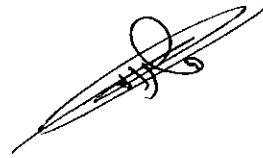




شركة الحياة للصناعات الدوائية م.ع.م

شارع النيل - الرجيب
صندوق بريد ١٥٦٤
عمان ١١١١٨ الأردن
هاتف +٩٦٢ ٦٤١٦٢٦٠٧
فاكس +٩٦٢ ٦٤١٦٢٠١٦
بريد الكتروني hpi@nol.com.jo

السادة
رئيس
لجنة
المحاسبة
٢٠١٧
٤٢

<p>To: Jordan Securities Commission Date: 30/07/2017 Subject: Audited Financial Statements As of 30/06/2017</p>	<p>السادة هيئة الأوراق المالية التاريخ: 2017/07/30 الموضوع: البيانات المالية النصف سنوية المدققة كما في 2017/06/30</p>
<p>Attached the company's Audited Financial Statements (Hayat Pharmaceutical Industries CO. PLC) for the fiscal period ended 30/06/2017</p>	<p>مرفق طيه نسخة من البيانات المالية النصف سنوية المدققة لشركة (الحياة للصناعات الدوائية م.ع.م) عن الفترة المالية المنتهية في 2017/06/30</p>
<p>Kindly accept our highly appreciation and respect Hayat Pharmaceutical Industries CO. PLC General Manager's Signature</p>	<p>وتفضلوا بقبول فائق الاحترام... الحياة للصناعات الدوائية م.ع.م توقيع المدير العام</p> 

هيئة الأوراق المالية
الدوائية الادوية ، الديمان
٣٠ تموز ٢٠١٧
الرقم التسلسل ١٤٩
الجهة المختصة ١٤٩



2017/07/30

شركة الحياة للصناعات الدوائية م.ع.م

شارع النيل - الرقيب

صندوق بريد ١٥٦٤

عمان ١١١١٨ الأردن

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السادة هيئة الأوراق المالية المحترمين

ص. ب. 8802

عمان 11121

المملكة الأردنية الهاشمية

الموضوع: التقرير النصف السنوي الخاص بشركة الحياة للصناعات الدوائية

تحية واحترام وبعد،،،

بالإشارة إلى كتابكم رقم: 1667/1/12 تاريخ 2014/07/13، مدرج أدناه موجز نتائج أعمال الشركة عن الفترة النصف سنوية و المنتهية في 2017/06/30:

1- المبيعات:

حققت الشركة مبيعات خلال الفترة المنتهية كما في 2017/06/30 مبلغ و قدره (6,325,794) ستة ملايين وثلاثمائة وخمسة وعشرون ألف وسبعمائة وأربعة وتسعون دينار لا غير مقارنة مع (4,979,172) أربعة ملايين وتسعمائة وإحدى عشر ألف ومائة واثان وسبعون دينار لا غير لنفس الفترة من العام الماضي منها (2,418,672) مليونان وأربعمائة وثمانية عشر ألف وستمائة واثان وسبعون دينار مبيعات محلية للفترة المنتهية كما في 2017/06/30 مقارنة مع (3,035,046) ثلاثة ملايين وخمسة وثلاثون ألف وستة وأربعون دينار لنفس الفترة من العام الماضي ومبلغ (3,907,122) ثلاثة ملايين وتسعمائة وسبعة ألف ومائة واثان وعشرون دينار مبيعات خارجية للفترة المنتهية كما في 2017/06/30 مقارنة مع (1,944,126) مليون وتسعمائة وأربعة وأربعون ألف ومائة وستة وعشرون دينار لنفس الفترة من العام الماضي.

2- إجمالي الربح:

بلغ إجمالي الربح للشركة مبلغ و قدره (4,377,645) أربعة ملايين وثلاثمائة وسبعة وسبعون ألف وستمائة وخمسة وأربعون دينار خلال الفترة المذكورة و بنسبة (69.20%) من صافي المبيعات للفترة المنتهية كما في 2017/06/30 مقارنة مع (3,169,939) ثلاثة ملايين ومائة وتسعة وستون ألف وتسعمائة وتسعة وثلاثون دينار لنفس الفترة من العام الماضي.

صافي الربح:

حققت الشركة صافي أرباح خلال الفترة المنتهية كما في 2017/06/30 مبلغ قدره (1,384,057) مليون وثلاثمائة وأربعة وثمانون ألف وسبعمائة وتسعون دينار و بنسبة قدرها (21.88%) من صافي المبيعات للفترة المنتهية كما في 2017/06/30 مقارنة مع (990,133) مائة وتسعون ألف ومائة وثلاثة وثلاثون دينار لنفس الفترة من العام الماضي و بنسبة (19.89%) من صافي المبيعات.

الخطة المستقبلية:-

تتطلع الشركة خلال الفترة المنتهية كما في 2017/06/30 ما نسبته (86.15%) من خطة المبيعات النصف سنوية وستسعى الشركة إلى بل مزيد من المستحضرات التي تقوم بتطويرها لدى الجهات الصحية إضافة إلى تحقيق خطة المبيعات الموضوعية للعام 2017 خلال نصف الثاني من هذا العام .

وتفضلوا بقبول فائق الاحترام،،،

شركة الحياة للصناعات الدوائية

رئيس مجلس الإدارة

عطوفة مراقب عام الشركات الأكرم
مركز إيداع الأوراق المالية المحترمين
بورصة عمان المتحرمين

**HAYAT PHARMACEUTICAL
INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
YEAR ENDED JUNE 30, 2017**

**HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT
YEAR ENDED JUNE 30, 2017**

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REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors
Hayat Pharmaceutical Industries Company

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for Hayat Pharmaceutical Industries Company (P.L.C.) as of June 30, 2017, and the related statements of Interim Consolidated Comprehensive income, Owners' equity and cash flows for the period then ended. The management is responsible of preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Conclusion

Based on our review, except what was mentioned in basis of qualification above, nothing has come to our attention that causes us to be believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Ghosheh & Co.

Walid M. Taha
License No.(703)



Amman- Jordan
July 25, 2017

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS OF JUNE 30, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipment	4	5,829,387	5,408,108
Projects under construction		2,107,472	1,960,473
Intangible assets		-	97,227
Investment in affiliate company		233,326	331,601
Total non-current assets		8,170,185	7,797,409
current assets			
Prepaid expenses and other receivables		550,447	454,281
Materials, spare parts and samples – Net		419,654	305,482
Inventory	5	2,212,418	1,878,675
Accounts receivable	6	5,515,123	4,689,926
Cheques under collection		1,078,785	2,118,942
Cash and cash equivalents		3,559,375	3,472,721
Total current assets		13,335,802	12,920,027
TOTAL ASSETS		21,505,987	20,717,436
LIABILITIES AND OWNER'S EQUITY			
Owner's equity			
Share capital	1	9,500,000	9,500,000
Statutory reserve		1,657,998	1,657,998
Voluntary reserve		1,435,791	1,435,791
Retained earnings		5,892,488	5,780,326
Total Owner's equity		18,486,277	18,374,115
Current liabilities			
Accrued expenses and other liabilities		718,688	703,631
Accounts payable		2,028,077	1,460,718
Banks overdraft		272,945	178,972
Total current liabilities		3,019,710	2,343,321
TOTAL LIABILITIES AND OWNER'S EQUITY		21,505,987	20,717,436

The accompanying notes are an integral part of these consolidated financial statements

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

	From the period		From the beginning of the year to	
	April 1,2017 till June 30,2017	April 1,2016 till June 30,2016	June 30,2017	June 30, 2016
Sales	3,647,031	2,718,092	6,325,794	4,979,172
Cost of Sales	(868,081)	(1,030,198)	(1,948,149)	(1,809,233)
Gross Profit	2,778,950	1,687,894	4,377,645	3,169,939
Selling and marketing expenses	(1,063,485)	(785,447)	(1,873,571)	(1,366,993)
General and administrative expenses	(358,086)	(267,938)	(678,977)	(593,966)
Research and development expenses	(172,544)	(63,237)	(232,843)	(126,117)
Damaged goods provision	(9,835)	(56,810)	(18,593)	(81,744)
Investment in affiliate impairment provision	(120,000)	-	(120,000)	-
Sales return provision	(50,000)	-	(50,000)	-
Financial charges	(16,629)	(11,963)	(24,404)	(16,797)
Other revenues and expense	4,010	2,738	4,800	5,811
INCOME FOR THE PERIOD BEFORE TAX	992,381	505,237	1,384,057	990,133
Income tax	(53,927)	(44,349)	(84,395)	(118,472)
INCOME FOR THE PERIOD	938,454	460,888	1,299,662	871,661
Other Comprehensive Income :	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	938,454	460,888	1,299,662	871,661
Earning per Share:				
Earning per Share JD/Share	0,10	0,05	0,14	0,09
Weighted Average of Outstanding Shares	9,500,000	9,500,000	9,500,000	9,500,000

The accompanying notes are an integral part of these consolidated financial statements

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF OWNER'S EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Share Capital	Statutory Reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1,2017	9,500,000	1,657,998	1,435,791	5,780,326	18,374,115
Comprehensive income for the period	-	-	-	1,299,662	1,299,662
Cash Dividend				(1,187,500)	(1,187,500)
Balance at JUNE 30,2017	9,500,000	1,657,998	1,435,791	5,892,488	18,486,277
Balance at January 1,2016	9,500,000	1,396,215	1,174,008	3,954,065	16,024,288
Comprehensive income for the period	-	-	-	871,661	871,661
Balance at JUNE 30,2016	9,500,000	1,396,215	1,174,008	4,825,726	16,895,949

The accompanying notes are an integral part of these consolidated financial statements

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY (UNAUDITED)
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

	FOR THE PERIOD ENDED JUNE 30, 2017	FOR THE PERIOD ENDED JUNE 30, 2016
OPERATING ACTIVITIES		
Income for the period before tax	1,384,057	990,133
Adjustments on the income for the period before tax:		
Depreciation	172,880	149,197
Investment in affiliate Impairment provision	120,000	–
Financial charges	24,404	16,797
Changes in operating assets and liabilities:		
Accounts receivable	(825,197)	(1,083,142)
Cheques under collection	1,040,157	870,141
Inventory	(333,743)	48,627
Materials, spare parts and samples – Net	(114,172)	(110,393)
Prepaid expenses and other receivables	(96,166)	(145,262)
Accounts payable	567,359	315,020
Accrued expenses and other liabilities	(69,338)	(140,058)
Cash available from operating activities	1,870,241	911,060
Financial charges paid	(24,404)	(16,797)
Net cash available from operating activities	1,845,837	894,263
INVESTING ACTIVITIES		
Purchase of property and equipment	(594,159)	(95,455)
Changes in projects under construction	(146,999)	(333,019)
Investment in affiliate company	(21,725)	(112,350)
Intangible assets	97,227	2,182
Net cash used in investing activities	(665,656)	(538,642)
FINANCING ACTIVITIES		
Banks overdraft	93,973	176,929
Cash Dividend	(1,187,500)	–
Net cash (used in) / available from financing activities	(1,093,527)	176,929
Net change in cash and cash equivalents	86,654	532,550
Cash and cash equivalents, January 1	3,472,721	2,853,382
Cash and cash equivalents, JUNE 30	3,559,375	3,385,932

The accompanying notes are an integral part of these consolidated financial statements

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

1. Establishment AND ACTIVITIES

Hayat Pharmaceutical Industries Company is a Jordanian Public Shareholding Company ("the Company") registered on October 19, 2005 under Commercial Registration N.O (371), it resulted from converting the legal status of the Company from a limited liability company to a public shareholding company on October 18, 2005, it had been registered in the limited liability Company's commercial register under N.O (3516) on April 3, 1994.

The stated subscribed and paid capital is JD 9,500,000 divided into 9,500,000 shares of JD 1 each.

The main activity of the Company is to produce human and veterinary medicines in all its forms and medical stickers and stockings in addition to the production of medical supplies, body care lotions, cosmetics and initiating marketing campaigns as well as import and export operations.

The Company's headquarter is in Amman.

The consolidated financial statements as of JUNE 30, 2017 and December 31, 2016 includes the financial statements of the following subsidiaries:-

Subsidiary	Country of incorporation and operation	Join years	Ownership interest (%)	Principal activity
Hayat Healthcare International Company L.T.D	Hashemite Kingdom of Jordan	2013	100%	Invest, Import, export and trade agencies

According to equity method the Company's share of the results of its subsidiaries as of JUNE 30, 2017 and December 31, 2016 loss amounting to JD ((120,000)) (2016: (480,725)) JD are as follows: -

	2017	2016
The Company's share of the results of Hayat Healthcare International Company L.T.D	(120,000)	(480,725)

According to the equity method, the book value of investment in subsidiaries as of JUNE 30, 2017 and December 31, 2016 are as follows: -

	2017	2016
The book value of investment in of Hayat Healthcare International Company L.T.D	(474,874)	5,851
The Company's share of the results of Hayat Healthcare International Company L.T.D	-	-
The Company's share of loss of Hayat Healthcare International Company L.T.D	(120,000)	(480,725)
	(594,874)	(474,874)

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

As of JUNE 30, 2017 and December 31, 2016, the summary of the total assets, liabilities, and the results of the subsidiaries, and the significant assets and liabilities items are as follows:

	<u>2017</u>	<u>2016</u>
Total assets	215,356	335,356
Total liabilities	810,230	810,230
Total owners equity	(594,874)	(474,874)
Cash and cash equivalent	3,754	3,754
Investment in associate company	211,602	331,602
Due to related parties	810,230	810,230
loss for the period / year	(120,000)	(480,725)
Capital	8,000	8,000

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1,2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of Directors anticipates that the adoption of these IFRSs in future periods is not likely to have a material impact on the consolidated financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company’s transactions are denominated.

The interim financial statements have been prepared on historical cost basis.

The interim statement do not include all the information and notes needed in the annual financial statement and must be reviewed with the ended financial statement at December 31, 2016, in addition to that the result for the three months ended in JUNE 30, 2017 is not necessarily to be the expected results for the financial year ended December 31, 2017.

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the period ended 31 December 2016.

Interim Financial statements consolidation basis

The consolidated financial statements incorporate the financial statements of Hayat Pharmaceutical Industries Company P.L.C and the subsidiaries controlled by the Company

Control is achieved when the Company has :

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting in any of the investees, the Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When the Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances that may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the Company achieves control on the investee enterprise (subsidiary), while that process stops when the Company loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of the subsidiary company.

The profit or loss and each component of other comprehensive income divided to the owners of the parent and to the non-controlling interests, total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Mother Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

Sales

Sales are recognized upon delivery of goods to customers and issuing invoice.
Sales revenues are stated net of trade or quantity discounts.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products, all other expenses are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded at the original amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

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 .

Inventory

Finished goods and work in process are stated at the lower of cost or net realizable value. Cost is determined, for finished goods and work in process, on a First In First Out cost basis which includes the cost of materials, labor and a specified percentage of indirect overheads. Raw material, work in process, spare parts and other inventories are stated at cost which is determined by using a First In First Out cost basis.

Projects under construction

Projects under construction are stated at cost, and borrowing costs are capitalized on withdrawals from loans to finance these projects.

The Decline in value of the financial assets

In date of each consolidated statement of financial position, values of the financial assets have been reviewed , to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value , were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which is beyond the rate of borrowing)also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when one of the accounts receivable are non-collectable then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in consolidated statement of comprehensive income.

As for the ownership equity tools which are available for sale , decline losses are not closed in the recognized value in the consolidated statement of comprehensive income. However any increase in the fair value become after decline loss has recognized directly in the interim consolidated statement of owner's equity.

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
(EXPRESSED IN JORDANIAN DINAR)

De-recognition

The Company cancels the recognition of financial assets only when the contractual rights about the receipt of cash flows from the financial assets had ended and substantially all the risks and benefits of the ownership that belong to another firm. In the case of the Company doesn't transfer or retain substantially the risks and benefits of the ownership and continue its control of the transferred assets, the Company in this case recognize its share retained in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the Company retained substantially all risks and benefits of the ownership of the transferred assets, the Company will continue to recognize the financial assets.

The use of estimation

The preparation of financial statements and the application of accounting policies requires from the Company's management to make estimates that affect the amounts of financial assets and liabilities and the disclosure of contingent liabilities, these estimations also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity

In particular, requires from the Company's management to issue important judgments to estimate the amounts of future cash flows and its times, the estimations mentioned earlier are built on assumptions and multiple factors that have a varying degree of appreciation and uncertainty and that actual results may differ from the estimations. As a result of changes resulting from the conditions and circumstances of these estimations in the future.

We believe that our estimates in the consolidated financial statements are reasonable and detailed as follows:

- Contingent liabilities provisions are recognized to face any legal obligations on the basis of the opinion of the legal adviser to the Company.
- Doubtful debts provision are impaired within the basis set by the administration and the international financial reporting standards and are calculated according to the most stringent basis.
- Income tax provision loaded on the fiscal year, by its own income tax expense in accordance with regulations and laws.
- Administration adopt the useful lives of tangible assets on a regular basis for the purpose of calculating depreciation provision for those assets and the estimated useful lives expected in the future and is taking the impairment loss (if there are any) in the statement of comprehensive income.

The sectoral report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision-makers in the Company.

Geographical segment is associated in providing products in a particular economic environment subject to risks and returns that are different from those for sectors to work in economic environment.

HAYAT PHARMACEUTICAL INDUSTRIES COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
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Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, and when intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs are expensed, Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings	2%
Equipment and machinery	10% - 20%
Electromechanics	10%
Vehicles	10%
Furniture and decoration	9% - 20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and depreciation period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the consolidated Statement of Financial Position when any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets

At any subsequent exclusion of property and equipment, the value of gains or losses resulting recognized, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the consolidated Statement of Financial Position, Gross Profit and loss.

The decline in value of the non-current assets

In the date of each consolidated statement of financial position the company review the listed values for it's assets to specify if there is an indication to be decline losses of the value.if there is indication to that, the recovery value of the asset will be estimated to determine the loss of decline in the value if it be. In case , Inability to estimate the recovery value of specific asset.The Company estimate the recovery value for cash producing unit that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable , the joint assets distribute to units producing of cash that related in the same asset . the joint assets distribute to specific cash producing unit or it distribute to specific cash producing unit or it distribute to smallest group from cash producing unit that it is able to determine basic fixed and resonable distribution for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the cash producing unit) estimated to be lower than the listed value , the listed value for asset (or cash producing unit) to the recovery value. Losses of the decline recognized directly in the consolidated statement of comprehensive income except if the asset that is re-evaluated then it is recorded as losses of the decline as reduction from re-evaluation provision.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and reliable estimate can be made regarding the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED JUNE 30, 2017
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4 - PROPERTY AND EQUIPMENT

	As of June 30,2017	As of December 31,2016
<u>Cost :</u>		
beginning Balance	8,805,801	8,532,195
Additions	594,159	273,606
Ending Balance	9,399,960	8,805,801
<u>Accumulated depreciation</u>		
beginning Balance	3,397,693	3,100,900
Additions	172,880	296,793
Ending Balance	3,570,573	3,397,693
Net book value	5,829,387	5,408,108

5 - INVENTORY

	As of June 30,2017	As of December 31,2016
Raw materials and packaging	1,297,672	1,321,787
Finished goods	581,262	374,698
Work in process	333,484	182,190
	2,212,418	1,878,675

6 - ACCOUNTS RECEIVABLE

	As of June 30,2017	As of December 31,2016
Trade receivables	3,463,098	2,992,933
Due from related parties	2,857,935	2,502,903
Impairment of accounts receivable	(805,910)	(805,910)
	5,515,123	4,689,926

Income Tax

The Company is subject to a temporary Income Tax Law for the year 2009 and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Foreign currency transaction

Foreign currency transaction are translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated financial position are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the comprehensive income statement.

7 - RISK MANAGEMENT

Include the risks those they may be exposed to the Company's market risk, credit and liquidity, which is managed by the Company as follows:

Interest rates risk

The financial instruments in the interim consolidated statement of financial position are not subject to interest rate risk with the exception of due to banks and loans that are subject to current market interest rates.

Credit risk

The Company maintains cash at financial institutions with suitable credit rating.

Exchange price risks

Most transaction in the Jordanian dinar and U.S dollar, the exchange price of the Jordanian dinar is constant opposite of U.S Dollar (1/41 dollar per Jordanian dinar) .

8 -THE FAIR VALUE

The fair value of financial assets and financial liabilities approximately it's the book value that due during a year on date the consolidated interim financial statement.

9 - APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the company management on July 25, 2017 and have been authorized for issuance by the Board of Directors.