHOLDERS' EQUITY

Paid-in capital -

The Company's authorized capital 12,000,000 shares at par value of JD 1 per share. The Company's subscribed and paid-in capital as of 31 December 2016 is JD 11,615,912 divided into 11,615,912 shares at par value of JD 1 per share.

The General Assembly, in its extraordinary meeting held on 27 April 2016, resolved to increase the Company's authorized capital from JD 9,000,000 to JD 12,000,000 through private offering to Company's shareholders. The subscribed amount was JD 2,695,276 as of 31 December 2016.

Statutory reserve -

As required by the Jordanian Companies Law, 10% of the profit before tax is to be transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

Voluntary reserve -

This item represents transfers from profit before tax not exceeding 20%. This reserve is available for distribution to the shareholders.

(9) LOANS

	31 December 2016			
	Loans installments			
	Loan currency	Short term	Long term	Total
Invest Bank (1)	USD	861,705	-	861,705
Invest Bank (2)	USD	443,155	-	443,155
		1,304,860	-	1,304,860

	31 December 2015			
	Loans installments			
	Loan currency	Short term	Long term	Total
Invest Bank (1)	USD	861,876	861,633	1,723,509
Invest Bank (2)	USD	1,063,919	443,125	1,507,044
		1,925,795	1,304,758	3,230,553

Invest Bank (1)

On 7 April 2013, the Company merged all of its banking facilities into a USD term loan amounting to USD 5,116,980 (JD 3,627,939) bearing an annual interest rate of 5.5% which was decreased in August 2016 to become 3%.

Accordingly, the Company paid an amount of USD 255,850 and the remaining balance is repayable over 16 quarterly installments of USD 303,821 excluding interest. The first installment was due on 31 March 2014, until the full repayment of the loan.

The factory land is mortgaged into favor of Invest Bank.

Invest Bank (2)

The Company was granted on 11 August 2014 a loan of USD 3,000,000 (JD 2,130,000) from Invest Bank with an interest rate of 5% per annum. The loan is repayable over 24 equal instalments each of USD 125,000 (JD 88,750) not including the interest. The first instalment was due on 30 June 2015.

Short –term Loans

	2016				2015	
	Rate	Currency	Ceiling	Utilized amount	Ceiling	Utilized amount
Arab Bank	4.25%	USD	531,750	149,620	531,750	-
ABC Bank	4%	USD	354,500	336,460	354,500	281,237
ABC Bank	7.5%	JD	500,000	-	500,000	393,886
ABC Bank	4%	USD	1,772,500	1,326,895	1,772,500	749,890
			3,158,750	1,812,975	3,158,750	1,425,013

(10) Due to Banks

	2016				2015	
	Rate	Currency	Ceiling	Utilized amount	Ceiling	Utilized amount
Current account	4.25%	USD	177,250	-	177,250	163,709
Current account	4.25%	EUR	149,846	-	154,640	46,391
			327,096	-	331,890	210,100

(11) Accounts Payable

	2016	2015
	JD	JD
Local trade payables	377,658	339,005
Foreign trade payables	1,613,927	1,434,176
	1,991,585	1,773,181

(12) Related Party Transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties included in the consolidated financial statements are as follows:

	2016	2015
	JD	JD
Due from related parties		
Dar Al Dawa – Algeria	5,379,164	5,612,876
Allowance for doubtful account	(2,553,245)	(2,553,245)
	2,825,919	3,059,631

	2016	2015
	JD	JD
Due to related parties		
Dar Al Dawa - Jordan	3,405	952,103

	2016	2015
	JD	JD
Bank facilities from related parties		
Loans – Invest Bank	1,304,860	3,230,553

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2016	2015
	JD	JD
Services – Dar Al Dawa (Jordan)	42,104	43,546
Fianace costs (Invest Bank)	111,516	214,237
	153,620	257,783

Compensation of key management personnel of the Group is as follows:

	2016	2015
	JD	JD
Salaries and other benefits	177,934	143,725

(13) Other Current Liabilities

	2016	2015
	JD	JD
Advances from customers	34,589	60,580
Accrued expenses	140,438	272,621
Shareholders deposits	34,003	34,051
Social security deposits	-	22,175
Others	470	6,377
	209,500	395,804

(14) Other Provisions

	2016	2015
	JD	JD
Other provisions*	256,445	358,816

* Movement of other provisions is as follows:

	2016	2015
	JD	JD
Beginning balance	358,816	216,908
Additions	47,554	209,663
Payments	(149,925)	(67,755)
Ending balance	256,445	358,816

(15) INCOME TAX

The income tax was calculated 2016 in accordance with Jordanian Income Tax Law No. (34) of 2014.

The Income Tax Department didn't review the accounting records of the Company for 2013 and 2014 until the date of these consolidated financial statements.

The Income Tax Department has reviewed the Company accounting records 2012.

The Company obtained a final clearance from Income Tax Department up to 2011.

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2016	2015	2016	2015
Deferred tax assets	112,516	83,934	88,671	103,832

Movement on deferred tax assets is as follows:

	2016	2015
	JD	JD
Beginning balance	83,934	187,766
Additions due to approved accumulated losses	117,253	-
Current year income tax expense	(88,671)	(103,832)
Ending balance	112,516	83,934

(16) COST OF SALES

	2016	2015
	JD	JD
Cost of good sold	6,723,299	7,791,158
Employees benefits	807,718	768,415
Depreciation	505,459	517,062
Fuel, water and electricity	114,053	130,612
Overhead costs	113,897	92,328
Factory insurance	29,448	32,855
Maintenance	128,476	84,534
Others	109,923	108,213
	8,532,273	9,525,177

(17) SELLING AND DISTRIBUTION EXPENSES

	2016	2015
	JD	JD
Employees benefits	1,088,585	962,322
Advertising	341,754	344,653
Free samples	198,353	150,040
Depreciation	25,594	17,491
Office expenses	12,996	30,076
Others	68,725	124,672
	1,736,007	1,629,254

(18) ADMINISTRATIVE EXPENSES

	2016	2015
	JD	JD
Employees benefits	574,772	506,255
Travel and transportation	12,817	9,337
Professional fees	49,204	44,887
Depreciation	14,738	32,036
Hospitality	4,563	1,250
Subscriptions	19,553	16,198
Meetings expenses	4,765	4,134
Postage and telephone	5,537	7,886
Others	74,841	23,870
	760,790	645,853

(19) Other Expenses

	2016	2015
	JD	JD
Damaged goods	-	357,832
	-	357,832

(20) Earnings Per Share

	2016	2015
	JD	JD
Profit for the year attributable to shareholders of the Company (JD)	803,558	782,572
Weighted average number of outstanding shares	9,407,028	8,920,636
	JD/Fils	JD/Fils
Basic and diluted earnings per share attributable to shareholders of the Company	0/085	0/088

(21) Segment Information

Segment information is measured in accordance with the reports used by the Company's management for the sales geographical distribution as follows:

	2016			
	Levant and Iraq	The Arab Gulf and Yamen	Africa	Total
Sales	8,299,665	1,049,962	2,905,880	12,255,507
Cost of sales	(5,645,786)	(633,718)	(2,252,769)	(8,532,273)
Gross profit	2,653,879	416,244	653,111	3,723,234
Other information				
Depreciation	369,619	46,759	129,413	545,791
Finance costs	148,412	18,771	51,964	219,147

	Levant and Iraq	The Arab Gulf and Yamen	Africa	Total
Sales	10,040,689	405,125	3,118,002	13,563,816
Cost of sales	(6,570,630)	(381,991)	(2,572,556)	(9,525,177)
Gross profit	3,470,059	23,134	545,446	4,038,639
Other information				
Depreciation	419,421	16,923	130,245	566,589
Finance costs	225,425	9,095	70,002	304,522

(22) CONTINGENCIES

Letters of credit and letters of guarantee -

As of the consolidated financial statements date, the Group has the following contingent liabilities:

	2016	2015
	JD	JD
Letters of credit	-	484,770
Letters of guarantee	3,520	7,858
	3,520	492,628

Legal claims -

The Company is a defendant in a labor lawsuit. The Company's management and its independent legal counsel believe that no material liabilities are likely to result from these lawsuits.

(23) RISK MANAGEMENT

Interest Rate Risk -

The Group is exposed to interest rate risk on its interest bearing assets and liabilities such as bank deposits, due to banks and loans.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates as of 31 December, with all other variables held constant.

2016	*Increase in basis points*	*Effect on profit*
	(point)	*JD*
JD	+50	851
USD	+50	9,065
EURO	+50	-

	Decrease in basis points	*Effect on profit*
	(point)	*JD*
JD	-50	(581)
USD	-50	(9,065)
EURO	-50	-

2015	Increase in basis points	Effect on profit
	(point)	JD
JD	+50	(1,969)
USD	+50	(22,127)
EURO	+50	(232)

	Decrease in basis points	Effect on profit
	(point)	JD
JD	-50	1,969
USD	-50	22,945
EURO	-50	232

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk through its operational activities (Accounts receivable) and financing activities including bank balances and other financial instruments included in the consolidated statement of financial position

The Group seeks to limit its credit risk with respect to customers by setting credit limits for customers and monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

The Group sells its products to a large number of customers. The largest customer accounts for 51% of total receivables as at 31 December 2016 (2015: 54%).

Liquidity Risk

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's (undiscounted) financial liabilities at as 31 December based on contractual payment dates and current market interest rates.

At 31 December 2016	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Total*
	JD	JD	JD	JD	JD
Short term loans	-	1,182,725	649,551	-	1,832,276
Accounts payable and due to related parties	-	975,719	1,019,271	-	1,994,990
Loans	-	714,223	626,290	-	1,340,513
Total	-	2,872,667	2,295,112	-	5,167,779

At 31 December 2015	*On demand*	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Total*
	JD	JD	JD	JD	JD
Due to bank	219,029	-	-	-	219,029
Short term loans	-	1,498,754	-	-	1,498,754
Accounts payable and due to related parties	-	339,005	1,434,176	952,103	2,725,284
Loans	-	521,465	1,527,760	1,338,132	3,387,357
Total	219,029	2,359,224	2,961,936	2,290,235	7,830,424

Currency Risk

The Company's transactions in US Dollar have negligible currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each JD 1).

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Jordanian Dinar currency rate against the Euro, occurring evenly throughout the year, with all other variables held constant, on the consolidated statement of profit or loss.

	Increase/ decrease in foreign currency rate to the JD	*Effect on profit*
	%	*JD*
2016		
Euro	+10	13,776
Euro	-10	(13,776)

	Increase/ decrease in foreign currency rate to the JD	*Effect on profit*
	%	*JD*
2015		
Euro	+10	183,920
Euro	-10	(183,920)

(24) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains appropriate capital ratios in order to support its business and maximize shareholder value.

Capital comprises paid in capital, statutory reserve, voluntary reserve, other reserves and accumulated losses and is measured at JD 8,417,685 as at 31 December 2016 (2015: JD 4,918,851).

(25) Fair Values of Financial Instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, amounts due from related parties and some other current assets. Financial liabilities consist of loans, due to banks, accounts payables, and amounts due to related parties.

The fair values of financial instruments are not materially different from their carrying values.

(26) Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 16 Leases
During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.