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To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

Subject: Quarterly Report as of 31/03/2017

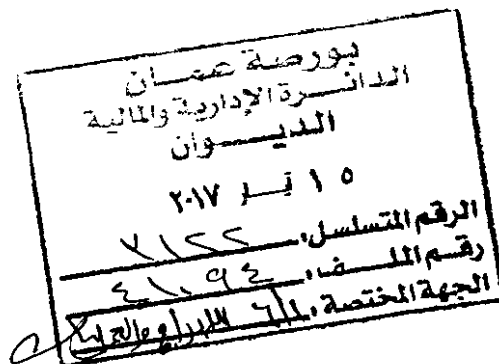
الموضوع : التقرير ربع السنوي كما هي في 2017/03/31

Attached the Quarterly Report of Nutridar
As of 31/03/2017 in (English Language).

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة دار
الغذاء كما هي بتاريخ 2017 /03/31 في (اللغة الإنجليزية) .

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،



المدير العام
م. حيدر الزبيدي

Nutridar



Document No. MA11017

Revision No. 6

NUTRI DAR COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED)

31 MARCH 2017



Building a better
working world

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF NUTRI DAR COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Nutri Dar Company - Public Shareholding Company (the "Company") and its subsidiary (the "Group"), comprising of the interim consolidated statement of financial position as at 31 March 2017 and the related interim consolidated statements of profit or loss other, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "IAS 34". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Ernst + Young

Amman – Jordan

27 April 2017

TRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
S AT 31 MARCH 2017

| | <u>Notes</u> | <u>31 March 2017</u> | <u>31 December 2016</u> |
|-------------------------------------|--------------|--------------------------|-----------------------------|
| | | <u>JD</u> | <u>JD</u> |
| | | <u>(Unaudited)</u> | <u>(Audited)</u> |
| ASSETS | | | |
| Non-current Assets - | | | |
| Property, plant and equipment | 3 | 2,854,024 | 2,936,235 |
| Deferred tax assets | | 112,516 | 112,516 |
| | | <u>2,966,540</u> | <u>3,048,751</u> |
| Current Assets - | | | |
| Inventories | | 2,717,437 | 2,283,353 |
| Accounts receivable | | 2,091,784 | 2,682,771 |
| Due from related parties | 7 | 2,554,074 | 2,825,919 |
| Other current assets | | 582,580 | 392,243 |
| Checks under collection | | 1,139,574 | 1,446,325 |
| Cash on hand and at banks | 4 | 771,504 | 1,324,082 |
| | | <u>9,856,953</u> | <u>10,954,693</u> |
| | | <u>12,823,493</u> | <u>14,003,444</u> |
| Total Assets | | | |
| | | | |
| EQUITY AND LIABILITIES | | | |
| Equity - | | | |
| Paid-in capital | 5 | 11,615,912 | 11,615,912 |
| Statutory reserve | | 552,700 | 552,700 |
| Voluntary reserve | | 1,002 | 1,002 |
| Accumulated losses | | (4,021,193) | (3,751,929) |
| | | <u>8,148,421</u> | <u>8,417,685</u> |
| | | 6,989 | 6,989 |
| Non-controlling Interests | | <u>8,155,410</u> | <u>8,424,674</u> |
| Total Equity | | | |
| | | | |
| Liabilities - | | | |
| Current liabilities - | | | |
| Current portion of long-term loans | 9 | 823,576 | 1,304,860 |
| Short term loans | | 1,146,868 | 1,812,975 |
| Due to banks | 4 | 242,765 | - |
| Accounts payable | | 2,128,252 | 1,991,585 |
| Other current liabilities | | 219,528 | 209,500 |
| Other provisions | | 93,444 | 256,445 |
| Due to related parties | | 13,650 | 3,405 |
| | | <u>4,668,083</u> | <u>5,578,770</u> |
| | | <u>4,668,083</u> | <u>5,578,770</u> |
| Total Liabilities | | <u>12,823,493</u> | <u>14,003,444</u> |
| Total Equity and Liabilities | | | |

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

| | Note | For the three months ended 31 | |
|--|------|-------------------------------|----------------|
| | | March | |
| | | 2017 | 2016 |
| | | JD | JD |
| Sales | | 1,705,013 | 2,307,236 |
| Cost of sales | | (1,242,510) | (1,634,218) |
| Gross profit | | 462,503 | 673,018 |
| Selling and distribution expenses | | (455,891) | (366,590) |
| Administrative expenses | | (204,011) | (186,673) |
| Research and development expenses | | (19,356) | (34,317) |
| Foreign currency (losses) gains | | (34,237) | 182,482 |
| Finance costs | | (29,622) | (67,910) |
| Other expenses | | - | (78,410) |
| Other income | | 11,350 | 6,889 |
| (Loss) profit before tax | | (269,264) | 128,489 |
| Income tax | 6 | - | - |
| (Loss) profit for the period | | (269,264) | 128,489 |
| Attributable to: | | | |
| Equity holders of the Company | | (269,264) | 128,489 |
| Non-controlling interests | | - | - |
| | | (269,264) | 128,489 |
| | | Fils/JD | Fils/JD |
| Basic and diluted (loss) earnings per share | | | |
| attributable to equity holders of the Company | | (0/023) | 0/014 |

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

| | For the three months ended 31 | |
|--|-------------------------------|----------------|
| | March | |
| | 2017 | 2016 |
| | JD | JD |
| (Loss) profit for the period | (269,264) | 128,489 |
| Add: Other comprehensive income items | - | - |
| Total comprehensive income for the period | (269,264) | 128,489 |
| Attributable to: | | |
| Equity holders of the Company | (269,264) | 128,489 |
| Non-controlling interests | - | - |
| | (269,264) | 128,489 |

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

Attributable to Equity Holders of the Company

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

| | <u>Notes</u> | For the three months ended 31 March | |
|---|--------------|--|-------------------|
| | | <u>2017</u> JD | <u>2016</u> JD |
| <u>OPERATING ACTIVITIES</u> | | | |
| (Loss) profit before tax | | (269,264) | 128,489 |
| Adjustments for: | | | |
| Depreciation | | 108,960 | 137,190 |
| Finance costs | | 29,622 | 67,910 |
| Working capital changes: | | | |
| Inventories | | (434,084) | (677,663) |
| Accounts receivable | | 590,987 | 391,910 |
| Other current assets | | (190,337) | (118,347) |
| Checks under collection | | 306,751 | 42,655 |
| Accounts payable | | 136,667 | 186,517 |
| Other current liabilities | | 10,028 | 11,561 |
| Due from related parties | | 271,845 | (142,644) |
| Due to related parties | | 10,245 | 7,797 |
| Other provisions paid | | (163,001) | (17,911) |
| Net cash flows from operating activities | | <u>408,419</u> | <u>17,464</u> |
| <u>INVESTING ACTIVITIES</u> | | | |
| Purchase of property, plant and equipment | 3 | (26,749) | (93,821) |
| Net cash flows used in investing activities | | <u>(26,749)</u> | <u>(93,821)</u> |
| <u>FINANCING ACTIVITIES</u> | | | |
| Long term loans paid | | (481,284) | (481,285) |
| Short term loans | | (666,107) | 477,017 |
| Interest paid | | (29,622) | (67,910) |
| Net cash flows used in financing activities | | <u>(1,177,013)</u> | <u>(72,178)</u> |
| Net decrease in cash and cash equivalents | | (795,343) | (148,535) |
| Cash and cash equivalents, beginning of the period | | 1,324,082 | 327,323 |
| Cash and cash equivalents, end of the period | 4 | <u>528,739</u> | <u>178,788</u> |

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

NUTRI DAR COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017 (UNAUDITED)

(1) GENERAL

Nutri Dar Company (the "Company") was established as a public shareholding company on 29 September 1994. The Company's paid in capital as of 31 March 2017 is JD 11,615,912 divided into 11,615,912 shares at par value of JD 1 per share.

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 main objectives of the Subsidiary is marketing and distributing children's food and milk in Europeans' markets.

The interim condensed consolidated financial statements were approved by the Board of Directors on 27 April 2017.

(2.1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended in 31 March 2017 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required for the consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements as of 31 December 2016. In addition, the result of the three months period ended 31 March 2017 are not necessarily indicative of the result that may be expected for the financial year ending 31 December 2017.

(2.2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's interim condensed consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognized Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's interim condensed consolidated financial statements.

(2.3) BASIS OF CONSOLIDATION

The interim condensed 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 March 2017:

| Name of subsidiary | Ownership percentage | | Country | Main activity | Capital |
|--------------------|----------------------|------|---------|--|-----------|
| | 2017 | 2016 | | | |
| Nutri Dar Russia* | 70% | 70% | Russia | Selling and distributing Nutri Dar kids milk products | JD 23,296 |

* Nutri Dar Russia was established in 2010 and has no operations up to the date of the interim condensed 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.

(3) PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment were amounted to JD 26,749 for the three months ended 31 March 2017 (2016: JD 93,821).

(4) CASH ON HANDS AND AT BANKS

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

| | 31 March 2017 | 31 March 2016 |
|---------------------------|------------------|------------------|
| | JD | JD |
| Cash on hand and at banks | 771,504 | 512,113 |
| Less: Due to banks | (242,765) | (333,325) |
| | <u>528,739</u> | <u>178,788</u> |

Due to banks represent the utilized amount of the overdraft facility with a ceiling of JD 329,014 at an annual interest rate of 4.25%.

(5) SHAREHOLDERS' EQUITY

Paid-in capital -

The Company's authorized share capital is 12,000,000 shares at a par value of JD 1 per share. The Company's subscribed and paid-in capital as of March 2017 is JD 11,615,912 divided into 11,615,912 shares at a par value of JD 1 per share.

(6) INCOME TAX

No income tax provision was calculated for the three months ended 31 March 2017 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014.

The Company obtained a final clearance from Income Tax Department up to 2014.

(7) 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 interim condensed consolidated financial statements are as follow:

| | 31 March 2017 JD (Unaudited) | 31 December 2016 JD (Audited) |
|---|---------------------------------------|--|
| Due from related parties | | |
| Dar Al Dawa – Algeria | 5,107,319 | 5,379,164 |
| Less: allowance for doubtful accounts | (2,553,245) | (2,553,245) |
| | <u>2,554,074</u> | <u>2,825,919</u> |
| Due to related parties | | |
| Dar Al Dawa - Jordan | <u>13,650</u> | <u>3,405</u> |
| Bank facilities from related parties | | |
| Loans | <u>823,576</u> | <u>1,304,860</u> |

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

| | 31 March 2017 JD | 31 March 2016 JD |
|---------------------------------|------------------------|------------------------|
| Services – Dar Al Dawa (Jordan) | 10,245 | 10,676 |
| Finance costs (Invest Bank) | 3,073 | 27,458 |
| | <u>13,318</u> | <u>38,134</u> |

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

| | 31 March 2017 JD | 31 March 2016 JD |
|-----------------------------|------------------------|------------------------|
| Salaries and other benefits | <u>39,360</u> | <u>46,540</u> |

(8) CONTINGENCIES

Letters of credit and letters of guarantee -

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

| | 31 March 2017 JD (Unaudited) | 31 December 2016 JD (Audited) |
|-------------------|---------------------------------------|--|
| Letters of credit | <u>3,520</u> | <u>3,520</u> |

(9) LOANS

| | | 31 March 2017 (Unaudited) | | | 31 December 2016 (Audited) |
|---------------|-----|---------------------------|-----------|----------------|-------------------------------|
| | | Loans installments | | | |
| Loan currency | | Short term | Long term | Total | Total |
| | | JD | JD | JD | JD |
| Invest Bank | USD | 646,296 | - | 646,296 | 861,705 |
| Invest Bank | USD | 177,280 | - | 177,280 | 443,155 |
| | | <u>823,576</u> | <u>-</u> | <u>823,576</u> | <u>1,304,860</u> |

INVEST BANK

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 2017 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.

On 11 August 2014 the Company obtained 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 2016.

(10) STATUTORY RESERVE

The Group did not transfer any amounts to statutory reserve in accordance with the Jordanian Companies Law as these financial statements are interim condensed consolidated financial statements.