



Jordan Poultry Processing & Marketing Co. Ltd

الشركة الأردنية لتجهيز وتسويق الدواجن ومنتجاتها م.ع.م

Dat : 15/5/2017
NO:T.D 2/4/1/ 630

التاريخ: 15/5/2017
الرقم: تب.د 2/4/1 / 630

TO:AmmanStock Exchange

السادة: بورصة عمان

Subject: Audited Financial Statements for
the fiscal year ended 31/12/2016

الموضوع: البيانات المالية السنوية المدققة للسنة
المنتهية في 31/12/2016

Attached The Audited Financial
Statements Of JordanPoultry Processing
& Marketing Co. PLC For The Fiscal Year
Ended 31/12/2016 English version.

مرفق بطيه نسخة من البيانات المالية
المدققة للشركة الأردنية لتجهيز وتسويق
الدواجن م.ع.م عن السنة المالية المنتهية
في 31/12/2016 باللغة الانجليزية

Kindly accept our high appreciation and
respect

وتفضلوا بقبول فائق الاحترام ؛؛؛؛

Jordan Poultry Processing and Marketing
Co. PLC

General Manager
Sa'eed Abu- saymeh

الشركة الأردنية لتجهيز وتسويق
الدواجن م.ع.م

المدير العام
سعيد ابوصايم

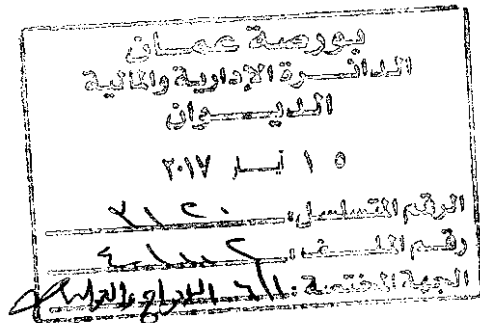
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Jordan Poultry Processing
& Marketing Co. PLC

الشركة الأردنية لتجهيز وتسويق
الدواجن ومنتجاتها م.ع.م

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**JORDAN POULTRY POCESSING AND
MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2016**

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders

Poultry Processing and Marketing Company P.L.C

Report on auditing the Financial Statements

We have audited the accompanying financial statements of Poultry Processing and Marketing Company P.L.C, which comprise of the statement of financial position as of December 31, 2016, and the related statements of comprehensive income, statement of owners' equity and statement of cash flows, for the year then ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position Poultry Processing and Marketing Company P.L.C as of December 31, 2016, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The Key Audit matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Inventory

According to International Financial Reporting Standards, the Company must ascertain that the value of inventory is reported based on the lower of cost or net realizable value and determining the impairment of inventory (if any) and ascertaining that there is no slow moving inventory which influence the net realizable value.

Property and equipment

In accordance with IFRS, the Company has to review the useful life and method of depreciation and perform a test of impairment for the value of the property and equipment in the financial position and when any events or changes in circumstances indicate that this value is not recoverable impairment losses are recognized as a result of the impairment policy. The management estimates impairment of property and equipment by using assumptions and estimates(if any), and due to its significance, it is considered an important audit risk.

Accounts receivable

According to International Financial Reporting Standards, the Company should review the process of calculation of impairment of accounts receivable through assumptions and estimations, the company assesses the impairment of accounts receivable and considering its importance it's considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized

Followed procedures within key audit matters.

Inventory

The auditing procedures included the procedures of inspecting and ascertaining the existence of inventory that has been recorded in the company's books in the warehouses, and ascertaining that the existing inventory in the warehouses which belongs to the company has been recorded up until the date of preparation of the financial statements, and that the company ascertains that the recorded inventory is recorded based on the lower of cost or net realizable value considering that the cost of finished goods and goods in process are determined based on the Weighted- average, which include the cost of materials, labors, and a percentage of indirect industrial expenses, in which the raw materials and spare parts are reported based on cost which is also determined based on the Weighted- average.

Property & equipment

The audit procedures included examining the control procedures used in the verification of existence and completeness, reviewing the purchase of assets and selling them during the year and ensuring the calculation of depreciation expense, matching the inventory in terms of presence and ensuring that the property and equipment are productive and there is no decrease in the value they appear in. Management, taking into account the available external information about the risk of impairment of property and equipment, and we have also focused on the adequacy of the Company's disclosures about property and equipment.

Accounts receivable

The auditing procedures included control procedures used by the company for collecting accounts receivables, ascertaining a sample of clients accounts through direct confirmations, it has been ascertained that the account receivable impairment provision is sufficient through evaluating the management assumptions, taking in consideration the available external information about account receivable risks, also we evaluated the sufficiency of the company disclosure about the important estimation including the impairment provision of accounts receivable.

Other information

The management is responsible for other information.

Which includes other information reported in the annual report, but not included in the consolidated financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidated financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

Certified public accountant responsibility

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with audit the audit committee, 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.

Legal requirements report

The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co

Sinan Ghosheh
License No.(580)



Amman -Jordan
March 19, 2017

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
ASSETS			
Non-current assets			
Property and equipments	4	52,486,799	46,796,024
Total non-current assets		52,486,799	46,796,024
Current assets			
Prepaid expenses and other receivables	5	415,555	345,304
Spare parts	6	889,921	787,062
Inventory	7	4,088,956	6,396,480
Account Receivables	8	9,956,920	6,131,918
Cheques under collection		507,553	2,186,404
Cash and cash equivalents		57,520	69,378
Total current assets		15,916,425	15,916,546
TOTAL ASSETS		68,403,224	62,712,570
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share Capital	1	23,558,305	14,024,000
Statutory reserve	9	280,850	280,850
(Accumulated losses) \ retained earnings	1	(1,093,288)	781,111
Total owners' equity		22,745,867	15,085,961
Non- current liabilities			
Due to related parties	10	26,219,651	31,359,848
Long term loans	11	5,339,482	3,742,899
Total non – current liabilities		31,559,133	35,102,747
Current liabilities			
Accrud expenses and other payables	12	1,079,654	1,037,680
Deferred cheques		716,798	1,441,009
Account payables	13	5,442,436	3,926,648
Current portion of long term loans	11	3,729,722	2,831,732
Due to Banks	14	3,129,614	3,286,793
Total current liabilities		14,098,224	12,523,862
TOTAL LIABILITIES AND OWNERS' EQUITY		68,403,224	62,712,570

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Poultry sales		34,849,863	36,043,265
Poultry sales cost	16	(35,487,288)	(36,023,162)
Total (loss) \ Gross profit of poultry		(637,425)	20,103
Protein section gross profit	17	500,177	465,781
Poultry farms gross profit	18	1,087,465	2,849,166
Gross profit		950,217	3,335,050
Selling and Marketing expenses	19	(1,941,862)	(1,669,100)
General and administrative expenses	20	(690,201)	(654,415)
Financial Charges	21	(216,207)	(215,730)
Other revenues and expenses	22	23,654	29,785
(LOSS) \ PROFIT FOR THE YEAR		(1,874,399)	825,590
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,874,399)	825,590
(Loss) \ Earning per share:			
(Loss) \ Earning per share- JD/ share		(0,08)	0,04
Outstanding weighted average share		22,763,780	20,008,000

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF OWNERS' EQUITY
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share Capital	Issuance Discount	Statutory Reserve	Retained earnings \ (Accumulated Losses)	Total
Balance at January 1, 2015		23,000,000	(8,976,000)	198,291	38,080	14,260,371
Decrease in capital	1,9	(8,976,000)	8,976,000	-	-	-
Comprehensive income for the year		-	-	-	825,590	825,590
Transfer to statutory reserve		-	-	82,559	(82,559)	-
Balance at December 31, 2015		14,024,000	-	280,850	781,111	15,085,961
Paid up capital	1	9,534,305	-	-	-	9,534,305
Comprehensive income for the year		-	-	-	(1,874,399)	(1,874,399)
Balance at December 31, 2016		23,558,305	-	280,850	(1,093,288)	22,745,867

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
OPERATING ACTIVITIES		
(Loss) \ Income for the year	(1,874,399)	825,590
Adjustments on the (loss) income for the year:		
Depreciation	1,318,178	1,247,941
Gains on Sale of property and equipment	(17,709)	(18,038)
Impairment of receivables provision	12,000	12,000
Financial Charges	216,207	215,730
Changes in operating assets and liabilities:		
Spar parts	(102,859)	(5,348)
Accounts receivable	(3,837,002)	913,614
Inventory	2,307,524	(2,732,649)
Prepaid expenses and other receivables	(70,251)	(83,022)
Cheques under collection	1,678,851	(1,143,650)
Account payables	1,515,788	978,355
Deferred Cheques	(724,211)	(1,189,362)
Due to related parties	(5,140,197)	4,828,358
Accrued expenses and other payables	41,974	29,383
Cash (used in)/ available from operating activities	(4,676,106)	3,878,902
Financial charges paid	(216,207)	(215,730)
Net cash (used in) / available from operating activities	(4,892,313)	3,663,172
INVESTING ACTIVITIES		
Purchase in property and equipments	(7,018,793)	(4,384,155)
Proceeds from sale of property and equipments	27,549	26,000
Net cash used in investing activities	(6,991,244)	(4,358,155)
FINANCING ACTIVITIES		
Paid in capital	9,534,305	-
Banks overdraft	(157,179)	(182,432)
Loans	2,494,573	893,462
Net cash available from financing activities	11,871,699	711,030
Net change in cash and cash equivalents	(11,858)	16,047
Cash and cash equivalents, January 1	69,378	53,331
Cash and cash equivalents, December 31	57,520	69,378

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Jordan Poultry Processing and Marketing Company is a Public Shareholding company ("the company") is registered under registration no. (201) on June 28, 1987. The company's capital is JD 23,000,000 divided into 23,000,000 shares of JD 1 each.

The General Assembly in its extraordinary meeting on August 13, 2015 decided to decrease the Capital from JD 23,000,000 shares to JD 14,024,000 by amortizing the issuance discount by 8,976,000, and increase the capital by 9,976,000 shares \ by under-writing the share of shareholders, so the declared capital amounts 24,000,000 shares of JD 1 each, and covering JD 9,534,305 from shares declared and paid capital amounts JD 23,558,305 shares \ up until the preparation of the financial statement.

The principal activity of the entity is owning, establishing and operating of butcheries for poultry processing and marketing and renting warehouses in order to keep poultries and eggs and establishing and managing plants in order to trade poultries locally and regionally and renting ordinary transportations for the entity's purposes, and other industries related to poultry processing and marketing.

The Company's headquarter is in Azzarqa in Dhleel City.

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.

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements

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

Basis of preparation

The financial statements are presented in Jordanian Dinar (JD) as this is the currency in which the majority of the Company's transactions are denominated.

The financial statements have been prepared on historical cost principle, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

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.

Provision for Impairment of accounts receivable

The management estimated possibility of collection from the receivables and the impairment for doubtful debts provision had been estimated according to the previous experience and the prevailing economic environment.

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Inventory

Inventories are stated at cost, is calculated by weighted average cost basis.

The Decline in value of the financial assets

In date of each 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 it's 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. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when is one of the accounts receivables are non-collected 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 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 statement of owner's equity.

Derecognition

The Company derecognizes the financial assets only if the the contractual rights relating to the receipt of cash flows from the financial assets had ended or when the Company transefer the financial assets and substantially all the risks and benefits of the ownership to another firm . In the case that the company doesn't transfer or retain substantially risks and benefits of the ownership and continue controlling the transefered assets, the company in this case should recognize it's share retained in the transefered assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case , when the company retained substantially all risks and benefits of ownership of the transefered assets , the company shall continue the recognition of the financial assets.

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Property and equipment

Property and equipments are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed, while expenditures that increase the useful life and/or the assets productivity are capitalized. Depreciation is computed over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation are as follows:

Jordan Poultry Processing And Marketing Company	Annual depreciation rate
Buildings and constructions	1%
Office Furniture	6 – 7.5%
Butchery equipment	2.5 – 3.5%
Boxes and Cages	7.5%
Resturant equipments	5%
Tools and equipment	5%
Clothes	7.5%
Lab equipment	5%
Water well	5%
Pallets	10%
Vehicles	7.5 – 12.5%
Furniture and fixture	10 - 20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization 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 interim 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 the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the interim Statement of Financial Position, Gross Profit and loss.

The decline in value of the non-current assets

The decline in value of the non-current assets, In the date of each 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 indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be. In case , In ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine baies 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 units producing of cash or it distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and resonable 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 unit producing of cash) distribute lower than the listed value ,reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the statement of comprehensive income. except the asset that is re-evaluation then record losses of the decline as reduction from re-evaluation provision.

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the consolidated comprehensive income statement on a straight-line basis over the term of the operating lease.

Income Tax

The company is subject to 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.

Loan interests capitalization

Interest loans that are related to expansion projects to be available to produce are capitalized.

Foreign currency transactions

Foreign currency transactions 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 statement of 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 consolidated statement of comprehensive income.

The use of estimation

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

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

In particular, required of the company's management to issue important judgments to estimate the amounts of future cash flows and its times. Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates. As a result of changes resulting about the conditions and circumstances of these estimates in the future.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

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, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

JORDAN POULTRY PROCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	December 31
Cost:				
Lands and improvements *	608,714	20,954	-	629,668
Buildings and constructions	29,569,756	5,067,077	-	34,636,833
Office equipment	513,853	48,710	-	562,563
Butchery equipment	23,808,833	1,008,821	-	24,817,654
Boxes and Cages	963,576	-	-	963,576
Resturant equipments	10,780	-	-	10,780
Equipment	93,804	4,718	-	98,522
Clothing	11,255	-	-	11,255
Lab equipment	14,971	-	-	14,971
Water well	224,861	-	-	224,861
Pallets	135,906	10,639	-	146,545
Vehicles	1,852,595	393,808	(122,176)	2,124,227
Furniture and fixture	134,079	12,845	-	146,924
Orders in the road	19,926	451,221	-	471,147
Total cost	57,962,909	7,018,793	(122,176)	64,859,526
Depreciation:				
Building and constructions	2,150,805	278,258	-	2,429,063
Office equipment	251,175	31,359	-	282,534
Butchery equipment	7,031,393	834,502	-	7,865,895
Boxes and cages	428,883	39,723	-	468,606
Resturant equipment	8,890	172	-	9,062
Equipment	29,832	4,387	-	34,219
Clothing	11,025	-	-	11,025
Lab equipment	9,225	459	-	9,684
Water well	78,243	11,243	-	89,486
Pallets	45,771	6,062	-	51,833
Vehicles	1,057,265	106,288	(112,336)	1,051,217
Furniture and fixture	64,378	5,725	-	70,103
Total depreciation	11,166,885	1,318,178	(112,336)	12,372,727
Net book value January 1	46,796,024			
Net book value December 31				52,486,799

* Part of the plant's lands and building on it are first and second class mortgaged amounted JD 7,725,750 and that is for the facilities granted by several banks.

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5. PREPAID EXPENSES AND OTHER RECEIVABLES

	2016	2015
Prepaid expenses	147,053	127,943
Income tax deposit	25,599	14,277
Refundable deposits	38,257	38,257
Sales tax deposit	13,404	12,312
Work injuries deposit	20,606	20,703
Letter of credit and guarantees deposit	170,636	131,812
	415,555	345,304

6. SPARE PARTS

	2016	2015
Packaging and general materials	198,320	285,762
Spare parts	593,042	470,592
Fuels	36,034	3,524
Veterinary medicines and Vaccine	62,525	27,184
	889,921	787,062

7. INVENTORY

	2016	2015
Poultry warehouse	2,350,737	4,108,847
Protein warehouse	7,546	7,546
Goods in process- farms	1,647,297	2,229,761
Boxes and cages warehouse	83,376	50,326
	4,088,956	6,396,480

8. ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables	9,593,730	5,792,524
Impairment of receivables	(475,750)	(463,750)
Net trade receivables	9,117,980	5,328,774
Due to promoters	62,442	62,206
Due to employees	773,930	738,370
Other	2,568	2,568
	9,956,920	6,131,918

9. RESERVES

Issuance discount

The General Assembly in its extraordinary meeting on August 13, 2015 decided to decrease the Capital from JD 23,000,000 shares to JD 14,024,000 by amortizing the issuance discount by 8,976,000.

Statutory reserve

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income without exceeding 25% of the capital, this reserve is not to be distributed as dividends.

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10. RELATED PARTIES TRANSACTIONS

Name	Relationship
National Hatchery Company	Sister
Jordan Feed Company	Sister
Jordan Chemicals Company	Sister

The principal transaction represent company's purchases from sister companies which is as follows:

	2016	2015
National Hatchery Company	5,493,613	4,850,176
Jordan Feed Company	9,863,750	10,748,579
Jordan Chemicals Company	977,232	1,014,691

The due to related parties transactions as of December 31 is as follows:

	2016	2015
National Hatchery Company	3,737,273	4,980,228
Jordan Feed Company	21,982,624	26,120,205
Jordan Chemicals Company	499,754	259,415
	26,219,651	31,359,848

11. LOANS

The loans details as of December 31 are as follows :-

	2016	2015
Jordan Kuwait Bank Loans	2,152,257	3,276,396
Al Eithad Bank Loans	6,916,947	3,298,235
Total loans	9,069,204	6,574,631
Less: short term loans	3,729,722	2,831,732
Long term loans	5,339,482	3,742,899

Jordan Kuwait Bank Loans

A loan of JD2,000,000 has been obtained to be paid back with its commission and interests and fees in 40 monthly payment each JD50,000 commissioned %0.5 and an annual interest of %9 The first payment is due on August 1, 2013 and the last payment is due on November 1, 2016.

A loan of JD2,500,000 has been obtained to be paid back with its commission and interests and fees in 48 monthly payment each JD60,000 commissioned %0.5 and an annual interest of %9 except for the last payment which represent the remaining annual of the loan due on December 31, 2015 and the last payment is due on December 31, 2019

A diminishing loan of JD1,000,000 has been obtained to be paid back with its commission and interests and fees within a paying period expires on December 31,2017 commissioned %0.5 and an annual interest of %8.5

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Al Etihad bank

A loan of JD 500,000 has been obtained to be paid back on monthly basis without commission and within the interest of %8.75 as in 36 payments each for JD 14,000 except for the last payment which represent the remaining amount of the loans. The first payment is due on January 31, 2008 and the last payment is on December 31, 2010.

The increase of the loan to JD2,164,000 with an annual interest of %9 and commission of %0.5 has been approved, and the mechanism of payment to (60) monthly payment adjustment each for JD 30,034 commencing on March 31,2013 up until the total payment of the loan except for the last payment on February 28, 2018.

The increase of loan to JD 7,014,000 with an annual interest %9 and commission of %0.5 of the duration of withdrawal of loan a year and half commencing on August 31,2013 and is paid in 60 monthly payment each JD(11,434) commencing on March 31,2014 until the loan is fully paid except for the last payment which represent the remaining annual of the loan due on February 28, 2019 has been approved.

The company has obtained a diminishing loan by JD 280,000 with an interest of %9.25 paid monthly without commission and is paid within (36) monthly payments each for JD 9000 interest included on May 31,2013 up until the total payment has been approved, and the last payment is on April 30, 2016.

The company has obtained a diminishing loan by JD 480,000 with an interest of %9.25 less margin of %2.75 with a commission rate %0.5 paid in 48 payment each for JD (10,000). The first payment is due on April 30,2013 and the last payment is on March 30, 2018.

The company has obtained a diminishing loan by JD 2,000,000 with an interest of %8.75 and with an annual less margin of %1.25 without commission and is paid within 48 monthly payments each for JD 42,000 and it doesn't include interest. It commences on September 30, 2017 except for the last payment which represent the remaining annual of the loan due on August 30, 2021

The company has obtained a diminishing loan by JD 2,000,000 with an annual interest of %4.75 without commission and is paid within 48 monthly payments each for JD 46,000 interest included and it commences on November 30, 2016 until the loan is fully paid except for the last payment which represent the remaining annual of the loan due on October 30, 2020.

12 . ACCRUED EXPENSES AND OTHER PAYABLES

	2016	2015
Accrued rents	847,500	727,500
Accrued salaries	131,713	142,457
Accrued water and electricity	412	492
Accrued professional fees	3,750	3,750
Social security deposit	54,800	41,484
Board of directors remuniration	882	882
Research and training provision	409	634
University fees provision	765	765
Unearned revenues	-	95,982
Other payable	39,423	23,734
	1,079,654	1,037,680

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13. ACCOUNTS PAYABLE

	2016	2015
Suppliers	4,140,864	2,776,733
Fund provision	1,215,621	1,067,964
Promoters deposit	50,736	47,305
Due to employees	35,215	34,646
	<u>5,442,436</u>	<u>3,926,648</u>

14. BANK OVERDRAFTS

The Company has depositing facilities granted by Jordan Kuwait Bank mortgaged with a first as second class on part of the lands and the factory's building expansion project within a ceiling of JD 2,000,000 within an annual interest of %8.5 on monthly basis.

The Company has depositing facilities granted by Al Eitihad Bank mortgaged with a real estate within a ceiling of JD 1,000,000 within an interest of %8.25 payable at each month .

The Company has depositing facilities granted by Arab Jordan Investment Bank mortgaged by gurentee that the liquidity ratio not less than 1:1 and its gurantee that the ownership percentage of Jordan Poultry Pocessing And Marketing Company not less than 90% within a ceiling of JD 400,000 within an interest of %7.5 and commision of %1 annually.

15. TRANSACTION WITH MAIN CUSTOMERS

The Company sales to main customer totaled JD 25,633,623 during the year in which around %74 represent the sales to companies (2015: JD 22,246,938 represents %62 of total sales) .

16- POULTRY SALES COST

	2016	2015
Cost of raw materials	30,191,558	34,780,581
Direct salaries and wages	1,229,592	1,106,415
Social security contribution	96,831	86,066
Fund contribution	74,704	74,870
Idustrial expenses		
Depreciation	862,165	830,739
Water and electricity	424,514	381,824
Oil and fuels	234,772	297,465
Maintenance and consumed materials	82,634	277,026
Vehicle expenses	147,575	113,689
Labor transportation fees	5,765	1,076
Medical fees	29,295	61,496
Clothing	26,589	38,792
Shipping and carriage	30,740	37,240
Insurance	23,723	23,464
Purificating station expenses	25,666	17,732
Work permit expense	39,785	8,702
Licenses and subscription fees	28,193	17,794
Other expenses	87,635	68,276
Cost of production	<u>33,641,736</u>	<u>38,223,247</u>
Beginning processing and package	285,762	297,499
Ending processing and package	(198,320)	(285,762)
Finish goods cost	<u>33,729,178</u>	<u>38,234,984</u>
Beginning inventory	4,108,847	1,897,025
Ending inventory	<u>(2,350,737)</u>	<u>(4,108,847)</u>
	<u>35,487,288</u>	<u>36,023,162</u>

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17- PROTIEN SECTION'S GROSS PROFIT

	2016	2015
Protién sales	1,083,557	1,084,162
Purchase of materials	88,401	82,453
Salaries and wages	168,604	166,364
Social security contribution	16,588	14,874
Fund contribution	3,029	3,043
Water and electricity	65,437	58,970
Oil and fuel	134,849	187,986
Maintenance and consumed materials	21,077	19,988
Depreciation	78,526	77,337
Other expenses	6,869	7,366
Cost of production	583,380	618,381
Beginning finished goods	7,546	7,546
Ending finished goods	(7,546)	(7,546)
Protién section sales cost	582,152	618,381
Protién section gross profit	500,177	465,781

18- POULTRY FARMS GROSS PROFIT

	2016	2015
Farms revenues	20,214,934	22,964,192
Cost of poultry production		
Chicks	5,050,117	4,724,226
Feeds	10,104,692	11,679,123
Meds and treats	1,323,089	1,329,167
Salaries and wages	474,883	444,043
Social security contribution	41,642	47,022
Oil and fuels	35,386	43,478
Sawdust	245,958	230,130
Water and electricity	256,733	194,693
Gaz and consumed materials	1,044,531	846,332
rents	115,130	121,963
Depreciation	267,741	247,284
Funds contribution	8,447	9,451
Maintenance and repairing	53,761	105,416
Insurance	16,582	16,531
Shipping and carriage	79,511	64,696
Miscellaneous	9,266	11,471
Cost of production	19,127,469	20,115,026
Poultry farms gross profit	1,087,465	2,849,166

The finished goods is transferred from the poultry farms of the company to the production section of fair value.

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19- SELLING AND MARKETING EXPENSES

	2016	2015
Salaries and wages	738,815	663,394
Social security contribution	93,363	81,342
Funds contribution	48,246	42,954
Vehicle expenses	163,054	177,263
Samples examination fees	93,000	93,000
Water and electricity	22,458	21,599
Telephone and fax	29,586	34,009
Maintenance	4,482	3,467
Rents	17,325	9,000
Advertising and marketing	53,043	51,125
Medical fees	13,958	4,218
Hospitality	2,136	1,779
Promoters commission	116,190	98,700
Transportation	6,757	5,034
Oil and fuel	205,413	193,026
Stationery and IT	11,268	7,314
Licenses and subscription	214,837	103,344
Insurance	6,625	691
Consulting expenses	2,000	-
Shipping and carriage	6,989	4,758
Depreciation	83,310	70,533
Miscellaneous	9,007	2,550
	1,941,862	1,669,100

20- GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and wages	402,876	388,273
Social security contribution	39,958	36,842
Funds contribution	27,861	26,750
Post mail, telephone and fax	6,192	3,856
Hospitality	6,058	4,761
Water and electricity	32,729	24,679
Professional fees	7,500	7,500
Advertising and marketing	7,827	3,270
Stationery and posters	4,192	6,476
Legal fees and others	28,708	21,825
Oil and fuel	13,168	16,712
Insurance	2,100	2,169
Board of directors transportation	27,200	33,600
Medical fees	5,310	5,208
Traveling and transportation	1,390	5,410
Vehicle expenses	18,977	16,824
Cafeteria expenses	7,200	7,200
Depreciation	25,014	23,157
Impairment of account receivables	12,000	12,000
Miscellaneous	13,941	7,903
	690,201	654,415

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21- FINANCIAL CHARGES

	2016	2015
Financial charges Paid	999,770	910,396
Capitalized on the expansion during the year	(783,563)	(694,666)
	<u>216,207</u>	<u>215,730</u>

22- OTHER REVENUES

	2016	2015
Gain o	17,709	18,038
Butchre revenues	136	10,919
Other	828	5,809
	<u>23,654</u>	<u>29,785</u>

23- INCOME TAX

The Company setteled its tax position with the income and sales tax department until 2014, for 2015 the company has provided its revealed estimate, and it hasn't been reviewed yet by the income tax department until the date of the financial statements

24- CONTINGENT LIABILITIES

Contingencies as of December:

	2016	2015
Bank guarantee	<u>1,424,550</u>	<u>1,245,415</u>

25. FAIR VALUE

Fair value of financial assets and liabilities are approximately equal their carrying values since they are due within one year of the date of these financial statements, except for long-term loans which its fair value is the present value of the future cash payments that is paid using common interest rate for such loans.

26- FINANCIAL INSTRUMENTS

Capital Risk Management

The Company's objectives when managing capital are safeguarding the company's ability to continue as a going concern in order to provide returns for shareholders (partners/owners) and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy doesn't change from 2015.

Structuring of Company's capital includes the owners equity in the Company which includes share capital, statutory reserve, and retained earnings as it listed in the changes in owners equity statement.

The Debt Ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The companys capital structure includes debts from the borrowing. The Company doesn't determine the highest limit of the debt ratio and it doesn't expect increase in the debt ratio during 2017.

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The debt ratio at the end of the year as follows :-

	2016	2015
Debts	12,198,818	9,861,424
Owners equity	22,745,867	15,085,961
Debts/ owners equity	54%	65%

The management of the financial risks

Market risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the interest price risks

Risk related to interest rate result mainly from borrowing money at varying interest rates and short term deposits at fixed interest rates.

Sensitivity of the consolidated statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table shows sensitivity of the statement of comprehensive income for possible changes and reasonable interest rates as of December 31 with all other effective variables constant:

Currency	Interest rate increase	The impact on profit for the year	
JD	Percentage points	2016	2015
	25	- 30,497	- 24,654
Currency	Interest rate decrease	The impact on profit for the year	
JD	Percentage points	2016	2015
	25	+ 30,497	+ 24,654

Credit risk management

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities. The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may required from the Company to pay or receive. The table below contains

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cash flows for major amounts and interests.

2016	Interest rate	Year or less	More than year	Total
Instruments without interest	-	7,238,888	26,219,651	33,458,539
Instruments with interest	8.75%-9.5%	6,859,336	5,339,482	12,198,818
Total		14,098,224	31,559,133	45,657,357
2015				
Instruments without interest	-	6,405,337	31,359,848	37,765,185
Instruments with interest	8.75%-9.5%	6,118,525	3,742,899	9,861,424
Total		12,523,862	35,102,747	47,626,609

27- SEGMENT REPORTING

The Company works in the following sectors of the business operating with in the geographic sector is the Hashemite Kingdom of Jordan.

The details of revenue and profit of the companies operating sector are as follows :-

	Segment sales		Segment profit / (losses)	
	2016	2015	2016	2015
Butchery segment	34,842,353	36,043,265	(3,463,269)	(2,489,357)
Farms segment	20,214,934	22,964,192	1,087,465	2,849,166
Protien segment	1,083,557	1,084,162	501,405	465,781
Total	56,140,844	60,091,619	(1,874,399)	825,590

The total assets and liabilities of the Company are as follows :-

	Segment assets		Segment liabilities	
	2016	2015	2016	2015
Butchery segment	41,699,349	38,169,072	27,833,278	28,987,226
Farms segment	25,567,588	23,472,750	17,065,638	17,826,211
Protien segment	1,136,287	1,070,748	758,441	813,172
Total	68,403,224	62,712,570	45,657,357	47,626,609

28 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for issuance on March 19, 2017.

29. COMPORTIVE FIGURES

Certain figures for 2015 have been reclassified to confirm presentation in the current year.