



الشركة العربية لصناعة المبيدات والأدوية البيطرية



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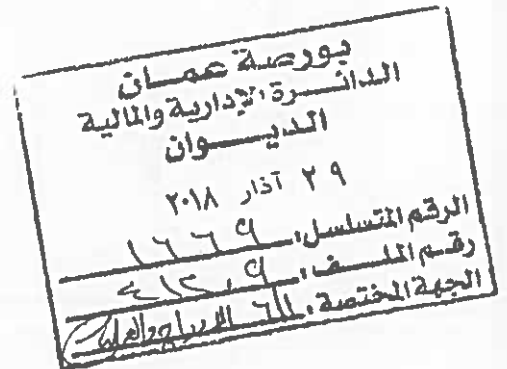
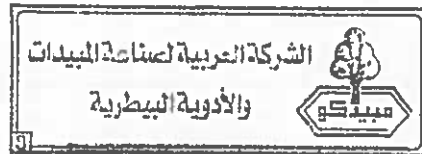
السادة بورصة عمان المحترمين ، ، ،
السادة دائرة الإصدار والإفصاح المحترمين ، ، ،

تحية وتقدير ، ، ،

مرفق طيه تقرير مجلس الادارة السنوي الثالث عشر والبيانات
المالية وتقرير مدققي الحسابات باللغة الانجليزية عن السنة المالية
المنتهية في 31 كانون الاول 2017، بالاضافة الى قرص مدمج.

وتفضلوا بقبول فائق الاحترام ، ، ،

الشركة العربية لصناعة المبيدات والأدوية البيطرية



**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**

**Consolidated Financial Statements as at 31 December 2017
Together with
Independent Auditors' Report**

Arab Professionals

(Member Firm within Grant Thornton International Ltd.)

**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**

Contents

	<u>Page</u>
- Independent auditors' report	2 - 4
- Consolidated statement of financial position	5
- Consolidated statement of profit or loss	6
- Consolidated statement of comprehensive income	7
- Consolidated statement of changes in equity	8
- Consolidated statement of cash flows	9
- Notes to the consolidated financial statements	10 - 22



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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company
Irbid - Jordan

Opinion

We have audited the consolidated financial statements of The Arab Pesticides & Veterinary Drugs Mfg. PLC which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Impairment of Receivables

Included in the accompanying consolidated financial statements at the end of the year 2017 accounts receivables totaling JOD (9,842,270), as the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Cost of Finished Goods and Work in Process

Included in the accompanying consolidated Financial Statements at the end of the year 2017 finished goods and work in process totaling JOD (1,860,370) as determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

3 March 2018
Amman - Jordan



Amih Samara
(License No. 481)
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**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**
Consolidated Statement of Financial Position as at 31 December 2017
(In Jordanian Dinar)

	Notes	2017	2016
Assets			
Non - current assets			
Property, plant and equipment	3	6,052,765	5,848,170
Investment in associates	4	1,257,585	1,187,454
Financial assets at fair value through other comprehensive income	5	237,090	237,090
Total non - current assets		7,547,440	7,272,714
Current assets			
Inventories	6	6,458,173	9,756,489
Other current assets	7	1,037,945	886,490
Accounts receivable	8	8,425,902	9,028,653
Checks under collection		1,681,068	1,296,871
Cash and cash equivalents	9	2,037,726	679,671
Total current assets		19,640,814	21,648,174
Total assets		27,188,254	28,920,888
Equity and liabilities			
Equity	10		
Paid - in capital		12,000,000	12,000,000
Statutory reserve		2,969,176	2,752,583
Voluntary reserve		1,509,790	1,293,197
Changes in foreign exchange rate		(1,028,888)	(824,221)
Retained earnings		3,888,786	3,741,738
Total Shareholder's Equity		19,338,864	18,963,297
Non-controlling interest		3,023,415	2,641,347
Total equity		22,362,279	21,604,644
Liabilities			
Non - current liabilities			
Notes payable - long term	12	313,976	398,024
Current liabilities			
Accounts payable		1,846,695	2,714,775
Bank facilities	11	674,955	2,089,525
Notes payable - short term	12	417,168	655,802
Postdated checks		129,510	194,430
Other liabilities	13	1,443,671	1,263,688
Total current liabilities		4,511,999	6,918,220
Total liabilities		4,825,975	7,316,244
Total equity and liabilities		27,188,254	28,920,888

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drngs Mfg.
Public Shareholding Company**
Consolidated Statement of Profit or Loss for the year ended 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Net sales	19	17,404,092	19,525,328
Cost of sales	14	(11,841,654)	(13,861,023)
Gross profit		5,562,438	5,664,305
Share of profit from the associate companies	4	416,798	410,583
Selling and distribution expenses	16	(911,700)	(811,423)
Administrative expenses	17	(1,532,396)	(1,423,987)
Financing cost		(190,860)	(283,201)
Allowance for doubtful accounts	8	(397,500)	(442,500)
Allowance for slow moving inventories	6	(150,000)	(150,000)
Other income		60,203	41,603
Board of directors remuneration		(45,000)	(45,000)
Profit before income tax		2,811,983	2,960,380
Income tax	22	(221,581)	(165,507)
Profit for the year		2,590,402	2,794,873
Attributable to:			
Shareholders of the company		2,020,234	2,236,794
Non-controlling interest		570,168	558,079
		2,590,402	2,794,873
 Basic and diluted earnings per share	 18	 0.168	 0.186

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**
Consolidated Statement of Comprehensive Income for the year ended 31 December 2017
(In Jordanian Dinar)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Profit for the year		2,590,402	2,794,873
Other comprehensive income:			
Changes in foreign exchange rate	4	(204,667)	58,055
Total comprehensive income for the year		<u>2,385,735</u>	<u>2,852,928</u>
 Attributable to:			
Shareholders of the company		1,815,567	2,294,849
Non-controlling interest		<u>570,168</u>	<u>558,079</u>
		<u>2,385,735</u>	<u>2,852,928</u>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**
Consolidated Statement of Changes in Equity for the year ended 31 December 2017
(In Jordanian Dinar)

	Paid - in Capital	Reserves		Changes in Foreign Exchange Rate	Retained Earnings	Total shareholder's Equity	Non-controlling interest	Total Equity
		Statutory	Voluntary					
Balance at 1 January 2017	12,000,000	2,752,583	1,293,197	(824,221)	3,741,738	18,963,297	2,641,347	21,604,644
Cash dividends	-	-	-	-	(1,440,000)	(1,440,000)	-	(1,440,000)
Non-controlling interest dividends	-	-	-	-	-	-	(188,100)	(188,100)
Total comprehensive income for the year	-	-	-	(204,667)	2,020,234	1,815,567	570,168	2,385,735
Reserves	-	216,593	216,593	-	(433,186)	-	-	-
Balance at 31 December 2017	12,000,000	2,969,176	1,509,790	(1,028,888)	3,888,786	19,338,864	3,023,415	22,362,279
Balance at 1 January 2016	12,000,000	2,515,562	1,056,176	(882,276)	3,178,986	17,868,448	2,271,368	20,139,816
Cash dividends	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	-	(188,100)	(188,100)
Total comprehensive income for the year	-	-	-	58,055	2,236,794	2,294,849	558,079	2,852,928
Reserves	-	237,021	237,021	-	(474,042)	-	-	-
Balance at 31 December 2016	12,000,000	2,752,583	1,293,197	(824,221)	3,741,738	18,963,297	2,641,347	21,604,644

"The accompanying notes from (1) to (24) are an integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**
Consolidated Statement of Cash Flows for the year ended 31 December 2017

(In Jordanian Dinar)

	2017	2016
Operating activities		
Profit before tax	2,811,983	2,960,380
Depreciation	793,479	740,548
Share of profit from the associate companies	(416,798)	(410,583)
Allowances for doubtful accounts	397,500	442,500
Allowance for slow moving inventories	150,000	150,000
Board of directors remuneration	45,000	45,000
Changes in working capital		
Checks under collection	(384,197)	(242,922)
Accounts receivable	205,251	(1,268,658)
Amounts due to related parties	-	(189,953)
Inventories	3,148,316	(254,033)
Other current assets	(151,455)	223,651
Accounts payable	(868,080)	1,087,150
Other liabilities	97,218	33,661
Postdated checks	(64,920)	(329,120)
Paid income tax	(183,816)	(156,313)
Net cash flows from operating activities	<u>5,579,481</u>	<u>2,831,308</u>
Investing activities		
Property, plant and equipment	(998,074)	(563,140)
Investments in associates	142,000	127,684
Net cash flows used in investing activities	<u>(856,074)</u>	<u>(435,456)</u>
Financing activities		
Cash dividends	(1,440,000)	(1,200,000)
Non-controlling interest	(188,100)	(188,100)
Notes payable	(322,682)	(461,504)
Bank facilities	(1,414,570)	(1,318,318)
Net cash flows used in financing activities	<u>(3,365,352)</u>	<u>(3,167,922)</u>
Net change in cash and cash equivalents	1,358,055	(772,070)
Cash and cash equivalents at beginning of the year	679,671	1,451,741
Cash and cash equivalents at end of the year	<u>2,037,726</u>	<u>679,671</u>

"The accompanying notes from (1) to (24) are integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drugs Mfg.
Public Shareholding Company**
Notes to the Consolidated Financial Statements
31 December 2017

(In Jordanian Dinar)

1. General

The Arab Pesticides & Veterinary Drugs Mfg. was established as a limited liability Company on 17 October 1991 and on 31 July 2005 the company changed to a public shareholding company, and registered in the Hashemite Kingdom of Jordan under number (366), with the main objective of manufacturing of pesticides and veterinary medicines.

The Company shares are listed in Amman Stock Exchange – Jordan.

The consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 3 March 2018 and these consolidated financial statements require the approval of the General Assembly.

2. Summary of Significant Accounting Policies

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on a historical cost basis.

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

The accounting policies are consistent with those used in the previous year.

Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the parent and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are included in the consolidated statement of profit or loss from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are included in the consolidated statement of profit or loss to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Endmaj for Manufacturing Company	50,000	100%	Manufacturing	Jordan
Delta Sudia Manufacturing Company	2,090,000	55%	Manufacturing	KSA

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2017. Management anticipates that the adoption of new and revised Standards will have no material impact on the consolidated financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

Use of Estimates

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

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the consolidated statement of profit or loss.
- Management reviews periodically its financial assets, which presented by cost to estimate any impairment in its value, and an impairment of loss (if founded) is accrued in the consolidated statement of profit or loss.
- Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Property, Plant and Equipment

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

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Machines and equipment	10-12%
Vehicles	15%
Other	10-20%

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

Investments in Associate

Investments in associate undertakings are accounted for by the equity method of accounting. These are undertakings over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Unrealized gains and losses on transactions between the Company and its associate undertakings are eliminated to the extent of the Company's interest in the associate undertakings.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them- were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

Fair Value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on consolidated statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads.

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks and short term deposits with the original maturity of three months or less.

Payables and Accruals

Accounts payable and accrued expenses are recognized when goods are received and services are rendered.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the consolidated financial statements date and are adjusted based on recent available information.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

Revenue Recognition

Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

Dividends are recognized when it's declared by the General Assembly of the investee company.

Other revenues are recognized on the accrual basis.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of profit or loss.

Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

3. Property, plant and equipment

	<u>Lands</u>	<u>Buildings</u>	<u>Machines & Equipment</u>	<u>Vehicles</u>	<u>Others</u>	<u>Total</u>
Cost						
Balance at 1/1/2017	771,031	4,337,488	4,912,326	858,454	904,348	11,783,647
Additions	-	670,434	141,680	91,260	94,700	998,074
Disposals	-	-	-	(30,200)	-	(30,200)
Balance at 31/12/2017	<u>771,031</u>	<u>5,007,922</u>	<u>5,054,006</u>	<u>919,514</u>	<u>999,048</u>	<u>12,751,521</u>
Accumulated depreciation						
Balance at 1/1/2017	-	1,091,407	3,672,589	536,981	634,500	5,935,477
Depreciation	-	146,857	430,177	125,898	90,547	793,479
Disposals	-	-	-	(30,200)	-	(30,200)
Balance at 31/12/2017	<u>-</u>	<u>1,238,264</u>	<u>4,102,766</u>	<u>632,679</u>	<u>725,047</u>	<u>6,698,756</u>
Net book value at 31/12/2017	<u>771,031</u>	<u>3,769,658</u>	<u>951,240</u>	<u>286,835</u>	<u>274,001</u>	<u>6,052,765</u>
Cost						
Balance at 1/1/2016	771,031	4,188,545	4,780,244	755,123	747,414	11,242,357
Additions	-	150,843	132,082	123,281	156,934	563,140
Disposals	-	(1,900)	-	(19,950)	-	(21,850)
Balance at 31/12/2016	<u>771,031</u>	<u>4,337,488</u>	<u>4,912,326</u>	<u>858,454</u>	<u>904,348</u>	<u>11,783,647</u>
Accumulated depreciation						
Balance at 1/1/2016	-	954,814	3,254,501	446,699	560,765	5,216,779
Depreciation	-	138,493	418,088	110,232	73,735	740,548
Disposals	-	(1,900)	-	(19,950)	-	(21,850)
Balance at 31/12/2016	<u>-</u>	<u>1,091,407</u>	<u>3,672,589</u>	<u>536,981</u>	<u>634,500</u>	<u>5,935,477</u>
Net book value at 31/12/2016	<u>771,031</u>	<u>3,246,081</u>	<u>1,239,737</u>	<u>321,473</u>	<u>269,848</u>	<u>5,848,170</u>

Some of the Company's lands and vehicles are mortgaged against bank facilities granted to the Company.

4. Investment in associates

The following table summarizes the movements over the Company's investments in associates:

<u>Company</u>	<u>Beginning Balance</u>	<u>Cash Dividends</u>	<u>Share of Income</u>	<u>Foreign Exchange</u>	<u>Ending Balance</u>	<u>Market Value</u>
Syrian Arabian Company LLC	1,169,704	(142,000)	416,798	(204,667)	1,239,835	Not listed
Asia Vet LLC *	17,750	-	-	-	17,750	Not listed
	<u>1,187,454</u>	<u>(142,000)</u>	<u>416,798</u>	<u>(204,667)</u>	<u>1,257,585</u>	

* The Company established during 2015, with no operations till date.

The following table summarizes key financial information of the associates:

<u>Company</u>	<u>Activity</u>	<u>Country</u>	<u>Ownership</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>
Syrian Arabian Company LLC	Manufacturing	Syria	44.4%	3,113,609	321,189	4,434,122
Asia Vet LLC	Manufacturing	Mauritania	49%	36,225	-	-

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

5. Financial assets at fair value through other comprehensive income

	2017	2016
Unquoted shares	237,090	237,090

This item represents the cost of company's investment of 9.6% of Delta Investment Company LLC – Jordan capital.

6. Inventories

	2017	2016
Raw material and packaging	4,836,426	7,682,274
Finished goods	1,774,091	2,127,832
Work in progress	86,279	196,383
Allowance for damaged and expired inventory items	(238,623)	(250,000)
	<u>6,458,173</u>	<u>9,756,489</u>

The movement on the allowance for damaged and expired inventory items is as follows:

	2017	2016
Balance at beginning of the year	250,000	100,000
Additions	150,000	150,000
Write-off during the year	(161,377)	-
	<u>238,623</u>	<u>250,000</u>

7. Other current assets

	2017	2016
Prepaid expenses	433,954	463,265
Letter of credits	210,287	258,164
Advance payment on establishing Mobedco Algeria	129,220	-
Guarantees deposits	126,145	32,271
Employee receivables	124,240	105,467
Refundable deposits	12,412	11,907
Sales tax withholdings	1,687	14,185
Miscellaneous	-	1,231
	<u>1,037,945</u>	<u>886,490</u>

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

8. Accounts receivable

	2017	2016
Accounts receivables	9,842,270	10,047,521
Allowance for doubtful accounts	<u>(1,416,368)</u>	<u>(1,018,868)</u>
	<u>8,425,902</u>	<u>9,028,653</u>

Movement on the allowance for doubtful accounts is as follows:

	2017	2016
Balance at beginning of the year	1,018,868	1,250,000
Additions	397,500	442,500
Write-off during the year	<u>-</u>	<u>(673,632)</u>
	<u>1,416,368</u>	<u>1,018,868</u>

The age of receivables past due but not impaired is as follows:

	2017	2016
Receivables past due for less than one year	8,313,681	8,518,932
Receivables past due for more than one year	<u>112,221</u>	<u>509,721</u>
	<u>8,425,902</u>	<u>9,028,653</u>

The Company's management believes that all past due but not impaired receivables are collectable in full.

9. Cash and cash equivalents

	2017	2016
Cash and checks on hand	5,554	87,818
Current bank accounts	<u>2,032,172</u>	<u>591,853</u>
	<u>2,037,726</u>	<u>679,671</u>

10. Equity

Paid - in capital

The authorized, and paid- in capital is JOD (12) million divided equally into (12) million shares with par value of JOD (1) for each share as at 31 December 2017 and 2016.

Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not distributable to shareholders.

Voluntary reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to shareholders.

Non - controlling interest

This presents the non - controlling interest of the Company from the subsidiaries shareholders equity, and the non - controlling interest is presented as a separate account into the consolidated statements of financial position, consolidated statements of profit and loss and consolidated statements of other comprehensive income.

Dividends

The Board of Director will propose to the General Assembly in its meeting which will be held in 2018 to distribute 10% cash dividends to shareholders.

The General Assembly has resolved in its meeting held in 2017 to distribute 12% cash dividends to shareholders.

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

11. Bank Facilities

Credit Type	Currency	Interest Rate	Maturity date	Amounts in JOD	
				Credit Limit	Outstanding Balance
Loan	JOD	6%	2018	1,440,000	600,000
Overdraft	JOD	7.5 - 8%	2018	950,000	53,585
Loan	USD	3.75%	2018	1,420,000	21,370
					<u>674,955</u>

The above financing are granted to the Company against checks under collections and mortgage of some lands and vehicles.

12. Notes payables

	2017	2016
Murabaha financing from Islamic banks	<u>731,144</u>	<u>1,053,826</u>

The above financing are granted to the Company against checks under collections and mortgage of some lands and vehicles.

13. Other liabilities

	2017	2016
Accrued expenses	554,998	430,889
Provision for end of services indemnity	142,589	95,089
Provision for income tax (Note 22)	227,109	189,344
Provision for agents and salesmen commissions	120,000	-
Provision for employees bonus	107,538	213,764
Shareholders deposits	101,759	72,332
Jordanian Universities fees provision	68,933	68,933
Board of Directors' remunerations	41,850	41,850
Employee payables	25,876	5,286
Social security deposits	20,359	20,704
Employees' provident fund	-	75,161
Miscellaneous	32,660	50,336
	<u>1,443,671</u>	<u>1,263,688</u>

14. Cost of sales

	2017	2016
Raw material and packaging inventory beginning balance	7,682,274	7,654,844
Purchases during the year	5,639,671	11,163,063
Raw material and packaging inventory ending balance (Note 6)	(4,836,426)	(7,682,274)
Raw material and packaging used in production	8,485,519	11,135,633
Manufacturing expenses (Note 15)	2,892,290	2,951,993
Work in progress inventory beginning balance	196,383	419,241
Work in progress inventory ending balance (Note 6)	(86,279)	(196,383)
Manufacturing cost	11,487,913	14,310,484
Finished goods inventory beginning balance	2,127,832	1,678,371
Finished goods inventory ending balance (Note 6)	(1,774,091)	(2,127,832)
Cost of sales	11,841,654	13,861,023

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

15. Manufacturing expenses

	2017	2016
Salaries, wages and other benefits	1,231,572	1,353,734
Social security	119,297	111,241
Depreciation	627,888	603,866
Utilities	153,078	152,607
Maintenance and spare parts	120,875	122,314
Insurance	117,892	114,651
Transportation	89,246	69,865
Rents	82,955	83,648
Fuel	77,047	52,799
Lab expenses	40,560	76,455
Registration expenses	37,488	29,167
Employees' provident fund	27,088	31,777
Safety expenses	17,470	14,052
Fees for damaging goods	13,917	-
Cleaning	12,148	20,472
Hospitality	1,110	1,523
Miscellaneous	122,659	113,822
	<u>2,892,290</u>	<u>2,951,993</u>

16. Selling and distribution expenses

	2017	2016
Salaries, wages and other benefits	303,562	234,973
Social securities	15,386	12,600
Sales commissions	211,133	140,375
Depreciation	88,705	75,958
Free goods	73,406	-
Vehicles expenses	62,120	48,145
Shipping expenses	45,328	93,237
Rents	28,005	23,899
Telecommunications	14,704	20,074
Legalization fees	11,669	29,391
Travel and transportation	7,825	14,770
Bank charges	6,588	866
Employees' provident fund	3,300	3,558
Tenders fees	2,320	30,879
Showrooms	1,739	2,690
Material transfers	803	659
Miscellaneous	35,107	79,349
	<u>911,700</u>	<u>811,423</u>

The Arab Pesticides & Veterinary Drugs Mfg.
Notes to the Consolidated Financial Statements (Continued)
31 December 2017

17. Administrative expenses

	2017	2016
Salaries, wages and other benefits	837,025	761,671
Social securities	82,446	90,685
Registration and governmental fees	118,238	98,166
Depreciation	76,886	60,724
Professional fees	58,217	55,613
End of services benefits	49,585	38,000
Telecommunications	36,396	28,732
Vehicles expenses	35,203	30,665
Board of directors transportation	32,400	32,400
Travel and transportation	31,997	31,203
Rents	30,128	21,786
Insurance	23,174	24,339
Maintenance	21,636	25,477
Hospitality	18,730	18,175
Employees' provident fund	15,319	15,396
Stationary	13,947	18,030
Utilities	9,134	5,682
Miscellaneous	41,935	67,243
	<u>1,532,396</u>	<u>1,423,987</u>

18. Basic and diluted earnings per share

	2017	2016
Profit for the year attributed to shareholders	2,020,234	2,236,794
Weighted average number of shares	<u>12,000,000</u>	<u>12,000,000</u>
	<u>0.168</u>	<u>0.186</u>

19. Segment reporting

	2017	2016
Local Sales	4,540,968	3,271,356
Foreign Sales	<u>12,863,124</u>	<u>16,253,972</u>
	<u>17,404,092</u>	<u>19,525,328</u>

20. Executive management salaries and remunerations

The remuneration of executive management during the years 2017 and 2016 amounted to JOD (230,551) and JOD (218,162) respectively.

21. Contingent liabilities

As at the consolidated financial statements date, the Company was contingently liable against the following:

	2017	2016
Letters of credits	190,938	202,421
Letters of bank guarantees	34,879	15,448

22. Income tax status

The movement on provision for the income tax during the year is as follows

	2017	2016
Balance at beginning of the year	189,344	180,150
Income tax expense for the year	221,581	165,507
Income tax paid	(183,816)	(156,313)
Balance at end of the year (Note 13)	227,109	189,344

Income tax expense for the year in the consolidated statement of profit or loss consists of the following:

	2017	2016
Income tax expense for the year	221,581	165,507
Prior years income tax	-	-
	221,581	165,507

- The Company has settled its tax liability with the Income Tax Department up to 2014.
- The income tax returns for the years 2015 and 2016 has been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year ended at 31 December 2017 was computed in accordance with the Jordanian Income Tax Law.

23. Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, and account receivables. Financial liabilities of the Company include notes payable, accounts payable, bank facilities and postdated checks.

Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of comprehensive income	-	-	237,090	237,090
2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of comprehensive income	-	-	237,090	237,090

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the Company's most significant customer represents amount of JOD (542,014) from the total accounts receivable balance as at 31 December 2017, compared to JOD (1,447,300) as at 31 December 2016.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rates and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

2017	Less than one year	More than one year	Total
Accounts payable	1,846,695	-	1,846,695
Bank facilities	674,955	-	674,955
Notes payable	417,168	313,976	731,144
Postdated checks	129,510	-	129,510
Other liabilities	1,443,671	-	1,443,671
	<u>4,511,999</u>	<u>313,976</u>	<u>4,825,975</u>

2016	Less than one year	More than one year	Total
Accounts payable	2,714,775	-	2,714,775
Bank facilities	2,089,525	-	2,089,525
Notes payable	655,802	398,024	1,053,826
Postdated checks	194,430	-	194,430
Other liabilities	1,263,688	-	1,263,688
	<u>6,918,220</u>	<u>398,024</u>	<u>7,316,244</u>

Currency risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in Jordanian Dinar, Saudi Riyal or US Dollar. As the Jordanian Dinar is pegged to the Saudi Riyal and US Dollar, balances in Saudi Riyal and US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

24. Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The table below shows the debt to equity ratio:

	2017	2016
Total Debt	1,406,099	3,143,351
Total Equity	<u>22,362,279</u>	<u>21,604,644</u>
Debt to Equity ratio	<u>6%</u>	<u>15%</u>