

Date: 29/03/2018

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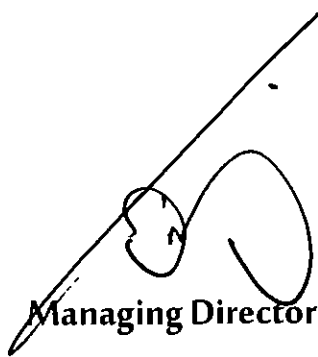
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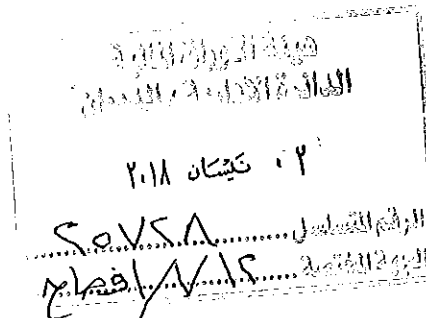
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Kindly find attached the audited consolidated financial statements for Dar Al Dawa Development and Investment Co. Ltd. as of 31/12/2017.


Managing Director

Khaled Al Kurdi



DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Dar Al Dawa Development and Investment Company
Public Shareholding Company
Amman – Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dar Al Dawa Development and Investment Company – Public Shareholding Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for 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. For each matter below, our description of how our audit addressed the matter provided in that context.

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

1. Revenue Recognition	
Disclosures that relate to the revenue recognition are included in note 20 to the consolidated financial statements. Disclosures that relate to the accounting policies of revenue recognition are included in note (2-5) to the consolidated financial statements.	
Key audit matter	How the key audit matter was addressed in the audit
The Group focuses on revenue targets as a key performance measure which may create an incentive for revenue to be recognized before delivering the goods and may result in overstating revenues.	<p>Our audit procedures included considering the appropriateness of the Group's revenue recognition policies and assessing compliance with the policies in terms of applicable accounting standards. Our audit procedures included testing the Group's controls around revenue recognition and key manual controls in the revenue cycle. We selected a sample before and after the cutoff period to assess whether revenue was recognized in the correct period.</p> <p>We have also performed detailed analytical procedures for the gross margin on a monthly basis. We also selected and tested a representative sample of journal entries.</p>



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2. Recoverability of trade receivables

Disclosures that relate to the trade receivables are included in note 10 to the consolidated financial statements. Disclosures that relate to the accounting policies of trade receivables are included in note (2-5) to the consolidated financial statements.

Key audit matter

At 31 December 2017, net trade receivables balance amounted to JD 16,503,237 representing 16.4% of total assets of the Group.

The determination as to whether a trade receivable is collectable involves management judgement. Management considers specific factors including the age of the balance, historical payment patterns and other available information concerning the creditworthiness of customers. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall.

How the key audit matter was addressed in the audit

The audit procedures included testing aged balances to check that there were no indicators of impairment. This included verifying if payments had been received subsequent to year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.

We selected a sample of the largest trade receivable balances where a provision for impairment of trade receivables was recognized and understood the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received.



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3. Existence and valuation of inventories

Disclosures that relate to inventories are included in note 9 to the consolidated financial statements. Disclosures that relate to the accounting policies of valuation of inventories are included in note (2-5) to the consolidated financial statements.

Key audit matter

At 31 December 2017, total inventories balance amounted to JD 16,127,022 representing 16% of total assets of the Group. These inventories mainly consist of raw materials and finished goods located in the Group's warehouses.

The assessment of revaluation of inventories to net realizable value is mainly based on management estimates.

How the key audit matter was addressed in the audit

Our audit procedures included testing the Group's controls around completeness and existence of inventories and key controls of the inventory cycle. In addition, our audit procedures included observation of the stock counts held at the Group's warehouses. Also, we selected a sample of inventories issuances and receipts before and after the year end of 31 December 2017 to assess whether the inventory was recorded in the correct period. We also tested the basis for inventory obsolescence in line with management estimates. In doing so, we tested the ageing profile of inventory, the process for identifying obsolete and slow moving items in inventory and historical loss rates.

Other information included in the Group's 2017 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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



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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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty 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 Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi
License No. 591

Amman – Jordan
28 March 2018

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
ASSETS			
Non-current assets -			
Property, plant and equipment	4	26,383,010	25,621,608
Projects in progress	5	10,455,510	5,857,456
Intangible assets	6	3,941,687	3,946,213
Investment in an associate	7	2,341,438	2,368,376
Deferred tax assets	17	1,014,449	950,858
Financial assets at fair value through other comprehensive income	8	4,924	5,105
		<u>44,141,018</u>	<u>38,749,616</u>
Current assets -			
Inventories	9	16,127,022	11,622,447
Accounts receivable	10	16,503,237	25,116,087
Other current assets	11	6,050,821	6,755,274
Due from related parties	30	7,135,007	5,710,097
Checks under collection		5,481,999	8,713,088
Cash and bank balances	12	3,696,201	3,830,477
Restricted bank balances	33	1,167,916	1,149,044
		<u>56,162,203</u>	<u>62,896,514</u>
Net assets held for sale	31	111,502	116,964
Total Assets		<u>100,414,723</u>	<u>101,763,094</u>
EQUITY AND LIABILITIES			
Equity			
Parent Company's shareholders equity-			
Paid-in capital	13	25,000,000	25,000,000
Statutory reserve	13	9,260,627	9,260,627
Voluntary reserve	13	9,372,759	9,372,759
Special reserve	13	2,902,203	2,902,203
Other reserves	13	4,348,452	4,348,452
Foreign currency translation differences reserve	13	(6,392,789)	(5,993,883)
Fair value reserve	8	(257,865)	(257,865)
(Accumulated losses) retained earnings		<u>(190,906)</u>	<u>12,000,733</u>
Net equity of Parent Company's Shareholders		<u>44,042,481</u>	<u>56,633,026</u>
Non-controlling interests	3	1,151,854	1,153,741
Net equity		<u>45,194,335</u>	<u>57,786,767</u>
Liabilities			
Non-current liabilities -			
Provision for end of service indemnity	14	454,870	473,436
Deferred tax liabilities	17	162,485	129,549
Long term loans	15	10,299,548	10,579,908
		<u>10,916,903</u>	<u>11,182,893</u>
Current liabilities -			
Current portion of long term loans	15	3,663,256	3,148,260
Accounts payable		6,830,212	6,779,413
Revolving loans	15	12,568,640	3,718,115
Due to banks	16	13,508,941	11,588,623
Other current liabilities	18	2,737,440	1,845,007
Other provisions	19	4,869,002	5,546,411
Income tax provision	17	125,994	163,925
Due to related parties	30	-	3,680
		<u>44,303,485</u>	<u>32,793,434</u>
Total liabilities		<u>55,220,388</u>	<u>43,976,327</u>
Total Equity and Liabilities		<u>100,414,723</u>	<u>101,763,094</u>

The attached notes from 1 to 37 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
<u>Continued operations</u>			
Net sales	20	52,319,303	60,876,997
Cost of sales	20, 21	<u>(29,327,945)</u>	<u>(32,037,974)</u>
Gross profit		22,991,358	28,839,023
Selling and distribution expenses	22	(16,356,364)	(14,206,664)
Administrative expenses	23	(5,343,718)	(4,831,325)
Research and development expenses	24	(1,477,019)	(1,995,021)
doubtful debts provision (expense) recovery	10	(1,373,437)	185,313
Provision for due from related parties	30	(287,000)	(229,450)
Other income, net	25	194,790	255,171
Other expenses, net	26	(6,204,958)	(792,355)
Board of directors remuneration		<u>(1,500)</u>	<u>(45,000)</u>
(Loss) profit from operations		(7,857,848)	7,179,692
Currency exchange differences		(79,948)	(280,948)
Group's share of associate's results	7	107,612	224,752
Finance costs		<u>(1,826,704)</u>	<u>(1,666,510)</u>
(Loss) profit for the year before income tax		(9,656,888)	5,456,986
Income tax	17	<u>(5,723)</u>	<u>(272,566)</u>
(Loss) profit for the year from continued operations, net of tax		(9,662,611)	5,184,420
<u>Discontinued operations:</u>			
Loss for the year from discontinued operations, net of tax	31	<u>(1,152)</u>	<u>(81,294)</u>
(Loss) profit for the year		(9,663,763)	5,103,126
Attributable to:			
Shareholders of the Parent Company		(9,691,639)	5,011,909
Non-controlling interests	3	<u>27,876</u>	<u>91,217</u>
		(9,663,763)	5,103,126
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company		(0/387)	0/200
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted (loss) earnings per share attributable to equity holders of the Company from continued operations	27	(0/387)	0/207

The attached notes from 1 to 37 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		JD	JD
(Loss) profit for the year		(9,663,763)	5,103,126
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods, net of tax:			
Foreign currency translation differences from continued operations		(428,027)	(197,670)
Foreign currency translation differences from discontinued operations		(642)	41,021
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods, net of tax:			
Change in fair value reserve from discontinued operations	8	-	(231,308)
Total of comprehensive income of the year		<u>(10,092,432)</u>	<u>4,715,169</u>
Attributable to:			
Shareholders of the Parent Company		(10,090,545)	4,769,959
Non-controlling interests		(1,887)	(54,790)
		<u>(10,092,432)</u>	<u>4,715,169</u>

The attached notes from 1 to 37 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Paid-in capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign currency translation differences	Fair value reserve	(Accumulated losses)		Non-controlling interests	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2017-											
Balance as at 1 January 2017	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(5,993,883)	(257,865)	12,000,733	56,633,026	1,153,741	57,786,767
Loss for the year	-	-	-	-	-	-	-	(9,691,639)	(9,691,639)	27,876	(9,663,763)
Other comprehensive income items after tax	-	-	-	-	-	(398,906)	-	-	(398,906)	(29,763)	(428,669)
Total comprehensive income	-	-	-	-	-	(398,906)	-	(9,691,639)	(10,090,545)	(1,887)	(10,092,432)
Dividends distribution (Note 13)	-	-	-	-	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Balance as of 31 December 2017	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,392,789)	(257,865)	(190,906)	44,042,481	1,151,854	45,194,335
2016-											
Balance as at 1 January 2016	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(5,844,918)	(164,880)	9,488,824	54,363,067	1,102,181	55,465,248
Profit for the year	-	-	-	-	-	-	-	5,011,909	5,011,909	91,217	5,103,126
Other comprehensive income items after tax	-	-	-	-	-	(148,965)	(92,985)	-	(241,950)	(146,007)	(387,957)
Total comprehensive income	-	-	-	-	-	(148,965)	(92,985)	5,011,909	4,768,959	(54,790)	4,715,169
Dividends distribution (Note 13)	-	-	-	-	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Change of non-controlling interests resulted from increase in a subsidiary's capital	-	-	-	-	-	-	-	-	-	106,350	106,350
Balance as of 31 December 2016	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(5,993,883)	(257,865)	12,000,733	56,633,026	1,153,741	57,786,767

* The retained earnings include associate revaluation gain amounted to JD 215,369 not available for distribution.

The attached notes from 1 to 37 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
OPERATING ACTIVITIES			
(Loss) profit for the year from continued operations before income tax		(9,656,888)	5,456,986
Loss for the year from discontinued operations before income tax		(1,152)	(81,294)
(Loss) profit for the year before income tax		(9,658,040)	5,375,692
Adjustments for:			
Depreciation	4	2,807,433	2,866,025
Foreign currency exchange differences		79,948	280,948
Doubtful debts provision expense (recovery)	10	1,373,437	(185,313)
Provision for due from related parties	30	287,000	229,450
Other provisions	19	4,070,911	3,782,753
Group's share of associate's results	7	(107,612)	(224,752)
Provision for end of service indemnity	14	102,604	106,819
Excess in provision for slow moving and near expiry inventories	9	(227,862)	(12,165)
Finance costs		1,826,704	1,666,510
Changes in working capital			
Inventories		(4,263,701)	(1,102,678)
Other current assets		811,108	(1,444,122)
Due from related parties		(1,715,590)	17,518
Accounts receivable		7,198,053	(7,732,789)
Checks under collection		3,231,089	1,336,017
Accounts payable		(79,043)	816,649
Other current liabilities		885,236	(75,808)
Income tax paid	17	(74,309)	(51,655)
Reversal from income tax		-	(107,384)
Provision for end of service indemnity paid	14	(121,170)	(7,278)
Other provisions	19	(4,748,320)	(3,439,949)
Net cash flows from operating activities		1,677,876	2,094,488
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(3,370,146)	(1,341,886)
Projects in progress	5	(5,220,705)	(3,362,614)
Dividends received from associate	7	134,550	67,275
Restricted bank balances		(18,872)	(564,119)
Net cash flows used in investing activities		(8,475,173)	(5,201,344)
FINANCING ACTIVITIES			
Repayments of loans		(3,237,087)	(4,028,112)
Proceeds from loans		3,471,723	10,141,720
Revolving loans		8,850,525	(5,576,410)
Change in non-controlling interests resulted from increase in a subsidiary's capital		-	106,350
Finance costs paid		(1,826,704)	(1,794,442)
Dividends paid	13	(2,500,000)	(2,500,000)
Net cash flows from (used in) financing activities		4,758,457	(3,650,894)
Net decrease in cash and cash equivalents		(2,038,840)	(6,757,750)
Cash and cash equivalents at the beginning of the year	12	(7,657,071)	(899,321)
Cash and cash equivalents at the end of the year	12	(9,695,911)	(7,657,071)

The attached notes from 1 to 37 form part of these consolidated financial statements

(1) GENERAL

Dar Al Dawa Development and Investment Company (the "Company") was established as a public shareholding company on 17 August 1975 with a paid in capital of JD 500,000. The Company's paid in capital has increased over the years to reach JD 25,000,000 as of 31 December 2014 dividend into 25,000,000 shares at a par value of JD 1 per share.

The Company's main objectives are producing medical, chemical, and pharmaceutical products, and importing pharmaceutical products. The subsidiaries' main objectives are marketing and distributing the company products and producing some specialized medical products and investments activities.

The consolidated financial statements were approved by the Board of Directors on 28 March 2018, and requires the approval of the General Assembly.

The headquarters of the Company are located Amman, Nau'er – The Hashemite Kingdom of Jordan.

(2) ACCOUNTING POLICES

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value as at the date of the consolidated financial statements.

The consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Company.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 31 December 2017. The subsidiaries that are included in the consolidated financial statements are as follow:

<u>Subsidiary Name</u>	<u>Principal activities</u>	<u>Country of Incorporation</u>	<u>Ownership Percentage 2017</u>	<u>Effective ownership Percentage 2017</u>	<u>Ownership Percentage 2016</u>
Dar Al Dawa – Algeria	Marketing	Algeria	100%	100%	100%
Dar Al Dawa – Tunisia	Marketing	Tunisia	100%	100%	100%
Joras– Algeria*	Industrial	Algeria	70%	70%	70%
Dar Al Dawa Pharma- Romania	Marketing	Romania	100%	100%	100%
Al Dar Jordan Investment Company	Investment	Jordan	100%	100%	100%
Medi Pharma – Algeria	Industrial	Algeria	85%	85%	85%
Nutri Dar – Jordan and its subsidiary:	Industrial	Jordan	90.4%	90.4%	90.4%
- Nutri Dar –Russia**	Marketing	Russia	70%	61.25%	70%
Al-Nahda Company for Financial Investments ***	Investment	Jordan	40.2%	40.2%	40.2%

* Joras Company – Algeria under liquidation (Note 31).

** This subsidiary was established during 2010. Nutridar- Russia had no operations during previous years.

*** Al Nahda Company under liquidation (Note 31).

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 items to profit or loss.

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year, except for the following amendment standards effective as of 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of 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 standards have no major impact on the Group's consolidated financial statement.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments 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 deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The adoption of these amendments have no impact on the Group's consolidated financial statements.

(2-4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required in the future. 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.

Judgments, estimates and assumptions in the consolidated financial statements are detailed below:

- A provision is established for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision.
- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IAS. Deferred tax assets and liabilities and income tax provision is calculated accordingly.
- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Any impairment losses of property and equipment are recognized in the consolidated statement of profit or loss.
- The Group's management performs periodic reviews on its financial assets which are shown at cost to identify any impairment in its value this impairment is recorded as a loss in the consolidated statement of profit or loss.
- The Group's management estimates near expiry and slow moving goods provision according to its internal policies.

(2-5) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

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

Depreciation (except for land) is computed on a straight-line basis over the estimated useful lives of assets at the following annual rates:

	<u>%</u>
Buildings	2-4
Tools, machinery, and equipment	10
Spare parts	10
Vehicles	15
Computers	20-25
Furniture and office equipment	10-15

When the carrying values exceed the estimated recoverable amounts of the property, plant and equipment, the assets are written down to their recoverable amounts of the property, plant and equipment, and the impairment is recorded in the consolidated statement of profit or loss.

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

Projects in progress

Projects in progress are stated at cost. This includes the cost of construction and other direct costs. Projects in progress are not depreciated until they are ready for use.

Intangible assets

The measurement of intangible assets at acquisition by cost or fair value if resulting from the acquisition of subsidiaries.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite intangible assets are amortized over their useful lives and recorded in the consolidated statement of profit and loss. Indefinite intangible assets are tested for impairment on an annual basis and recorded in the consolidated statement of profit and loss.

Internally generated intangibles from the operations of the group are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are reviewed for indications of impairment on the date of the consolidated financial statements. In addition the useful live of these assets are reviewed were the adjustments are made on the subsequent years.

Investments in associates

Associates are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in its associates are accounted for using the equity method.

The investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment account in associate company and is not amortized. The consolidated statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

The non-controlling interests in the acquiree is recorded at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the consolidated statement of profit and loss.

Goodwill is measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed which is recredited after deducting any accumulated impairment losses.

The excess of the Group's share in the fair value of the net assets acquired over the acquisition cost represents negative goodwill and recorded in the consolidated statement of comprehensive income. The Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recorded in the consolidated statement of profit or loss.

On the date of the consolidated financial statements an assessment is made to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in the consolidated statement of profit and loss.

The following non-financial assets has specific procedures for impairment testing:

- Goodwill: impairment test for the goodwill is performed on annual basis or when there is an indication of impairment. Losses related to goodwill impairment are not recoverable.
- Intangible assets with indefinite lives: impairment test on the intangible assets with indefinite lives are performed at minimum on an annual basis or when there is an indication of impairment.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value when purchased plus acquisition costs and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income and in the consolidated statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded at the consolidated statement of comprehensive income and in the consolidated statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing. Dividends are recognized in the consolidated statement of profit or loss.

Accounts receivable

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

Inventories

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

Cost is calculated as follows:

Raw materials and spare parts: purchase cost on first in first out basis.

Finished goods and work in progress: cost of direct materials, labor and a proportion of manufacturing overheads using Specific costing method.

Net realizable value represents the estimated selling price in normal circumstances after deducting the estimated cost to complete the production and to complete the sale transaction.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks with original maturities of three months or less with no risk of change in their value.

For the purpose of the preparation of consolidated statement of cash flows, cash and cash equivalents consists of cash and short-term deposits are defined above, net of outstanding bank overdraft and restricted cash.

Treasury shares

Owners equity instruments that are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as share premium.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements, the Group determines, whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is considered essential to the fair value measurement as a whole) at the end of each reporting period .

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Loans

After initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included in finance costs in the consolidated statement of profit and loss.

Accounts payables

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Employees' end of service indemnity

End-of-service Indemnity is calculated for the period of service of some employees prior to the date on which the Group joined the Social Security scheme and based on the employees final salaries. For expatriate employees, end-of-service Indemnity is calculated for the period of service up to the consolidated statement of financial position date in accordance with the signed employment contracts or applicable laws.

Income tax

Current income tax is calculated in accordance with the Income Tax Laws in Jordan and the countries where the subsidiaries operate.

Tax expense comprises current tax and deferred taxes.

Current tax is calculated based on taxable profits, which may differ from accounting profits appearing in the consolidated financial statements. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent applicable years or taxable accumulated losses or non taxable nor deductible items.

Deferred income tax is provided using the liability method on temporary differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled or the tax asset is realized.

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

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding the discounts, returns and sales commissions

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest income is recognized using the effective interest rate method

Other revenues are recognized on the accrual basis.

Offsetting

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

Research and development

Research and development expenses are charged to the consolidated statement of profit or loss when incurred. Development expenses are not capitalized due to not meeting the criteria included in IAS 38.

Foreign currencies

The consolidated financial statements are presented in Jordanian Dinars, which is the parent's functional and presentation currency. Each subsidiary determines its own functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date transaction. Monetary assets and liabilities dominated in foreign currency are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. Profit or loss resulting from transactions in foreign currencies are recorded in the consolidated statement of profit and loss.

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

(3) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP

The financial information of partially owned subsidiaries with material non-controlling interest is as follows:

Proportion of equity interest held by non-controlling interests:

	Country of incorporation	Activity	Percentage of ownership	
			2017	2016
Nutri Dar – Public Shareholding Company	Jordan	Industrial	9,6%	9,6%
Medi Pharma – Algeria	Algeria	Industrial	15%	15%
Joras – Algeria	Algeria	Industrial	30%	30%
AI - Nahda for Financial Investments	Jordan	Investments	59,8%	59,8%

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Accumulated balance of non-controlling interests:

	2017	2016
	JD	JD
Nutri Dar - Public Shareholding Company	752,705	722,983
Medi Pharma – Algeria	970,335	999,905
Joras – Algeria	5,223	4,262
Al - Nahda For Financial Investment	(576,409)	(573,409)
Total	1,151,854	1,153,741

Profit (loss) allocated to non-controlling interests:

	2017	2016
	JD	JD
Nutri Dar - Public Shareholding Company	29,722	76,972
Joras – Algeria	1,154	17,233
Al - Nahda for financial investment	(3,000)	(2,988)
Total	27,876	91,217

Below is a summary of the financial information for the subsidiaries (before the elimination of the intercompany transactions and balances with subsidiaries) where the non-controlling interest is material:

Summarized statement of profit or loss for 2017:

	Nutri Dar - Public Shareholding Company	Joras Algeria	Al - Nahda for Financial Investments	Total
	JD	JD	JD	JD
Net sales	10,325,073	-	-	10,325,073
Cost of goods sold	(7,095,969)	-	-	(7,095,969)
Selling and distribution expense	(1,982,836)	-	-	(1,982,836)
Administrative expense	(911,055)	(19,001)	(5,000)	(935,056)
Research and development expense	(43,434)	-	-	(43,434)
Provision for doubtful debts	(230,885)	-	-	(230,885)
Other income	25,410	22,849	-	48,259
Other expenses	(49,565)	-	-	(49,565)
Currency exchange differences	443,977	-	-	443,977
Finance costs	(134,046)	-	-	(134,046)
Income Tax	(36,378)	-	-	(36,378)
Profit (loss) of the year	310,292	3,848	(5,000)	309,140
Non-controlling interests	29,722	1,154	(3,000)	27,876

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Summarized statement of profit or loss for 2016:

	Nutri Dar - Public Shareholding Company	Joras Algeria	AI - Nahda for Financial Investments	Total
	JD	JD	JD	JD
Net sales	12,262,275	-	-	12,262,275
Cost of goods sold	(8,351,880)	-	-	(8,351,880)
Selling and distribution expense	(1,748,501)	-	-	(1,748,501)
Administrative expense	(778,483)	(106,357)	(4,980)	(889,820)
Research and development expense	(108,940)	-	-	(108,940)
Other income	144,113	163,800	-	307,913
Other expenses	(190,245)	-	-	(190,245)
Currency exchange differences	(116,960)	-	-	(116,960)
Finance costs	(219,147)	-	-	(219,147)
Income Tax	(88,671)	-	-	(88,671)
Profit (Loss) of the year	803,561	57,443	(4,980)	856,024
Non-controlling interests	76,972	17,233	(2,988)	91,217

Summarized statement of financial position as at 31 December 2017:

	Nutri Dar - Public Shareholding Company	Medi Pharma - Algeria	Joras - Algeria	AI - Nahda for Financial Investments
	JD	JD	JD	JD
Current assets	12,776,139	374,531	23,342	95,057
Non-current assets	2,897,189	11,614,398	-	-
Current liabilities	(6,916,074)	(6,025,470)	(5,974)	(1,158)
Non-current liabilities	(29,270)	(4,941,059)	-	-
Total equity	8,727,984	1,022,400	17,368	93,899
Attributable to:				
Shareholders of the Parent Company	7,975,279	52,065	12,145	670,308
Non-controlling interests	752,705	970,335	5,223	(576,409)

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Summarized statement of financial position as at 31 December 2016:

	Nutri Dar - Public Shareholding Company	Medi Pharma - Algeria	Joras - Algeria	Al - Nahda for Financial Investments
	JD	JD	JD	JD
Current assets	12,534,678	1,148,968	159,981	100,919
Non-current assets	3,124,003	8,233,841	-	-
Current liabilities	(7,203,196)	(5,091,309)	(145,818)	(7,660)
Non-current liabilities	(37,794)	(3,051,720)	-	-
Total equity	8,417,691	1,239,780	14,163	93,259

Attributable to:

Shareholders of the Parent Company	7,694,708	239,875	9,901	666,668
Non-controlling interests	722,983	999,905	4,262	(573,409)

Summarized statement of cash flows for the year ended 31 December 2017:

	Nutri Dar - Public Shareholding Company	Medi Pharma - Algeria	Joras - Algeria	Al - Nahda for Financial Investments
	JD	JD	JD	JD
Operating activities	(629,204)	19,121	21,615	(5,862)
Investing activities	(94,739)	(3,380,577)	-	-
Financing activities	(395,947)	2,149,416	-	-
Net (decrease) increase in cash and cash equivalents	(1,119,890)	(1,212,040)	21,615	(5,862)

Summarized statement of cash flows for the year ended 31 December 2016:

	Nutri Dar - Public Shareholding Company	Medi Pharma - Algeria	Joras - Algeria	Al - Nahda for Financial Investments
	JD	JD	JD	JD
Operating activities	228,447	475,056	(358)	(2,000)
Investing activities	(170,084)	(3,048,640)	582	-
Financing activities	(388,498)	3,046,761	-	-
Net (decrease) increase in cash and cash equivalents	(330,135)	473,177	224	(2,000)

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(4) PROPERTY, PLANT AND EQUIPMENT

2017 -	Land JD	Buildings JD	Tools machinery and equipment JD	Spare parts JD	Vehicles JD	Computers JD	Furniture and office equipment JD	Total JD
Cost-								
As at 1 January	3,412,519	18,279,988	29,930,698	419,014	2,069,614	2,140,636	2,669,334	58,921,803
Additions	-	13,146	2,960,049	-	81,394	84,988	230,569	3,370,146
Transfer from projects in progress (Note 5)	-	287,117	-	-	-	-	-	287,117
Disposals	-	-	-	-	-	(3,143)	-	(3,143)
Foreign currency translation	(48,119)	1,512	(30,929)	-	(4,929)	(1,945)	(10,595)	(95,005)
As at 31 December	3,364,400	18,581,763	32,859,818	419,014	2,146,079	2,220,536	2,889,308	62,480,918
Accumulated Depreciation -								
As at 1 January	-	5,735,247	21,857,492	152,163	1,708,409	1,705,361	2,141,523	33,300,195
Depreciation charge for the year	-	679,056	1,623,541	40,529	100,638	166,050	197,619	2,807,433
Disposals	-	-	-	-	-	(3,143)	-	(3,143)
Foreign currency translation	-	419	(2,173)	-	1,296	(253)	(5,866)	(6,577)
As at 31 December	-	6,414,722	23,478,860	192,692	1,810,343	1,868,015	2,333,276	36,097,908
Net book value -								
As at 31 December	3,364,400	12,167,041	9,380,958	226,322	335,736	352,521	556,032	26,383,010

Depreciation expense was allocated in the consolidated statement of profit or loss as follow:

	2017 JD	2016 JD
Cost of sales (Note 21)	2,292,167	2,366,122
Administrative expenses (Note 23)	226,905	230,530
Research and development expenses (Note 24)	222,215	204,388
Selling and distribution expenses (Note 22)	66,146	64,985
	<u>2,807,433</u>	<u>2,866,025</u>

Fully depreciated property, plant and equipment amounted to JD 16,523,716 as of 31 December 2017 (2016: JD 16,027,958).

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	Land		Buildings		Tools machinery and equipment		Spare parts		Vehicles		Computers		Furniture and office equipment		Total	
2016 - Cost-	JD		JD		JD		JD		JD		JD		JD		JD	
As at 1 January	3,436,980		18,104,899		29,087,566		382,817		1,999,632		2,031,481		2,589,245		57,632,620	
Additions	-		171,938		864,755		36,197		71,079		110,230		87,687		1,341,886	
Disposals	-		-		(1,064)		-		-		(454)		(395)		(1,913)	
Foreign currency translation	(24,461)		3,151		(20,559)		-		(1,097)		(621)		(7,203)		(50,790)	
As at 31 December	3,412,519		18,279,988		29,930,698		419,014		2,069,614		2,140,636		2,669,334		58,921,803	
Accumulated Depreciation -																
As at 1 January	-		5,072,137		20,118,379		111,340		1,605,792		1,534,174		2,015,668		30,457,490	
Depreciation charge for the year	-		662,275		1,753,354		40,823		104,395		171,804		133,374		2,866,025	
Disposals	-		-		(1,064)		-		-		(454)		(395)		(1,913)	
Foreign currency translation	-		835		(13,177)		-		(1,778)		(163)		(7,124)		(21,407)	
As at 31 December	-		5,735,247		21,857,492		152,163		1,708,409		1,705,361		2,141,523		33,300,195	
Net book value -																
As at 31 December	3,412,519		12,544,741		8,073,206		266,851		361,205		435,275		527,811		25,621,608	

(5) PROJECTS IN PROGRESS

This item mainly represents the cost of design and construction of new plant for the Group in Algeria as of 31 December 2017. Management expects to complete this project during the second half of 2018. The estimated costs of the project is JD 12,165,973 (2016: JD 12,165,973).

Movement on projects in progress is as follows:

	2017	2016
	JD	JD
As at 1 January	5,857,456	2,638,715
Additions	3,824,936	3,060,884
Capitalized expenses	1,395,769	301,730
Transfers to property, plant and equipment (Note 4)	(287,117)	-
Foreign currency translation differences	(335,534)	(143,873)
As at 31 December	10,455,510	5,857,456

(6) INTANGIBLE ASSETS

Intangible assets as in the consolidated statement of financial position represents the following:

	As at 1 January	Foreign currency translation	As at 31 December
	JD	JD	JD
2017 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,715,386	(4,526)	1,710,860
	<u>3,946,213</u>	<u>(4,526)</u>	<u>3,941,687</u>
2016 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,720,345	(4,959)	1,715,386
	<u>3,951,172</u>	<u>(4,959)</u>	<u>3,946,213</u>

- * The goodwill and trademark were initially resulted from price allocation of the acquisition of Nutri Dar Public Shareholding Company. The Group's management believes that the useful life of the trademark is indefinite. The goodwill and the trademark are tested for impairment annually or when there is an indication of impairment.

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- ** The franchise resulted from the contract signed with the Group's partner in Medi Pharma – Algeria which allows him to acquire additional capital of 15% that is funded by Jordan Dar for Investment Company (a subsidiary).

On 31 December 2017, management performed its goodwill and trademark impairment test. The recoverable amount of the Babies Cereal and Milk Formula cash-generating unit has been determined based on a value in use calculation using cash flow projections based on the 2018 financial budget approved by management. Cash flow projections beyond 2018 are estimated using a 2% growth rate, which management believes is reflective of the average growth rate in the region. The discount rate applied to cash flow projections is 14.11%, which represents the weighted-average cost of capital for the Group, taking into consideration the risks specific to the segment.

As a result of this analysis, no impairment loss was recorded on the babies and cereal milk formula.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Growth rate used to estimate cash flows beyond the budget period

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(7) INVESTMENT IN AN ASSOCIATE

	Country of Incorporation	Activity	Ownership interest		2017	2016
			2017	2016	JD	JD
Dar Al Dawa Veterinary Industries Company – Limited Liability Company	Jordan	Industrial	33.64%	33.64%	2,341,438	2,368,376
					<u>2,341,438</u>	<u>2,368,376</u>

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Movement on investments in associate is as follows:

	For the year ended at 31 December 2017			
	As at 1 January	Dividends	Group's Share of Associate's net results	As at 31 December
	JD	JD	JD	JD
Dar Al Dawa Veterinary Industries Company – Limited Liability Company	2,368,376	(134,550)	107,612	2,341,438
Total	2,368,376	(134,550)	107,612	2,341,438

	For the year ended at 31 December 2016			
	As at 1 January	Dividends	Group's Share of Associate's net results	As at 31 December
	JD	JD	JD	JD
Dar Al Dawa Veterinary Industries Company – Limited Liability Company	2,210,899	(67,275)	224,752	2,368,376
Total	2,210,899	(67,275)	224,752	2,368,376

The Group's share of associate's assets and liabilities are as follow:

	Dar Al Dawa Veterinary Industries Company	
	2017	2016
	JD	JD
Current assets	2,006,968	2,023,091
Non- current assets	461,665	498,736
Current liabilities	(127,195)	(153,451)
Total equity	2,341,438	2,368,376

The Group's share of associate's revenues and net results are as follow:

	Dar Al Dawa Veterinary Industries Company	
	2017	2016
	JD	JD
Net sales	1,247,569	1,626,562
Cost of sales	(840,906)	(1,069,202)
Selling and distribution expenses	(174,288)	(213,749)
General and Administrative expenses	(97,319)	(85,362)
Provision for doubtful debts	(16,820)	(16,820)
Board of Directors remuneration	(8,410)	(8,410)
Other income	3,811	4,737
Profit for the year before Income tax	113,637	237,756
Income tax	(6,025)	(13,004)
Profit the year	107,612	224,752

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This account represents the Group's share of capital in the following Company:

	2017	2016
	JD	JD
Unlisted shares / Outside Jordan		
Sidal Company-Algeria	4,924	5,105

The movement of the financial assets at fair value through other comprehensive income is as follows:

	2017	2016
	JD	JD
At 1 January	5,105	236,612
Changes in fair value	-	(231,308)
Foreign currency translation	(181)	(199)
At 31 December	4,924	5,105

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Movement on fair value reserve is as follows:

	2017	2016
	JD	JD
As at 1 January	(257,865)	(164,880)
Change in fair value	-	(92,985)
As at 31 December	(257,865)	(257,865)

(9) INVENTORIES

	2017	2016
	JD	JD
Finished goods	8,800,432	4,024,893
Work in progress	1,748,122	2,572,401
Raw materials	6,179,321	6,052,124
Goods in transit	125,527	2,539
Others	385,055	339,304
Transfer to assets held for sale (Note 31)	-	(13,012)
	17,238,457	12,978,249
Allowance for slow moving and near expiry inventories	(1,111,435)	(1,355,802)
	16,127,022	11,622,447

Movement on allowance for slow moving and near expiry inventories is as follows:

	2017	2016
	JD	JD
As at 1 January	1,355,802	1,367,967
Excess in provision for the year	(227,862)	(12,165)
Inventories written-off during the year	(16,505)	-
As at 31 December	1,111,435	1,355,802

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(10) ACCOUNTS RECEIVABLE

	2017	2016
	JD	JD
Local sales receivables	11,532,581	14,075,021
Foreign sales receivables	14,282,665	19,513,390
	25,815,246	33,588,411
Transfer to assets held for sale (Note 31)	-	(38,588)
Provision for doubtful debts	(9,312,009)	(8,433,736)
	16,503,237	25,116,087

Movement on Provision for doubtful debts is as follows:

	2017	2016
	JD	JD
As at 1 January	8,433,736	12,056,409
Provision expense (recovery) for the year	1,373,437	(185,313)
Translation differences	(47,178)	(160,957)
Amounts written off	(447,986)	(3,276,403)
As at 31 December	9,312,009	8,433,736

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

	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>			
		<i>1 – 90 Days</i>	<i>91 – 180 Days</i>	<i>> 181 Days</i>	<i>Total</i>
	JD	JD	JD	JD	JD
2017	9,150,607	2,961,809	1,007,409	3,383,412	16,503,237
2016	18,794,647	3,223,833	1,557,449	1,540,158	25,116,087

Accounts receivable payment terms are 180 days for local and foreign sales.

Unimpaired receivables are expected to be fully recoverable based on the Group's management opinion as most of accounts receivables are covered by letters of credit in which the group is the beneficiary. The Group does not obtain any guarantees against these receivables.

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(11) OTHER CURRENT ASSETS

	<u>2017</u>	<u>2016</u>
	JD	JD
Letters of credit deposits	9,026	12,483
Advances	2,007,622	3,281,184
Prepaid expenses	1,898,081	1,994,700
Due from sales tax	515,892	301,143
Refundable deposits	121,000	42,917
Staff receivables	1,214,049	1,041,709
Others	286,721	189,363
Transfer to assets held for sale (Note 31)	(1,570)	(108,225)
	<u>6,050,821</u>	<u>6,755,274</u>

(12) CASH AND BANK BALANCES

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand	48,988	51,371
Bank balances	2,299,299	3,715,596
Cheques under collection maturing within three months	1,464,743	164,585
Transfer to assets held for sale (Note 31)	(116,829)	(101,075)
	<u>3,696,201</u>	<u>3,830,477</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash and bank balances	3,696,201	3,830,477
Cash and bank balances from discontinued operations (note 31)	116,829	101,075
Due to banks (Note 16)	(13,508,941)	(11,588,623)
	<u>(9,695,911)</u>	<u>(7,657,071)</u>

(13) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Paid In capital -

The Company's paid in capital as of 31 December 2017 is JD 25,000,000 divided into 25,000,000 shares at a par value of JD 1 per share (2016: JD 25,000,000 divided into 25,000,000 shares).

Statutory reserve -

Accumulated balances in this account represent 10% of the pretax income transferred to statutory reserve. This reserve is not available for distribution to the shareholders. Moreover, transfers might be stopped when the statutory reserve reaches 25% of the Company's paid-in capital.

Voluntary reserve -

This account represents transfers from profit before tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

Special reserve -

Balance in this account represents the transfers from profit before tax at a maximum of 5%. This reserve is used for the purposes determined by the Board of Directors. The General Assembly has the right to distribute the full amount or a portion of it as dividends to shareholders.

Other reserves -

Balance in this account represents the transfers from profit before tax at a maximum of 5%. This reserve is used for the purposes determined by the Board of Directors. The General Assembly has the right to distribute the full amount or a portion of it as dividends to shareholders.

Foreign currency translation differences -

This item represents foreign currency differences that results from the translation of financial statements for foreign subsidiaries.

Dividends distribution-

On 27 April 2017, the General Assembly has approved in its ordinary meeting the distribution of 10% of the Company's paid-in capital (JD 2,500,000) as cash dividends to the shareholders for the profits of 2016.

On 27 April 2016, the General Assembly has approved in its ordinary meeting the distribution of 10% of the Company's paid-in capital (JD 2,500,000) as cash dividends to the shareholders, for the profits of 2015.

(14) PROVISION FOR END OF SERVICE INDEMNITY

Movement on the provision for end of service indemnity is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
As at 1 January	473,436	373,895
Charge for the year	102,604	106,819
Amounts paid during the year	(121,170)	(7,278)
As at 31 December	<u>454,870</u>	<u>473,436</u>

(15) TERM LOANS

		<u>2017</u>			<u>2016</u>		
		<u>Loan Installments</u>			<u>Loan Installments</u>		
<u>Currency</u>		<u>Current portion</u>	<u>Long- term portion</u>	<u>Total</u>	<u>Current portion</u>	<u>Long- term portion</u>	<u>Total</u>
		<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Arab Bank	USD	1,985,200	40,988	2,026,188	1,488,900	792,688	2,281,588
Societe General Bank – Algeria	DZD	260,056	4,941,060	5,201,116	-	3,051,720	3,051,720
Invest Bank (1)	USD	-	-	-	861,705	-	861,705
Invest Bank (2)	USD	-	-	-	443,155	-	443,155
Invest Bank (3)	USD	1,418,000	5,317,500	6,735,500	354,500	6,735,500	7,090,000
		<u>3,663,256</u>	<u>10,299,548</u>	<u>13,962,804</u>	<u>3,148,260</u>	<u>10,579,908</u>	<u>13,728,168</u>

Arab Bank

On 3 January 2011, the Company obtained a loan from the Arab Bank with a ceiling amounting to USD 14,000,000 equivalent to JD 9,926,000 as of 31 December 2017 at an annual interest rate of LIBOR plus 2.5% with minimum of 3.5% to build a new plant in Jordan. The loan is repayable over quarterly installments of USD 700,000 each, the first of which will fall due on 3 January 2013. During 2014 the first installment has been extended till 3 July 2014. Interest on the loan is calculated based on the daily balance and paid at the end of each month. The last installment is due on 31 March 2019.

Invest Bank (1)

During 2013, Nutri Dar Public Shareholding Company (subsidiary) has obtained a loan from the Invest Bank in the amount of USD 5,116,980 with an annual interest rate of 5%. Nutri Dar has paid an amount of USD 255,850 as an advance payment and the rest is repayable over 16 equal installments each for USD 303,821. The first installment was due on 31 March 2014 and the last installment was due at the end of December 2017.

Invest Bank (2)

The Company was granted on the 11th of August 2014 a loan amounting to USD 3,000,000 from Invest Bank with an interest rate of 5% annual based on the daily balance of the loan regarding the repayments of the discounted loan granted to Dar Al Dawa – Algeria and cancelation of the letter of guaranties amounted to EUR 2,300,000. The loan is paid on 24 equal instalments each USD 125,000 excluding interest, and the first installment was due at 30 June 2015. The last installment was due on 30 June 2017.

Invest Bank (3)

The Company was granted on the 28th December 2016 a loan amounting to USD 10,000,000 from Invest Bank with an annual interest rate of LIBOR plus 1.3% with minimum of 3% annual based on the daily balance of the loan regarding the repayments of the short term Loans. The loan is paid on 20 quarterly equal instalments each USD 500,000 excluding interest, and the first installment was due on 31 December 2017.

Socleto General Bank

During 2016, Medi Pharma (subsidiary) was granted a loan from Societe General Bank – Algeria with a ceiling of DZD 845,000,000 equivalent to JD 5,392,359 as of 31 December 2017 with annual interest rate of 6% in order to finance the building of a new plant in Algeria without fees and insurance expenses. The loan is paid on 20 equal quarterly instalments and the first payment is due on 31 December 2018.

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The principal installments payable during next years are as follow:

YEAR	JD
2018	3,663,256
2019	2,499,211
2020	2,458,223
2021	2,458,223
2022	2,103,723
2023	780,168
	<u>13,962,804</u>

Revolving loans:

	Average Interest rate	Currency	2017		2016	
			Ceiling	Utilized amount	Ceiling	Utilized amount
			JD	JD	JD	JD
Arab bank loan – Nutri Dar	4,25%	USD	531,750	-	531,750	149,620
ABC bank loan - Dar Al Dawa Jordan	3%	USD	2,127,000	1,111,304	2,127,000	-
Invest bank loan – Dar Al Dawa Jordan	3%	USD	4,608,500	4,102,675	4,608,500	1,905,140
Housing bank loan – Dar Al Dawa Jordan	3%	USD	3,545,000	3,544,957	2,836,000	-
Arab bank loan – Dar Al Dawa Jordan	3%	USD	3,545,000	953,770	3,545,000	-
ABC bank loan – Nutri Dar	8.25%	JD	500,000	388,514	500,000	-
ABC bank loan – Nutri Dar	4 %	USD	2,127,000	2,467,420	2,127,000	1,663,355
			<u>16,984,250</u>	<u>12,568,640</u>	<u>16,275,250</u>	<u>3,718,115</u>

(16) DUE TO BANKS

This item represents the utilized amount of the credit facilities as follows:

	Average Interest rate	Currency	2017		2016	
			Ceiling	Utilized amount	Ceiling	Utilized amount
			JD	JD	JD	JD
Overdrafts – Arab bank – Dar Al Dawa Jordan	7.75%	JD	4,000,000	4,205,273	4,000,000	848,859
Overdrafts – Housing Bank Algeria – Dar Al Dawa Algeria	6%	DZD	9,232,749	7,483,851	9,572,233	9,291,754
Overdrafts – Arab Bank – Nutri Dar	4.25%	USD	177,250	168,227	-	-
Overdrafts – Societe General Bank– Medi Pharma	6.4%	DZD	615,517	537,339	-	-
Overdrafts – Varlous Banks – Dar al Dawa Jordan	3%	USD	2,127,000	946,761	2,127,000	1,448,010
Overdrafts – Arab bank – Nutri Dar	4.25%	EUR	169,542	167,490	154,640	-
			<u>16,322,058</u>	<u>13,508,941</u>	<u>15,853,873</u>	<u>11,588,623</u>

(17) INCOME TAX

A) Movement on the provision for income tax is as follows:

	2017	2016
	JD	JD
As at 1 January	163,925	145,550
Current year income tax *	36,378	177,414
Reversal from Income tax	-	(107,384)
Income tax paid	(74,309)	(51,655)
As at 31 December	125,994	163,925

Details of the income tax expense recorded in the consolidated statement of profit or loss is as follows:

	2017	2016
	JD	JD
Current year income tax	36,378	177,414
Deferred tax assets	(63,591)	116,742
Deferred tax liabilities	32,936	(21,590)
	5,723	272,566

Deferred tax assets

	Consolidated statement of financial Position		Consolidated statement of profit or loss	
	2017	2016	2017	2016
	JD	JD	JD	JD
Deferred tax assets resulting from accumulated losses of Nutri Dar (subsidiary)	187,766	187,766	-	-
Deferred tax assets resulting from temporary tax differences	826,683	763,092	63,591	(116,742)
	1,014,449	950,858	63,591	(116,742)

B) Deferred tax liabilities

	Consolidated statement of financial Position		Consolidated statement of profit or loss	
	2017	2016	2017	2016
	JD	JD	JD	JD
Deferred tax liabilities resulting from temporary differences	162,485	129,549	(32,936)	21,590

Reconciliation between the taxable profit and the accounting profit is as follows:

	2017 JD	2016 JD
Accounting (Loss) profit	(9,656,888)	5,456,986
Non taxable revenues	(17,163,458)	(9,187,473)
Non deductible expenses	26,035,622	4,997,723
Taxable (Loss) profit	(784,724)	1,267,236
Current year income tax	-	177,414
Statutory income tax rate	14%	14%
Effective tax rate	-	3,2%

The provision for income tax for the years ended at 31 December 2017 and 2016 has been calculated in accordance with the Income Tax Law No. (34) of 2014.

Dar Dawa Company for development and Investment-Parent Company:

Tax returns for the years 2016 and 2015 were submitted to the Income Tax Department but not reviewed yet up to the date of these consolidated financial statements.

The Company has reached a final settlement with the Income Tax Department up to the year 2014.

Nutri Dar Public Shareholding Company:

Tax returns for the years 2016 and 2015 were submitted to the Income Tax Department but not reviewed yet up to the date of these consolidated financial statements.

The Group has reached a final settlement with the Income Tax Department up to the year 2014.

- * This item represent income tax expense on Nutri Dar – Jordan (subsidiary). During the year, the Company recorded income tax provision amounting to JD 36,378 according to the Income tax law (34) of 2014.

Al Dar Jordan Investment Company

Tax returns for the years 2010, 2011, 2014, 2015 and 2016 were submitted to the Income Tax Department but not reviewed yet up to the date of these of the consolidated financial statements.

The Company has reached a final settlement with the Income Tax Department for the years 2012 and 2013.

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Dar Al-Dawa Pharma - Romania

The Company has reached a final settlement with the Income Tax Department up to the year 2014.

Dar Al-Dawa - Algeria

The Algerian Income Tax Department has reviewed the Company's records for the years from 2011 to 2014 and issued its report, which requires the Company to pay an additional amount to the amounts paid for these years. During the period, the Company recorded a provision of JD 948,092 against these claims for the period from 2011 until the date of these consolidated financial statements. During September 2017, an amount of JD 364,085 was paid for the years from 2012 to 2014. The management of the Company and its legal consultant believe the provision is adequate against these liabilities.

(18) OTHER CURRENT LIABILITIES

	<u>2017</u>	<u>2016</u>
	JD	JD
Shareholders deposits	1,298,387	1,324,876
Accrued expenses	311,775	320,070
Social security deposits	32,590	32,822
Board of directors remunerations and transportation	10,972	45,079
Advances from customers	845,399	-
Others	243,695	134,735
Transfer to assets held for sale (Note 31)	(5,378)	(12,575)
	<u>2,737,440</u>	<u>1,845,007</u>

(19) OTHER PROVISIONS

Account	Balance at 1 January	Additions	Used/ paid/ eliminated	Balance at 31 December
	JD	JD	JD	JD
Free samples provision	2,393,913	758,135	(1,538,680)	1,613,368
Employees incentives provision	872,536	724,348	(1,464,508)	132,376
Provision for contingent liabilities	235,612	948,092	(460,634)	723,070
Returned inventory provision	-	149,844	(59,515)	90,329
Marketing expenses provision	1,928,273	1,446,218	(1,201,128)	2,173,363
Provision for employees vacation	26,941	44,274	(23,855)	47,360
Other provisions	89,136	-	-	89,136
	<u>5,546,411</u>	<u>4,070,911</u>	<u>(4,748,320)</u>	<u>4,869,002</u>

(20) SEGMENT INFORMATION

For management purposes, the Group is organized based on the reports which are used by the Chief Executive Officer (CEO) and the Decision Maker of the Group through the geographical distribution of revenues and the geographical distribution of assets and liabilities. The geographical distribution of revenues, Cost of revenues, Gross profit and type of sold items is as follows:

For the year ended 31 December 2017

	Levant	Gulf and Yemen	Africa	Europe	Asia	Total
	JD	JD	JD	JD	JD	JD
Net sales	21,321,382	16,744,195	13,383,258	844,731	25,737	52,319,303
Cost of sales	(12,477,798)	(9,038,845)	(7,004,680)	(795,766)	(10,856)	(29,327,945)
Gross profit	<u>8,843,584</u>	<u>7,705,350</u>	<u>6,378,578</u>	<u>48,965</u>	<u>14,881</u>	<u>22,991,358</u>

	Medicine	Babies cereals and milk formula	Total
	JD	JD	JD
Net sales	41,994,230	10,325,073	52,319,303
Cost of sales	(22,231,976)	(7,095,969)	(29,327,945)
Gross profit	<u>19,762,254</u>	<u>3,229,104</u>	<u>22,991,358</u>

For the year ended 31 December 2016

	Levant	Gulf and Yemen	Africa	Europe	Asia	Total
	JD	JD	JD	JD	JD	JD
Net sales	27,318,857	17,799,068	14,987,306	746,130	25,636	60,876,997
Cost of sales	(14,508,044)	(9,085,829)	(7,751,134)	(676,217)	(16,750)	(32,037,974)
Gross profit	<u>12,810,813</u>	<u>8,713,239</u>	<u>7,236,172</u>	<u>69,913</u>	<u>8,886</u>	<u>28,839,023</u>

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	Medicine	Babies cereals and milk formula	Total
	JD	JD	JD
Net sales	48,614,722	12,262,275	60,876,997
Cost of sales	(23,686,094)	(8,351,880)	(32,037,974)
Gross profit	<u>24,928,628</u>	<u>3,910,395</u>	<u>28,839,023</u>

The geographical distribution of assets, liabilities and other information is as follows:

As at 31 December 2017

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
Total assets	73,268,736	26,561,244	11,691	573,052	100,414,723
Total liabilities	40,584,366	14,632,468	-	3,554	55,220,388
Other information:					
Depreciation	2,705,009	100,842	-	1,582	2,807,433
Finance costs	1,262,526	563,989	189	-	1,826,704
Provision for doubtful debts	1,310,738	45,098	-	17,601	1,373,437
Group's share of associate's results	107,612	-	-	-	107,612

As at 31 December 2016

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
Total assets	75,879,218	25,287,797	7,466	588,613	101,763,094
Total liabilities	31,412,868	12,509,982	928	52,549	43,976,327
Other information:					
Depreciation	2,810,946	50,759	-	4,320	2,866,025
Finance costs	927,892	738,456	162	-	1,666,510
Recovery of provision for doubtful debts	165,889	19,424	-	-	185,313
Group's share of associate's results	224,752	-	-	-	224,752

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(21) COST OF SALES

	2017	2016
	JD	JD
Packaging materials	14,296,271	17,903,021
Labor and direct manufacturing costs	10,284,655	9,862,526
Depreciation (Note 4)	2,292,167	2,366,122
Others	2,454,852	1,906,305
	<u>29,327,945</u>	<u>32,037,974</u>

(22) SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	JD	JD
Salaries and employees' benefits	8,815,959	8,147,682
Advertising and promotions	2,579,946	2,477,381
Foreign markets expenses	1,446,218	795,112
Depreciation (Note 4)	66,146	64,985
Free samples	708,363	538,919
Travel and transportation	588,004	463,567
Office expenses	578,505	529,517
Governmental fees	412,312	542,574
Professional fees	580,043	386,524
Others	580,868	260,403
	<u>16,356,364</u>	<u>14,206,664</u>

(23) ADMINISTRATIVE EXPENSES

	2017	2016
	JD	JD
Salaries and employees' benefits	3,496,336	3,378,584
Depreciation (Note 4)	226,905	230,530
Office expenses	463,232	471,064
Travel and transportation	154,796	100,293
Governmental fees	111,239	93,782
Professional fees	253,999	127,464
Others	637,211	429,608
	<u>5,343,718</u>	<u>4,831,325</u>

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(24) RESEARCH AND DEVELOPMENT EXPENSES

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and employees' benefits	547,949	618,888
Depreciation (Note 4)	222,215	204,388
Office expenses	148,787	144,962
Travel and transportation	39,110	28,200
Laboratory materials	354,052	629,992
Studies and researches	137,408	352,565
Others	27,498	16,026
	<u>1,477,019</u>	<u>1,995,021</u>

(25) OTHER INCOME, NET

	<u>2017</u>	<u>2016</u>
	JD	JD
Services income	-	(30,887)
Net sales of raw and packaging materials	1,126	13,911
Other income	193,664	272,147
	<u>194,790</u>	<u>255,171</u>

(26) OTHER EXPENSES, NET

	<u>2017</u>	<u>2016</u>
	JD	JD
Damaged materials	508,338	633,063
Compensation for consumed good in foreign markets	4,936,755	81,186
Excess of provision for near expiry and slow moving inventories	(227,862)	(12,165)
Provision for contingent liabilities	948,092	-
Others	39,635	90,271
	<u>6,204,958</u>	<u>792,355</u>

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(27) EARNINGS PER SHARE

	<u>2017</u>	<u>2016</u>
(Loss) profit for the year attributable to the shareholders of the Parent Company (JD)	(9,691,639)	5,011,909
Weighted average number of outstanding shares during the year (share)	<u>25,000,000</u>	<u>25,000,000</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from (loss) profit of the year	<u>(0/387)</u>	<u>(0/200)</u>
Basic and diluted earnings per share from (loss) profit of the year from continued operations	<u>(0/387)</u>	<u>(0/207)</u>

(28) CONTINGENCIES, CONTRACTUAL AND CAPITAL COMMITMENTS

As of the date of the consolidated financial statements, the Group has contingent liabilities, contractual and capital commitments and operating leases as follows:

Contingent liabilities:	<u>2017</u>	<u>2016</u>
	JD	JD
Letters of credit	2,356,032	1,083,414
Letters of guarantee	11,592,160	12,001,824
Bills for collection	829,369	1,186,339
Contractual commitments:	3,242,029	3,387,557

Capital Commitments

The estimated cost to complete the project in progress is JD 1,710,463 as at 31 December 2017.

Operating lease

The Group has entered into a rent contracts for offices and stores which the period ranges from 1 to 5 years. The minimum future rent payments as of 31 December are as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Up to 1 year	28,013	28,013
From 1 to 5 years	47,869	47,869
	<u>75,882</u>	<u>75,882</u>

(29) LEGAL CLAIMS

The Group is defendant in a number of lawsuits with claims amounting to JD 179,827 as at 31 December 2017 (2016: JD 210,324) related to its ordinary course of business. The management and their legal advisor believe that no material liabilities are likely to result from these lawsuits.

(30) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associated companies, directors and key management personnel of the Group, and entities significantly controlled. Pricing policies and terms of the transactions are approved by the Group's management.

Balances with related parties as shown in the consolidated statement of financial position as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Due from related parties:		
Dar Al Dawa Veterinary Industries Company (Associate)	86,913	206,730
Al Mufeed Trading Co. – UAE	7,458,194	5,626,467
Zakrya Hawash – Medi Pharma international's Partner	106,350	106,350
	<u>7,651,457</u>	<u>5,939,547</u>
Provision for amounts due from related parties	<u>(516,450)</u>	<u>(229,450)</u>
	<u>7,135,007</u>	<u>5,710,097</u>
Due to related parties:		
International Pharmaceutical Research Company	<u>-</u>	<u>3,680</u>

Movement on the provision for due from related parties is as follows:

	<u>2017</u>	<u>2016</u>
As at 1 January	229,450	-
Provision for the year	<u>287,000</u>	<u>229,450</u>
As at 31 December	<u>516,450</u>	<u>229,450</u>

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Facilities granted from related parties – Invest Bank

	<u>2017</u>	<u>2016</u>
Long- term loan	6,735,500	8,394,860
Banks overdraft	-	1,122,082
Revolving loan	<u>4,102,676</u>	<u>1,905,140</u>
	<u>10,838,176</u>	<u>11,422,082</u>
Bank guarantees	<u>3,903,381</u>	<u>4,306,630</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Sales - agents' and customers	<u>5,492,768</u>	<u>3,821,021</u>
Service revenue – Dar Al Dawa Veterinary Industries Company (Associate)	18,279	11,346
Financing costs (Invest Bank)	320,175	140,203
Bioequivalence studies expenses – Arab Pharmaceutical Industry Consulting Company	<u>137,170</u>	<u>267,720</u>
	<u>475,624</u>	<u>419,269</u>
Transportation and remunerations of Board of Directors	<u>31,200</u>	<u>61,200</u>

Compensation (Salaries, remunerations and other benefits) of key management personnel of the Group is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and other benefits	<u>742,465</u>	<u>852,713</u>

(31) DISCONTINUED OPERATIONS

Liquidation of of Al-Nahda Company for Financial Investments and Joras Company – Algeria

During 2016, the Group's management issued a resolution to liquidate Al-Nahda Company for Financial Investments and Joras Company – Algeria (Subsidiaries), thus the operational transactions for both companies has been classified as discontinued operations based on the IFRS (5).

The operation results of Al-Nahda Company for Financial Investments and Joras Company – Algeria for the year ended in 31 December 2017 and 2016 are as follows:

	Al-Nahda Company for Investments		Joras Company – Algeria	
	2017	2016	2017	2016
	JD	JD	JD	JD
Administrative expenses	(5,000)	(4,980)	(19,001)	(106,357)
Other revenue, Net	-	-	22,849	30,043
Operation results for the year	(5,000)	(4,980)	3,848	(76,314)
Other comprehensive Income items to be reclassified to profit or loss in subsequent periods, net of tax:				
Foreign currency translation differences	-	-	(642)	41,021
Other comprehensive Income items not to be reclassified to profit or loss in subsequent periods, net of tax				
Change in fair value reserve	-	(231,308)	-	-
Total comprehensive income of the year	(5,000)	(236,288)	3,206	(35,293)
Summarized statement of cash flows				
Operating activities	(5,862)	(2,000)	21,615	(358)
Investing activities	-	-	-	582
Net (decrease) Increase in cash and cash equivalents	(5,862)	(2,000)	21,615	224

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Net book value for assets and liabilities of disposed subsidiaries as of 31 December 2017 and 2016 are as follows:

2017-

	Al-Nahda Company for Investments	Joras Company - Algeria	Total
	JD	JD	JD
ASSETS			
Other debit balances (Note 11)	-	1,570	1,570
Cash and bank balances (Note 12)	95,057	21,772	116,829
	<u>95,057</u>	<u>23,342</u>	<u>118,399</u>
LIABILITIES			
Accounts payable	1,158	361	1,519
Other credit balances (Note 18)	5,000	378	5,378
	<u>6,158</u>	<u>739</u>	<u>6,897</u>
NET ASSETS	<u>88,899</u>	<u>22,603</u>	<u>111,502</u>

2016-

	Al-Nahda Company for Investments	Joras Company - Algeria	Total
	JD	JD	JD
ASSETS			
Inventories (Note 9)	-	13,012	13,012
Accounts Receivables (Note 10)	-	38,588	38,588
Other Debit Balances (Note 11)	-	108,225	108,225
Cash and bank balances (Note 12)	100,919	156	101,075
	<u>100,919</u>	<u>159,981</u>	<u>260,900</u>
LIABILITIES			
Accounts Payable	7,660	123,701	131,361
Other Credit balances (Note 18)	-	12,575	12,575
	<u>7,660</u>	<u>136,276</u>	<u>143,936</u>
NET ASSETS	<u>93,259</u>	<u>23,705</u>	<u>116,964</u>

(32) RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The company is exposed to interest rate risk on its financial assets and liability that carry interest such as loans and overdraft.

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

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

	Increase in interest rate <hr/> (Basis points)	Effect on loss before tax <hr/> JD
2017-		
Currency		
USD	100	(211,124)
JOD	100	(45,938)
DZD	100	(141,667)
EUR	100	(1,675)
	Increase in interest rate <hr/> (Basis points)	Effect on loss before tax <hr/> JD
2016-		
Currency		
USD	100	(158,252)
JOD	100	(23,084)
DZD	100	(123,435)

The effect of decrease in interest rate is expected to be equal and opposite to the effect shown above.

Credit risk

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

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

The Group sells its products to a large number of customers. The largest customer accounts represents 7.7% of the outstanding accounts receivable at 31 December 2017 (2016: 15.76%).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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

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

31 December 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD	JD
Accounts payable	-	6,830,212	-	-	6,830,212
Bank overdrafts and revolving loans	26,396,114	-	-	-	26,396,114
Other current liabilities	-	1,298,387	-	-	1,298,387
Loans	-	990,061	3,184,329	11,245,759	15,420,149
Total	26,396,114	9,118,660	3,184,329	11,245,759	49,944,862

31 December 2016

Accounts payable	-	6,779,413	-	-	6,779,413
Bank overdrafts and revolving loans	16,976,167	-	-	-	16,976,167
Other current liabilities	-	1,324,786	-	-	1,324,786
Loans	-	495,917	2,953,581	11,224,593	14,674,091
Total	16,976,167	8,600,116	2,953,581	11,224,593	39,754,457

Foreign currency risk

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The table below illustrates the effect of a reasonably possible change of the Jordanian Dinar currency rate against the following currencies occurring evenly throughout the year with all other variables held constant, on the consolidated statement of comprehensive income.

	Change in foreign currency rates	Effect on (loss) profit for the year	Effect on consolidated statement of comprehensive income and equity
	%	JD	JD
2017:			
Currency			
EURO	10%	397,850	-
DZD	10%	50,512	(579,748)

	Change in foreign currency rates	Effect on profit for the year	Effect on consolidated statement of comprehensive income and equity
	%	JD	JD
2016:			
Currency			
Euro	10%	(665,327)	-
DZD	10%	28,043	(142,043)
RON	10%	(153,188)	(95,679)

The effect of the decrease in index is expected to be equal and opposite to the effect shown above.

(33) RESTRICTED BANK BALANCES

This item represents cash deposit at Housing bank for Trade and Finance – Jordan as a guarantee against increasing the overdraft facility ceiling of Dar Al Dawa – Algeria held at Housing Bank for Trade and Finance Algeria.

(34) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. The Group sold treasury shares during 2016.

Capital comprises paid in capital, statutory reserve, voluntary reserve, special reserve, other reserves, foreign currency translation differences and (accumulated losses) retained earnings and is measured at JD 44,042,481 as at 31 December 2017 (2016:JD 56,633,026).

(35) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, accounts receivable, financial assets at fair value through other comprehensive income, due from related parties and some other debit balances. Financial liabilities consist of trade payables, term loans, due to related parties, bank overdrafts and some other credit balances.

(36) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group plans to adopt the remaining phases on the effective date and will not restate comparative information.

(a) Classification and Measurement

The Group does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

IFRS 15 Revenue from Contracts with Customers

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

During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts IFRS 15, whereas, the Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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

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

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

IFRS 16 Leases

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

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

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

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of Insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)

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

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

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

(37) COMPARATIVE FIGURES

Some consolidated financial statements figures for the year 2016 were reclassified to correspond with consolidated financial statements for the year 2017 presentation. The reclassifications had no effect on the equity or operation results for the year 2016.