Omar M. Al-karasneh

From: Khaled Saif <Khaled.Saif@dadgroup.com>
Sent: 24 حزيران، ٢٠٢٠ ٠٣:٢٥ م
To: Omar M. Al-karasneh
Cc: Feryal M. Sadoni; Mohannad S. Al Saleh
Subject: FW: Dar Al-Dawa - Annual Report & FS 2019
Attachments: DAD Signed FS 2019 - Eng.pdf

للافصاح
مديرية عمان
م العدمي
العبدالله
٢٥/٦

السادة هيئة الاوراق المالية

لاحقاً للبريد الالكتروني السابق ادناه، يرجى التأكيد على استلام نسخة من القوائم المالية الموحدة المدققة للسنة المنتهيه كما في 31 كانون الأول 2019 باللغة الانجليزية

From: Khaled Saif
Sent: Monday, June 15, 2020 4:46 PM
To: Omar M. Al-karasneh <Karasneh@JSC.GOV.JO>
Cc: Mohannad S. Al Saleh <Mohannad.AlSaleh@dadgroup.com>; Shadi S Saqfelhait <Shadi.Saqfelhait@dadgroup.com>; Feryal M. Sadoni <feryal.sadoni@dadgroup.com>
Subject: RE: Dar Al-Dawa - Annual Report & FS 2019

السادة هيئة الاوراق المالية

لاحقاً للبريد الالكتروني السابق ادناه، تجدون في المرفق القوائم المالية الموحدة المدققة للسنة المنتهيه كما في 31 كانون الأول 2019 باللغة الانجليزية وذلك حسب متطلبات الافصاح

Best Regards,

Khaled Saif
Financial reporting manager

دار الدواء
Dar Al Dawa

Dar Al Dawa Development & Investment Co. Ltd.

P.O Box: 9364 Amman 11191 Jordan
Tel: +962 6 5728115 Ext: 124
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Email: khaled.saif@dadgroup.com

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٥ حزيران ٢٠٢٠
الرقم المتسلسل ٢٧٤٢
الجهة المختصة

From: Khaled Saif
Sent: Monday, May 18, 2020 1:26 PM
To: Omar M. Al-karasneh <Karasneh@JSC.GOV.JO>
Cc: Mohannad S. Al Saleh <Mohannad.AlSaleh@dadgroup.com>; Shadi S Saqfelhait <Shadi.Saqfelhait@dadgroup.com>; Feryal M. Sadoni <feryal.sadoni@dadgroup.com>
Subject: Dar Al-Dawa - Annual Report & FS 2019

السادة هيئة الاوراق المالية

Dar Al Dawa Company Development and Investment
(Public Shareholding Company)

Consolidated Financial Statements

31 December 2019

DAR AL DAWA COMPANY DEVELOPMENT AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dar Al Dawa Development and Investment Company (a Public Shareholding Company) - (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2019;
- The consolidated statement of income for the year then ended.
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in shareholders' equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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OUR AUDIT APPROACH

OVERVIEW

Key Audit Matters	Estimation of unearned revenue
	Adequacy of provision for impairment of trade receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the Group's structure, the accounting processes, controls and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

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Key audit matter	How our audit addressed the key audit matter
Estimation of unearned revenue The Group has recorded an amount of JD 1.27M as at 31 December 2019 being unearned revenues related to the expected sales returns. International Financial Reporting Standard 15 'Revenue from contracts with customers' ("IFRS 15") considers the right of return of goods by customers to be an example of variable consideration and, as per the requirements of this standard, the Group is required to estimate the amount of consideration to which the Group will be entitled on sales to customers where a right of return exists. Certain contracts with customers provide them with the right for returning expired goods against one of the following methods: A credit note against amounts due (receivables) Delivering free goods. Management estimates uncertainty on the amount of variable consideration relating to right-of-return by using probability weighted average amounts based on historical, current and forecast information and records unearned revenue based on this. We consider this to be a key audit matter given the materiality of the unearned revenues balance, and in particular that relating to the right of return, to the consolidated financial statements and the significant estimates and judgments used in the calculation of the obligation as mentioned above. Refer to Note 2.17 to the consolidated financial statements for the accounting policy on revenue recognition, Note 4 for significant estimates and judgments related to revenue recognition and Note 22 for revenue recognised during the year ended 31 December 2019. Note 34 for the restatement related to the adoption of IFRS 15 In 2018.	We obtained from management an understanding of the internal controls over revenue recognition generally, and those that specifically relate to the estimation of unearned revenues. In respect of unearned revenue, we performed the following procedures: • Obtained the model developed by management and ensured that the methodology used for estimating the unearned revenue amount for free and returned goods is aligned with similar industry practice. • Tested the accuracy of underlying data to assess whether there was appropriate capture of gross revenues and the related returned goods on a sample basis against the historical data. • Assessed the appropriateness of probability weighted average methods used by management to estimate the variable considerations such as free and returned goods. • Reviewed a sample of customers' contracts to ensure that they are entitled to the right of return which will contribute a performance obligation. • Reviewed a sample of customers' debit notes and used these to assess whether latest data were being used by the Group in developing their estimates of returns rates. We reviewed the disclosures included in the consolidated financial statements to assess the adequacy of disclosures as required by IFRS 15.

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Adequacy of provision for impairment of trade receivables As at 31 December 2019, the carrying value of the accounts receivable amounted to JD 25,531,107 and the allowance for impairment of accounts receivables amounted to JD 7,656,004. The Group assesses at each reporting date whether the trade receivables carried at amortised cost are impaired. The management has applied a simplified expected credit loss ("ECL") model in accordance with the requirements of IFRS 9 to determine the allowance for impairment of trade receivables. The ECL involves the use of various assumptions, forward-looking macro-economic factors and study of historical trends relating to the Group's history of collection of trade receivables. We considered this to be a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model and the significance of the amounts involved to the consolidated financial statements. Refer to Note 2-11 and Note 2-13 for the relevant detailed disclosures respectively.	We obtained from management an understanding of the internal controls over relevant business process and performed the following procedures: - We obtained the ECL model prepared by management and involved our internal accounting specialists to review the methodology used in the ECL model and considered whether the ECL model developed by management is consistent with the requirements of IFRS 9; - Tested the accuracy and completeness of the underlying data used in the model and the mathematical accuracy of the computation of ECL. - Tested key assumptions and judgements, such as those used to calculate the likelihood of default loss and loss on default by comparing to historical data. We also considered the appropriateness of forward-looking factors (macroeconomic factors) used to determine expected credit losses. We also considered the adequacy of the Group's disclosures in relation to expected credit losses in these consolidated financial statements.

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Other information

The Board of directors is responsible for the other information. The other information comprises the Group's Annual Report for the year 2019 (but does not include the consolidated financial statements and our auditor's report thereon) which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors.

Responsibilities of management and the board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards 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 board of directors are responsible for overseeing the Group's financial reporting process.

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.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 the board of directors.

- Conclude on the appropriateness of the board of directors' 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.

- 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 the board of directors 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 the board of directors 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 the board of directors, 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

As stated in Note (2-1) to these consolidated financial statements, the accumulated losses of the Company reached to 82% of its share capital as of 31 December 2019, which is not in line with the provisions of Article (168) of the Companies Law No. (22) of 1997 and its subsequent amendments, which states that 'should the public shareholding company incur significant losses so that it becomes unable to meet its obligations towards its creditors, the Board of Directors shall invite the Company's General Assembly to an extraordinary meeting to resolve either to liquidate the Company or issue new shares or any other decision which would guarantee its ability to fulfill its obligations'. As a result, the Board of Directors intends to call for an extraordinary general assembly meeting to vote on a resolution to rectify the Company's position as per the requirements of the Law.

The Group maintains proper accounting records which are consistent, in all material aspects, with the accompanying consolidated financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.

Hazem Sababa
License No. (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman – Jordan
23 April 2020

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019	31 December 2018	1 January 2018
		JD	JD (Restated)	JD (Restated)
Assets				
Non-current assets				
Property, plant and equipment	5	40,298,738	36,236,488	26,599,950
Right of use assets	6	283,484	-	-
Projects under construction	7	5,544	4,350,057	10,455,510
Intangible assets	8	3,937,419	3,938,558	3,941,687
Investment in an associate	9	2,242,403	2,300,712	2,341,438
Financial assets at fair value through other comprehensive income		4,719	4,765	4,924
Deferred tax assets	20	2,197,032	2,218,550	1,014,449
		48,969,339	49,049,130	44,357,958
Current assets				
Inventories	10	14,772,540	15,359,933	16,127,022
Trade and other receivables	11	32,157,685	39,056,296	34,338,131
Restricted bank balances	12	1,878,648	1,920,251	1,167,916
Cash on hand and at banks	13	1,844,388	2,907,252	3,696,201
		50,653,261	59,243,732	55,329,270
Assets held for sale	33	111,502	111,502	111,502
Total assets		99,734,102	108,404,364	99,798,730
Shareholders' equity and liabilities				
Shareholders' equity	14			
Share capital		25,000,000	25,000,000	25,000,000
Statutory reserve		9,260,627	9,260,627	9,260,627
Voluntary reserve		9,372,759	9,372,759	9,372,759
Special reserve		2,902,203	2,902,203	2,902,203
Other reserves		4,348,452	4,348,452	4,348,452
Foreign currency translation differences reserve		(6,735,589)	(6,685,625)	(6,392,789)
Fair value reserve		(257,865)	(257,865)	(257,865)
Accumulated losses		(20,483,652)	(13,139,552)	(2,674,986)
		23,406,935	30,800,999	41,558,401
Non-controlling interests		1,016,148	1,179,275	1,151,854
Net shareholders' equity		24,423,083	31,980,274	42,710,255
Liabilities				
Non-current liabilities				
Loans	15	9,883,426	8,547,662	10,299,548
Lease liability	6	117,704	-	-
End of service provisions	16	823,908	770,057	454,870
Deferred tax liabilities	20	512,164	15,955	101,859
		11,337,202	9,333,674	10,856,277
Current liabilities				
Bank overdrafts	17	21,176,536	19,278,649	13,508,941
Loans	15	19,164,357	18,125,014	16,231,896
Lease liability	6	124,773	-	-
Trade and other payables	18	12,846,044	14,446,036	9,567,652
Other Provisions	19	10,500,842	15,070,730	6,797,715
Provision for income tax	20	161,265	169,987	125,994
		63,973,817	67,090,416	46,232,198
Total liabilities		75,311,019	76,424,090	57,088,475
Total shareholders' equity and liabilities		99,734,102	108,404,364	99,798,730

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		JD	JD (Restated)
Net sales	22	54,861,730	53,325,832
Cost of sales	23	(34,133,308)	(32,839,409)
Gross profit		20,728,422	20,486,423
Selling and distribution expenses	24	(13,070,823)	(15,955,128)
Administrative and general expenses	25	(4,932,372)	(5,605,146)
Research and development expenses	26	(1,058,636)	(1,509,820)
Compensating expense for resigned employees	29	(1,967,077)	(228,483)
Impairment losses on financial assets	11	(297,786)	(103,138)
Other expenses, net	27	(3,048,516)	(1,314,098)
Loss from operations		(3,646,788)	(4,229,390)
Group's share of profit of assocciate	9	76,241	60,187
Finance costs		(3,410,156)	(2,965,065)
Loss before income tax		(6,980,703)	(7,134,268)
Income tax	20	(519,667)	1,091,017
Loss for the year		(7,500,370)	(6,043,251)
Loss for the year attributable to:			
Shareholders		(7,344,100)	(5,985,212)
Non-controlling interests		(156,270)	(58,039)
		(7,500,370)	(6,043,251)
Earnings per share:		Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	28	(0/294)	(0/239)

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign currency translations differences	Fair value reserve	Accumulated losses	Total	Non-Controlling interest	Net Shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2019											
Balance at 31 December 2018 (before restatement)	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,685,625)	(257,865)	(8,694,669)	35,245,882	1,179,275	36,425,157
Prior year adjustments (Note 34)	-	-	-	-	-	-	-	(4,444,883)	(4,444,883)	-	(4,444,883)
Balance at 1 January (adjusted)	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,685,625)	(257,865)	(13,139,552)	30,800,999	1,179,275	31,980,274
Loss for the year	-	-	-	-	-	-	-	(7,344,100)	(7,344,100)	(156,270)	(7,500,370)
Foreign currency translation differences	-	-	-	-	-	(49,964)	-	-	(49,964)	(6,857)	(56,821)
Balance at 31 December	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,735,589)	(257,865)	(20,483,652)	23,406,935	1,016,148	24,423,083
2018											
Balance at 1 January (Before restatement)	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	45,194,33
The impact of adopting IFRS (15)	-	-	-	-	-	-	-	(5,967,796)	(5,967,796)	-	(5,967,79
The impact of adopting IFRS (9)	-	-	-	-	-	-	-	1,488,442	1,488,442	-	1,488,44
Prior year adjustments (Note 34)	-	-	-	-	-	-	-	(2,484,080)	(2,484,080)	-	(2,484,08
Balance at 1 January (Adjusted)	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,392,789)	(257,865)	(7,154,340)	37,079,047	1,151,854	38,230,90
Loss for the year (Restated) (Note 34)	-	-	-	-	-	-	-	(5,985,212)	(5,985,212)	(58,039)	(6,043,25
Foreign currency translation differences	-	-	-	-	-	(292,836)	-	-	(292,836)	(20,890)	(313,72
Non-controlling interests resulting from increase in share capital for subsidiaries	-	-	-	-	-	-	-	-	-	106,350	106,35
Balance at 31 December (Adjusted)	25,000,000	9,260,627	9,372,759	2,902,203	4,348,452	(6,685,625)	(257,865)	(13,139,552)	30,800,999	1,179,275	31,980,27

The attached notes from 1 to 35 are an integral 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 2019

	2019 JD	2018 JD (Restated)
Loss for the year	(7,500,370)	(6,043,251)
Add: other comprehensive income		
Items that will not be reclassified to profit or loss		
Foreign currency translation differences	(56,821)	(313,726)
Total comprehensive loss for the year	(7,557,191)	(6,356,977)
Attributable to:		
Shareholders	(7,394,064)	(6,278,048)
Non-controlling interests	(163,127)	(78,929)
	(7,557,191)	(6,356,977)

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR THEN ENDED 31 DECEMBER 2019

	Note	2019 JD	2018 JD (Restated)
Operating activities			
Loss for the year before income tax		(6,980,703)	(7,134,268)
Adjustments:			
Depreciation	5	3,284,208	3,167,175
Depreciation on the right of use assets	6	117,303	-
Loss on sale of property, plant and equipment		-	547
Net exchange differences		210,834	58,394
Impairment losses on financial assets	10	297,786	103,138
Group's share of profit from associate	9	(76,241)	(60,187)
End of service benefits	16	1,150,708	677,229
Provision for slow-moving and near expiry inventory	10	745,319	1,274,579
Finance cost		3,423,881	2,965,065
Working capital changes			
Inventories		(157,926)	(507,490)
Trade and other receivables		5,496,816	(3,284,518)
Trade and other payables		(1,599,992)	4,878,384
Other Provisions	19	(4,569,888)	2,120,648
Net cash flows generated from operating activities before income tax and end of service paid		1,342,105	4,258,696
Income tax paid	20	(8,722)	(16,007)
End of service paid	16	(1,096,857)	(362,042)
Net cash flows generated from operating activities		236,526	3,880,647
Investing activities			
Purchase of property, plant and equipment	5	(1,918,624)	(2,332,469)
Projects under construction	7	(308,709)	(4,742,695)
Dividends received from associates	9	134,550	100,913
Restricted bank balances		41,603	(752,335)
Proceeds from sale of property, plant and equipment		-	4,765
Net cash flows used in investing activities		(2,051,180)	(7,721,821)
Financing activities			
Settled loans		(2,239,329)	(1,596,610)
Granted loans		4,614,436	1,737,842
Lease payment		(124,773)	-
Interest payable on lease liability		13,725	-
Change in non-controlling interests due to increase in share capital for subsidiary		-	106,350
Interests paid		(3,410,156)	(2,965,065)
Net cash flows used in financing activities		(1,146,097)	(2,717,483)
Net change in cash and cash equivalents		(2,960,751)	(6,558,657)
Cash and cash equivalents at 1 January		(16,254,568)	(9,695,911)
Cash and cash equivalents at 31 December	13	(19,215,319)	(16,254,568)

Non-cash transactions:

		2019	2018
Transfers from projects under construction to property, plant and equipment		(5,544,186)	(10,715,387)
Transfers from other receivables to the right of use assets		(47,262)	-

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

(1) GENERAL INFORMATION

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

The main objectives of the Company are to manufacture pharmaceutical, chemical, pharmaceutical and related products and to import medicines. The main objectives of the subsidiaries are marketing and distributing Dar Al-Dawa products, manufacturing some specialized pharmaceutical products and carrying out investment activities.

The Company's shares are listed on the Amman Stock Exchange as of 31 December 2019.

The Company's headquarter is located in Naour, the Hashemite Kingdom of Jordan P. O. Box 9364.

These consolidated financial statements were approved by the Board of Director at their meeting held on 21 April 2020.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in Jordanian Dinars (JD), which represents the Group's financial and presentation currency

The consolidated financial statements have been prepared under the historical cost convention and going concern basis.

The preparation of consolidated financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

Going concern

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and was classified as a pandemic by World Health Organization (WHO) in March 2020 due to its outbreak globally, causing uncertainty of its adverse impact on macro-economy leading to disruption in businesses and economic activity. The scale and duration of this pandemic remain uncertain but it is expected to adversely influence the liquidity of the Group. The Group's management collects and analyses the best available information to asses potential risks in order to set appropriate response measures to limit such risk as far as possible and to ensure the Group's ability to continue on a going concern. Some of these measures include the availability of adequate levels of raw materials for production for the upcoming six months. The health sector was excluded from any closure as a result of the lockdown and the operations continued as usual.

In case the impact of Corona Virus persists for a longer period, there will be significant uncertainty of the Groups ability to realise its assets and meet its liabilities in the normal course of business.

In addition to the above, the Group's accumulated losses reached to 82% from its share capital and the Company's current liabilities exceeded its current assets by JD 13,320,556 as at 31 December 2019 (31 December 2018: JD 7,629,744). Management believes that its is appropriate to prepare the consolidated financial statements on a going concern basis due to the Group's future plan which expects future profit to be realised by increasing sales and reducing expenditures.

2-2 Basis of consolidation of financial statements

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 the subsidiary included in the consolidated statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements as at 31 December 2019 comparise the financial statements of Dar Al-Dawa Development and Investment Company (the Company) and its controlled subsidiary (together the "Group") as set out below.

Subsidiary	Nature of business	Country of incorporation	Paid-in capital	percentage of ownership 2019	Actual percentage of ownership 2019
Dar Al Dawa - Algeria	Marketing.	Algeria	6,770,830	100%	100%
Dar Al Dawa - Tunisia	Marketing.	Tunisia	7,388	100%	100%
Joras - Algeria*	Manufacturing	Algeria	949,149	70%	70%
Dar Al Dawa Pharma- Romania	Marketing.	Romania	727	100%	100%
Al Dar Jordan Investment Company	Investment	Jordan	2,500,000	100%	100%
Medi Pharma – Algeria	Manufacturing	Algeria	6,880,328	85%	85%
Nutri Dar – Jordan and its subsidiary:	Manufacturing	Jordan	11,615,911	4,90%	4,90%
- Nutri Dar – Russia**	Marketing.	Russia	23,296	70%	25,61%
Al-Nahda Company for Financial Investments***	Financial investments	Jordan	3,000,000	40.2%	40.2%

* Joras – Algeria Company is under liquidation.

** This subsidiary was established during 2010, and has no operations during the previous years.

*** Al-Nahda Company is under liquidation.

Control is achieved when the Group is exposed, or has rights, to variable returns 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 current 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 its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the 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 voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2-27 Financial instruments categories

	2019	2018
	JD	JD
		(Restated)
Assets as per the consolidated statement of financial position		
Financial assets at amortised cost		
Financial assets at fair value through other comprehensive income	4,719	4,765
Trade and other receivables (excluding prepaid expenses, advances to supplier and sales tax)	29,568,238	34,871,057
Restricted bank balances	1,878,648	1,920,251
Cash on hand and at banks	1,844,388	2,907,252
	33,295,993	39,703,325
Liabilities as per the consolidated statement of financial position		
Financial liabilities at amortised cost		
Bank overdrafts	21,176,536	19,278,649
Borrowings	29,047,783	26,672,676
Lease liability	242,477	-
End of service provisions	823,908	770,057
Trade and other payables (excluding statutory liabilities and advances from customers)	12,175,106	11,507,463
	63,465,810	58,228,845

(3) FINANCIAL RISK MANAGEMENT

3-1 Financial risk factors

The Group is exposed to a variety of financial risks due to its activities, including the risks of fluctuation in the market (which includes currency translation risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group is not exposed to price risk as it has no significant interest bearing assets or liabilities. The Group's overall risk management programme focuses on minimising potential adverse effects on the Group's financial performance.

A. Market risk

Foreign exchange risk

Most of the Group's transactions are in the Jordanian Dinar, US Dollar, Euro and DZD, whereas, US dollar exchange rate is fixed against Jordanian Dinar. Therefore, the risks of currency exchange are not material.

As for Euro and Algerian Dinar, management records the exchange differences directly in the consolidated statement of comprehensive income when it is realized.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank loans. Loans issued at a variable interest rate expose the Group to cash flow interest rate risk, while loans with fixed interest expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a regular basis taking into consideration borrowings rescheduling. The Group calculates the financial impact on profit and loss of a defined interest rate increase/decrease. An analysis is performed for interest bearing liabilities.

Based on the analysis performed, the impact on profit after tax for the year is as follows:

	Increase in interest rate	Effect on profit for the year
	%	JD
2019		
Jordanian Dinar	1	(502,243)
2018		
Jordanian Dinar	1	(459,513)

The effect of decrease in interest rate is equal with a reversed sign.

B. Credit risk

Financial assets that are subject to credit risk are limited to cash at banks, trade and some other receivables. The Group has a policy for limiting the value exposed to credit risk at a single financial institution. Utilized credit limits are monitored on a regular basis.

There is no concentration of credit risk in the Group as at 31 December 2019 and 2018.

The Group deals with banks with good credit ratings and/or reputable in the country its operating in, as follows:

	Credit rating	2019	2018
		JD	JD
Invest Bank	BBB-	121,503	106,027
Arab Bank	BB	665,788	218,617
Arab Jordan Investment Bank	BB-	548,865	167,196
Arab Banking Corporation Bank	BBB-	215,101	550,587
Bank of Jordan	BB-	211,455	86,482
Societe Generale	A+	63,522	42,290
Housing Bank for Trade and Finance	BBB+	66,762	290,105
Bank al Etihad	Unrated	17,347	18,932
Jordan Islamic Bank	BB-	3,245	3,287
Cairo Amman Bank	BBB-	371	-
Other banks	Unrated	-	307,168
		1,913,959	1,790,691

C. Liquidity risk

Liquidity risk management involves maintaining sufficient cash and availability through appropriate facilities. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows:

The Group's current liabilities exceeded its current assets by JD 13,320,556 as at 31 December 2019 (2018: JD 7,846,684).

The table below analyses the financial liabilities of the Group that are not discounted to certain categories as at the consolidated statement of financial position date based on the maturity date of the remaining periods.

	Less than 1 year	one to two years	Over two years
	JD	JD	JD
As at 31 December 2019			
Trade and other payables	12,175,106	-	-
Lease liability	124,773	-	124,773
End of service provision	-	-	865,103
Bank overdrafts	21,176,536	-	-
Loans	19,164,357	3,327,790	7,049,807
As at 31 December 2018			
Trade and other payables (restated)	11,507,463	-	-
End of service provision	-	-	808,560
Bank overdrafts	19,278,649	-	-
Borrowings	18,125,014	2,685,693	6,289,352

3-2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for partners and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, which includes loans and due to banks, less cash in hand and at banks as shown in the consolidated statement of financial position. Total capital is calculated as equity plus net debt as shown in the consolidated statement of financial position.

Gearing ratio was as follows:

	2019	2018
	JD	JD
Total borrowings and bank overdrafts	50,224,319	45,951,325
Cash on hand and at banks	(1,844,388)	(2,907,252)
Net debt	48,379,931	43,044,073
Total shareholders' equity	24,423,083	31,980,274
Total capital	72,803,014	75,024,347
Gearing ratio	66,45%	57,37%

3-3 Fair value estimation

The book values of financial assets and financial liabilities that due within one year approximate their fair value.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

A. Impairement of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the historical experience, existing market conditions as well as forward looking estimates at the date of each reporting period.

B. Income tax

The Group is subject to income tax, and therefore this requires significant judgment by determining a provision for income tax. There are many transactions and calculations related to the normal course of business of the Group, for which the determination of tax is not specified. The Group recognizes liabilities for the expected tax audit based on expectations of whether additional taxes are required. If the final result of the tax differs from the amounts that were recorded, the differences affect the income tax in the period in which the existence of these differences is determined.

C. Provision for slow-moving and obsolete inventory

The Group establishes a provision for slow-moving and obsolete items in accordance with the accounting policy stated in (Note 2-12), The recoverable amount of the items is compared to the carrying amount to determine the needed provision.

D. Provision for employees' end of service compensation

The Group calculates the provision for employees' end of service and death and compensation fund according to its internal policies. These calculations require the use of significant estimates.

The assumptions used in determining the cost for the death and compensation fund obligations include the discount rate, mortality rate, and growth rate salary. Any changes in these assumptions will impact the amount of these obligations. The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' death and compensation fund obligations, please see Note (16).

E. Provision for impairment of intangible assets

The Company establishes a provision for impairment of intangible assets in accordance with the accounting policy stated in (Note 2-10). Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

F. Property, plant and equipment useful life

The Group's management determines the estimated useful lives and residual amounts of property, plant and equipment for the purpose of calculating depreciation as disclosed in (Note 2-5). This estimate is determined taking into consideration the expected use of the assets and actual, technical and trade obsolescence especially machines and equipment. Estimated useful lives, residual amounts depreciation calculation methods are reviewed at the end of each reporting period, showing the impact of any changes to accounted estimates on a prospective basis. At the end of the year, the management assessed that no changes occurred to these estimates.

G. Revenue recognition

Revenue recognition related to free goods or discount against expired goods is postponed, Which varies in accordance with the product's arrangements and purchase groups. Such arrangements with customers are based on providing claims subsequent to initial recognition of the sale transaction.

Deferred revenue amounts are reviewed and amended on a regular basis in accordance with contractual and legal obligations, historical trends, previous experience and projected market conditions. Market conditions are assessed through agents' information, internal analysis of markets and information prepared internally.

(5) PROPERTY, PLANT AND EQUIPMENT

2019	Land JD	Buildings JD	Machines and equipment JD	Spare parts JD	vehicles JD	Computer JD	Furniture And office equipment JD	Total JD
Cost								
1 January 2019 (restated as at Note 34)	3,344,028	26,884,883	37,105,753	461,644	2,316,047	2,291,102	3,065,272	75,468,729
Additions	-	662,243	1,136,639	2,972	4,180	76,570	36,020	1,918,624
Disposals	-	-	-	-	-	(1,078)	-	(1,078)
Transferred from projects under construction (Note 7)	-	844,639	4,699,331	-	-	216	-	5,544,186
Currency translation differences	(5,834)	(82,231)	(32,153)	-	(1,156)	(598)	(3,420)	(125,392)
31 December 2019	3,338,194	28,309,534	42,909,570	464,616	2,319,071	2,366,212	3,097,872	82,805,069
Accumulated depreciation								
1 January 2019 (restated as at Note 34)	-	7,192,803	25,344,761	237,775	1,937,039	2,046,260	2,473,603	39,232,241
Depreciation expense	-	915,954	1,949,668	46,479	113,532	105,263	153,312	3,284,208
Related to disposals	-	-	-	-	-	(818)	-	(818)
Currency translation differences	-	(1,775)	(4,137)	-	(998)	(187)	(2,203)	(9,300)
31 December 2019	-	8,106,982	27,290,292	284,254	2,049,573	2,150,518	2,624,712	42,506,331
Net carrying amount:								
31 December 2019	3,338,194	20,202,552	15,619,278	180,362	269,498	215,694	473,160	40,298,738

Depreciation expense is allocated in the consolidated income statement as follows:

	2019 JD	2018 JD
Cost of sales (Note 23)	2,322,327	2,458,566
Selling and distribution expenses (Note 24)	60,851	78,087
Administrative and general expenses (Note 25)	684,147	396,941
Research and development expenses (Note 26)	216,883	233,581
	3,284,208	3,167,175

Total fully depreciated assets as at 31 December 2019 amounted to JD 21,901,513 (2018: JOD 18,483,506).

The subsidiary, Medi Pharma – Algeria, mortgaged the plant's land for Societe Generale bank against the loan.

2018 (restated)	Land JD	Buildings JD	Machines and equipment JD	Spare parts JD	vehicles JD	Computer JD	Furniture And office equipment JD	Total JD
Cost								
1 January 2018	3,364,400	18,581,763	32,859,818	419,014	2,146,079	2,220,536	2,889,308	62,480,918
Prior years adjustment (Note 34)	-	67,877	149,063	-	-	-	-	216,940
1 January 2018 (restated)	3,364,400	18,649,640	33,008,881	419,014	2,146,079	2,220,536	2,889,308	62,697,858
Additions	-	289,511	1,566,620	42,630	174,006	72,531	187,171	2,332,469
Disposals	-	-	(19,140)	-	-	-	-	(19,140)
Transferred from projects under construction (Note 7)	-	8,094,201	2,621,186	-	-	-	-	10,715,387
Currency translation differences	(20,372)	(148,469)	(71,794)	-	(4,038)	(1,965)	(11,207)	(257,845)
31 December 2018	3,344,028	26,884,883	37,105,753	461,644	2,316,047	2,291,102	3,065,272	75,468,729
Accumulated depreciation								
1 January 2018	-	6,414,722	23,478,860	192,692	1,810,343	1,868,015	2,333,276	36,097,908
Depreciation expense	-	780,017	1,886,340	45,083	129,722	178,700	147,313	3,167,175
Related to disposals	-	-	(13,828)	-	-	-	-	(13,828)
Currency translation differences	-	(1,936)	(6,611)	-	(3,026)	(455)	(6,986)	(19,014)
31 December 2018	-	7,192,803	25,344,761	237,775	1,937,039	2,046,260	2,473,603	39,232,241
Net Book Value								
31 December 2018	3,344,028	19,692,080	11,760,992	223,869	379,008	244,842	591,669	36,236,488

(6) LEASES

The Group recognised the right to use assets of JD 400,787 as at 1 January 2019, which is the present value of the minimum lease payments for the remaining period of the lease without the extension option (which is not mandatory) of 3 years. The amortisation of this right will be by using the straight-line method over the contract period of 3 years.

The Group recognised lease obligation against the right to use assets amounted to JD 353,525 as at 1 January 2019.

The table below shows the movement on the lease as at 31 December 2019:

	Right to use the leased asset
Balance as at 1 January 2019 (as previously stated)	-
Add: right of use of leased asset recognised as at 1 January 2019	400,787
Balance as at 1 January 2019 (restated)	400,787
Less: depreciation expense for the year	(117,303)
Balance as at 31 December 2019	283,484

	Beginning balance	Interest on lease obligations	Lease payments	Ending balance	short-term leases	long-term leases
	JD	JD	JD	JD	JD	JD
Lease obligations						
Land	353,525	13,725	(124,773)	242,477	124,773	117,704

(7) PROJECTS UNDER CONSTRUCTION

This item mainly represents the design and construction cost of a new factory for the Company in Algeria during 2019. The factory was officially opened during October of 2017. Total cost of this project amounted to DZD 12,165,973. The construction of the factory was completed and the last production line was prepared (drops line) and the industrial activity commenced at the end of 2019. The Company also obtained trade production licenses from the Algerian authorities for thirteen products to the date of these consolidated financial statements.

Movement on projects under construction is as follows:

	2019	2018
	JD	JD
Balance as at 1 January	4,350,057	10,455,510
Additions during the year	874,655	3,483,572
Capitalised expenses	327,954	1,259,123
Transfers to property, plant and equipment (Note 5)	(5,544,186)	(10,715,387)
Currency translation differences	(2,936)	(132,761)
Balance as at 31 December	5,544	4,350,057

(8) INTANGIBLE ASSETS

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

	Opening balance for the year	Differences Translation	Ending balance for the year
	JD	JD	JD
2019 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,707,731	(1,139)	1,706,592
	3,938,558	(1,139)	3,937,419
2018 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,710,860	(3,129)	1,707,731
	3,941,687	(3,129)	3,938,558

* Goodwill and trademark resulted from the distribution of the purchase price resulting from acquisition of Nutridar Public Shareholding Company. The management of the Group believes that the life of the trademark is indefinite, goodwill and trademark are tested for impairment on an annual basis and recorded in the consolidated income statement.

** Franchise right resulted from the contract signed with the shareholder in the subsidiary, Medi Pharma – Algeria, which allows him to acquire 15% of the subsidiary's share capital, financed by the holding company, Al Dar Jordan Investment Company Limited (subsidiary).

- On 31 December 2019, the Group tested its goodwill and trademark for impairment. The recoverable amount in the infant food and milk sector was determined by calculating the value in use for the sector, which was calculated based on projected cash flows for the sector based on the estimated budget of 2020 approved by the management. Projected cash flows after 2020 were calculated using growth rate of 2%. As the management sees, the growth rate is appropriate considering the nature of the work and the general growth in the economic activity in the region. A discount rate of 12.43% for deducting projected cash flows, which represents the weighted average of the Group's share capital's cost as amended to take into consideration the private sector related risk.

The impairment test did not result in any impairment losses to the infant food and milk sector.

Calculating the value in use for baby food and milk sector is influenced by the following assumptions:

- Gross profit
- Discount rate
- Growth rate used in calculating the projected cash flows

Concerning calculating the value in use, the management believes that any reasonable change in the assumptions above will not cause the carrying amount of the infant food and milk sector to significantly exceed its recoverable amount.

(9) INVESTMENTS IN ASSOCIATE

This item represents the Group's investments in the share capital of the following company, using the equity method of accounting:

	Country of incorporation	Percentage of ownership	Nature of business	Investments in associates balance 2019	Investments in associates balance 2018
		%		JD	JD
Dar Al Dawa Veterinary Industries (Limited Liability Company)	Jordan	33,64	Industrial	2,242,403	2,300,712

The movement of the investment in the associate is as follows:

	2019	2018
Balance as at 1 January	2,300,712	2,341,438
Group's share of profit of the associate	76,241	60,187
Dividends received from the associate	(134,550)	(100,913)
Balance as at 31 December	2,242,403	2,300,712

The following table summarises the financial statements of the associated invested by the Group:

	Dar Al Dawa Veterinary Industries Company Limited liability 2019	2018
	JD	JD
Current assets	6,097,316	5,927,723
Non-current assets	1,399,076	1,150,214
Current liabilities	(767,842)	(238,722)
Non-current liabilities	(62,666)	-
Net assets	6,665,884	6,839,215
Percentage of ownership	33,64%	33,64%
Carrying amount of investment in associates	2,242,403	2,300,712

The share of profit and loss from investments in associates is as follows:

	Dar Al Dawa Veterinary Industries Company Limited liability 2019	2018
	JD	JD
Net sales	4,006,186	3,518,216
Cost of sales	(2,913,124)	(2,681,421)
Other expenses	(866,424)	(657,880)
Profit before tax	226,638	178,915
Income tax	-	-
Profit for the year	226,638	178,915
Group's share of profit from associate for the year	76,241	60,187

(10) INVENTORIES

	2019	2018
	JD	JD
Finished goods	7,364,201	6,978,150
Work in progress	1,871,906	2,116,962
Raw materials	6,701,474	7,136,416
Goods In transit	2,473	45,460
Laboratory materials	421,705	414,041
Other	35,106	22,835
	16,396,865	16,713,864
Provision for slow moving items*	(1,624,325)	(1,353,931)
	14,772,540	15,359,933

* The movement on the provision for slow-moving inventories is as follows:

	2019	2018
	JD	JD
Balance as at 1 January	1,353,931	1,111,435
Provision for the year	745,319	1,274,579
Damaged goods during the year	(474,925)	(1,032,083)
Balance as at 31 December	1,624,325	1,353,931

(11) TRADE AND OTHER RECEIVABLES

	2019	2018
	JD	JD (restated)
Trade receivable	25,531,107	28,404,199
Cheques under collection	7,430,502	5,910,795
Due from related parties (Note 32)	3,498,736	7,722,255
Prepayments	1,701,744	2,157,985
Sales tax deposits	644,988	722,578
Refundable deposits	303,816	209,760
Advances to suppliers	242,715	768,676
Employees' receivables	223,724	588,051
Credit deposits	9,607	8,859
Other	228,320	732,344
Transfer to assets held for sale (Note 33)	(1,570)	(1,570)
	39,813,689	47,223,932
Less: provision for expected credit losses *	(7,656,004)	(8,167,636)
	32,157,685	39,056,296

* Movement on provision for expected credit losses is as follows:

	2019	2018
	JD	JD
As at 1 January	8,167,636	8,294,427
Provision for the year	297,786	103,138
Currency translation differences	(8,374)	(29,872)
Reversal	(801,044)	(200,057)
At 31 December	7,656,004	8,167,636

The Group grants its customers a grace period between 30 - 180 days. As at 31 December 2019 and 2018, no trade payables exceeded their credit terms.

As at 31 December, the ageing of present trade receivables not impaired was as follows:

	Receivables due and unimpaired				
	1-30 days	31-90 days	91-180 days	181 days and above	Total
	JD	JD	JD	JD	JD
2019	10,405,629	2,564,314	1,767,792	3,137,369	17,875,104
2018	11,609,754	3,577,217	1,612,845	3,436,747	20,236,563

(12) RESTRICTED BANK BALANCES

This item represents the value of cash restricted with Housing bank for trade and finance - Jordan as guarantees against increasing the ceiling of current receivable facilities for Dar Al Dawa - Algeria with Housing bank for trade and finance - Algeria.

(13) CASH ON HAND AND AT BANK

	2019	2018
	JD	JD
Cash on hand	47,258	44,133
Cash at banks	1,913,959	1,790,691
Cheques under collection due within three months	-	1,189,257
Transfer to available for sale assets (Note 33)	(116,829)	(116,829)
	1,844,388	2,907,252

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

	2019	2018
	JD	JD
Cash on hand and at bank	1,844,388	2,907,252
Cash and bank balances - subsidiaries under liquidation (Note 33)	116,829	116,829
Overdrafts (Note 17)	(21,176,536)	(19,278,649)
	(19,215,319)	(16,254,568)

(14) SHAREHOLDERS' EQUITY

Share capital

The authorised capital of the Company is JD 25.000.000 divided into 25.000.000 shares as at 31 December 2019 and 2018.

Statutory reserve

The accumulated amounts in this account of JD 9,260,627 represent 10% of the Group's net income before tax according to the Companies Law. The Group has the option to cease such appropriations when the balance of this reserve reaches 25% of the Company's authorised capital.

Voluntary reserve

The accumulated amounts in this account of JD 9,372,759 not exceeding 20% of the Group's net income before tax. This reserve is available for distribution to the shareholders.

Special reserve

The accumulated amounts in this account of JD 2,902,203 not exceeding 5% of the Group's net income before tax. This reserve is available for distribution to the shareholders. The special reserve is used for such purposes as deemed by the Board of Directors.

Other reserves

The accumulated amounts in this account of JD 4,348,452 not exceeding 5% of the Group's net income before tax. This reserve is available for distribution to the shareholders. The special reserve is used for such purposes as deemed by the Board of Directors.

Foreign currency translation differences

Amounts combined in this account amounting to JD 6,735,589 represent foreign currency differences resulting from the translation of the financial statements of the foreign subsidiaries.

Accumulated losses

the accumulated losses of the Company reached to 82% of its share capital as of 31 December 2019, which is not in line with the provisions of Article (168) of the Companies Law No. (22) of 1997 and its subsequent amendments, which states that 'should the public shareholding company incur significant losses so that it becomes unable to meet its obligations towards its creditors, the Board of Directors shall invite the Company's General Assembly to an extraordinary meeting to resolve either to liquidate the Company or issue new shares or any other decision which would guarantee its ability to fulfill its obligations'. As a result, the Board of Directors intends to call for an extraordinary general assembly meeting to vote on a resolution to rectify the Company's position as per the requirements of the Law.

(15) LOANS

a) *Long-term loans*

	2019	2018
	JD	JD
Long-term loans	9,883,426	8,547,662
Current portion of long-term loans	3,816,788	3,818,532
	13,700,214	12,366,194

Societe Generale Bank Loan

During 2017, the subsidiary, Medi Pharma – Algeria signed a loan agreement with Societe Generale - Algeria with limit of DZD 845,000,000 and the loan ceiling was increased during 2018 by DZD 100,000,000 to become DZD 945,000,000 equivalent to JD 5,628,636 to finance the construction of Medi Pharma factory in Algeria veering an interest rate of 6% with no insurance fees or expenses. The loan is payable over 20 equal consecutive quarterly instalments. The first instalment was due on 31 December 2019. The last instalment is due on 30 September 2023. The Company mortgaged the factory's land for the bank against this loan.

Invest Bank's borrowing

On 28 December 2016, the Company signed a loan agreement with Invest Bank of USD 10,000,000 in order to settle the balances of the short term loans granted by Invest Bank and other banks bearing an interest rate equal to the LIBOR plus 3.5% with a minimum of 5.5% per year. The loan is payable over 20 equal consecutive quarterly instalments, where each instalment amounted to USD 500,000 non-inclusive of interest. The first instalment was due on 31 December 2019. The last instalment is due on 30 September 2022.

Arab Bank loan (1)

On 3 January 2011, the Company signed a loan agreement with Arab Bank with a limit of USD 14,000,000 equivalent to JD 9,926,000 in order to finance the construction of a new factory in Jordan bearing an interest rate equal to the LIBOR plus 2,5% with a minimum of 3,5% per year. The loan is payable over quarterly instalments of USD 700,000. The first instalment was due on 3 January 2013. During 2014, the maturity period of the first instalment was extended to become 3 July 2014, and interest on the daily utilised balance of the loan was calculated and is payable at the end of each month. The loan was repaid during 2019.

Arab Bank loan (2)

On 30 August 2018, the subsidiary, Nutridar signed a loan agreement with Arab Bank of JD 400,000 bearing an interest rate of 8,625%. The loan is repayable over 36 monthly instalment, where the first instalment was due on 28 February 2019. The last instalment is due on 31 January 2022.

Arab Bank loan (3)

On 17 June 2019, Nutridar signed a reducing loan agreement with Arab Bank of JD 421,450 bearing an interest rate of 4.5%. The loan is payable over 34 monthly instalments, where the first instalment was due on 17 December 2019.

Arab Bank loan (4)

During 2019, Dar Al Dawa Jordan signed a loan agreement with Arab Bank with a limit of USD 4,900,000 equivalent to JD 3,474,100 in order to finance the purchase of plant and equipment bearing an annual interest rate of three-month LIBOR plus 3% with a minimum of 4% per year. The loan is payable over quarterly instalments of USD 306,000 where the first instalment is due on 23 February 2020 and the last instalment is due on 23 November 2022.

Bank of Jordan loan

During 2019, Dar Al Dawa Jordan signed a loan agreement with Bank of Jordan with a limit of 3,000,000 in order to finance local bids invoices bearing an annual interest rate of 8,25%. The loan is payable in one payment no longer than 24 April 2021.

Cairo Amman Bank Loan

During 2019, Dar Al Dawa Jordan signed a loan agreement with Cairo Amman Bank with a limit of JD 1,099,652 in order to finance local government bids invoices, guaranteed by the Jordanian Government, bearing an interest rate of 6.5%, where the interest is payable by the Jordanian Government. The loan is payable over semi-annual instalments of JD 137,456. The first instalment was due on 20 January 2020 and the last instalment is due on 20 June 2024.

b) Short-Term revolving loans

During 2019, the Group renewed its revolving loan contracts with local banks in order to finance its external purchases and external LC's. The following table summarizes these loans and their credit limits:

			31 December 2019		31 December 2018
	Rate	Currency	Ceiling	Utilised amount	Utilised amount
			JD	JD	JD
Arab Bank - Nutri Dar	4.25%	US Dollar	886,250	556,565	499,192
Arab Banking Corporation Bank - Dar Al Dawa Jordan	4.325%	US Dollar	2,127,000	4,813,854	1,076,726
Invest Bank - Dar Al Dawa Jordan	6.17%	US Dollar	-	-	1,141,072
Housing Bank - Dar Al Dawa Jordan	4.7%	US Dollar	3,545,000	3,642,324	3,517,568
Arab Bank - Dar Al Dawa Jordan	4.45%	US Dollar	3,545,000	1,692,713	2,533,400
Arab Jordan Investment Bank - Dar Al Dawa Jordan	4.85%	US Dollar	4,254,000	2,551,405	2,376,400
Arab Banking Corporation Bank - Nutri Dar	8.68٪	JD	500,000	-	455,517
Arab Banking Corporation Bank - Nutri Dar	4.25٪	US Dollar	3,013,250	2,090,708	2,706,607
			17,870,500	15,347,569	14,306,482

(16) END OF SERVICE COMPENSATION PROVISION

The end-of-service provision is calculated on the basis of years of service, and the obligation is determined on the basis of the present value of the defined benefit obligation at the end of the financial reporting period. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows and using the interest rate on high-quality government bonds It is denominated in the currency in which the benefits are paid and that have nearer terms to those obligations.

Movement on the end of service provision is as follows:

	2019 JD	2018 JD
Balance as at 1 January	770,057	454,870
Charge on the consolidated statement of comprehensive income (It represents the current service cost and the discount value)	1,150,708	677,229
Paid during the year	(109,097)	(362,042)
Paid during the year against resigned employees	(987,760)	-
Balance as at 31 December	823,908	770,057

In the opinion of the management, the main assumptions used are as follows:

	2019 %
Discounting rate	3%
Salaries' increment rate	3%

(17) BANK OVERDRAFTS

	Interest rate	Currency	31 December 2019 Ceiling	31 December 2019 Utilised amount	31 December 2018 Ceiling	31 December 2018 Utilised amount
			JD	JD	JD	JD
Arab Bank - Dar Al Dawa Jordan	8.875%	JD	2,500,000	3,549,998	4,000,000	4,996,000
Arab Bank - Dar Al Dawa Jordan	4.85%	US Dollar	2,481,500	2,509,609	-	-
Housing Bank Algeria - Dar Al Dawa Algeria	6%	DZD	8,848,884	8,551,799	8,934,343	8,889,913
Arab Bank - Dar al Ghitha'	4.25%	US Dollar	531,750	512,169	531,750	419,487
Societe Generale - Medi Pharma	6.4%	DZD	-	-	595,623	840,115
Housing Bank - Medi Pharma	6%	DZD	884,888	884,888	893,434	934,874
Overdrafts - various banks Dar Al Dawa Jordan	5.1%	US Dollar	4,254,000	5,168,073	3,545,500	3,198,260
			19,501,022	21,176,536	18,500,650	19,278,649

(18) TRADE AND OTHER PAYABLES

	2019	2018
	JD	JD (Restated)
Trade payables	9,488,026	9,042,459
Accrued expenses	1,632,705	528,166
Dividends payable	871,749	1,135,869
Advances from customers	641,250	2,903,209
Board of directors remunerations	38,252	54,922
Social security deposits	29,688	35,364
Others	151,271	752,944
Transfers to assets held for sale (Note 33)	(6,897)	(6,897)
	12,846,044	14,446,036

(19) OTHER PROVISIONS

	Balance at Beginning of the year (restated)	Additions	Paid in	Balance at End of the year
	JD	JD	JD	JD
Provision for compensation and returned goods*	12,821,512	5,240,272	(9,508,978)	8,552,806
Provision for employee incentives	80,357	36,400	(89,924)	26,833
Provision for various obligations	569,053	-	-	569,053
Provision for marketing expenses	1,435,018	1,188,696	(1,463,294)	1,160,420
Employees leaves provision	75,654	26,940	-	102,594
Other Provisions	89,136	-	-	89,136
	15,070,730	6,492,308	(11,062,196)	10,500,842

*This item represents the right to return resulting from the adoption of IFRS 15 (Note 2-18).

(20) INCOME TAX PROVISION

A. Income tax

The movement on the income tax provision during the year was as follows:

	2019	2018
	JD	JD
Balance as at 1 January	169,987	125,994
Prior year Income tax	-	60,000
Income tax paid	(8,722)	(16,007)
Balance as at 31 December	161,265	169,987

Income tax expense in the consolidated income statement represents the following:

	2019	2018
	JD	JD
Prior year income tax expense	-	(60,000)
Deferred tax assets	(32,112)	1,065,113
Deferred tax liabilities	(487,555)	85,904
	(519,667)	1,091,017

The Group did not calculate the income tax provision for the years ended 31 December 2019 and 2018 due to the excess of the Group's deductible expenses over its taxable revenues.

Income tax expense for the year ended 31 December 2019 has been calculated in accordance with the Income Tax Law No. (38) of 2018 and its subsequent amendments.

B. Deferred tax assets

	Consolidated statement of financial position		Consolidated statement of income	
	2019	2018	2019	2018
	JD	JD	JD	JD
Deferred tax assets resulting from accumulated losses of the subsidiary, Nutridar	786,355	789,318	(2,963)	601,545
Deferred tax assets resulting from accumulated losses for the Parent	596,150	596,150	-	457,169
Deferred tax assets resulting from temporary time differences	814,527	833,082	(12,098)	6,399
	2,197,032	2,218,550	(15,061)	1,065,113

C. Deferred tax liabilities

	Consolidated statement of financial position		Consolidated statement of income	
	2019	2018	2019	2018
	JD	JD	JD	JD
Deferred tax liabilities resulting from temporary time differences	512,164	15,955	(504,606)	85,904

Dar Al Dawa Development and Investment Company - Parent

No provision has been booked for the Group's companies income tax for the years ended 31 December 2019 and 2018 due to the excess of deductible expenses over taxable income in accordance with Income Tax Law No. 38 of 2018.

As for the years 2016, 2017 and 2018, the tax return has been submitted and not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

The Income Tax Department reviewed the Company's records for the year 2015, which resulted in claims on the income tax for the year 2015 in the amount of JD 383,118. The Company registered a claim to contest these claims at the Tax Court of First Instance which is still outstanding. Tax basis up to the date of preparing these interim condensed consolidated financial statements.

The Company received a final clearance from the Income and Sales Tax Department until 2014.

The Company is subject to income tax of 11% for 2019 and 14% for 2018. The exemption for export sales of 2019 was cancelled.

Nutridar Public Shareholding Company

No provision has been booked for the Group's companies income tax for the years ended 31 December 2019 and 2018 due to the excess of deductible expenses over taxable income in accordance with Income Tax Law No. 38 of 2018.

Income tax is calculated in accordance with the Income Tax Law No. 38 of 2018 as amended (2018: Law No. 34 of 2014).

As for the years 2017 and 2018, the tax return has been submitted and not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

The Company obtained final income tax clearance from the Income and Sales Tax Department till the year of 2016.

The Company is subject to 16% income tax for 2019 (2018: 15%)

Al Dar Jordan Investment Company

No provision has been booked for the Group's companies income tax for the years ended 31 December 2019 and 2018 due to the increase in deductible expenses for taxable income.

The Company obtained final income tax clearance from the Income and Sales Tax Department till the year of 2018.

Dar Al Dawa Romania

The Company obtained final income tax clearance from the Income and Sales Tax Department till the year of 2015.

As for the years 2016, 2017 and 2018, the tax return has been submitted and not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Dar Al Dawa Algeria

The Company provided a provision for income tax for the year ended 31 December 2019 in accordance with the Algerian Income Tax Law.

As for the years 2015, 2016, 2017 and 2018, the tax return has been submitted and not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

During 2017, Income Tax Department in Algeria reviewed the Company's records for the years from 2011 up to 2014 and issued its report thereon, requiring the Company to pay amounts in excess of the amounts paid for such years, as the Company created a provision of JD 948,092 against such obligations for the period from 2011 up to the date of these consolidated financial statements. An amount of JD 462,957 was paid for the years from 2011 up to 2014. The Company's management and its legal advisor believe that the provision created is sufficient to meet obligations that might arise from such claims.

(21) SEGMENT INFORMATION

The Group is organized for management purposes so that the segments are measured according to the reports used by the Group's chief executive and chief decision maker through geographical distribution of sales and geographical distribution of assets and liabilities.

Sales, sales cost, gross profit and types of goods sold by geographic regions are distributed as follows:

	Levant And Iraq	Gulf And Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2019:					
Net sales	27,087,743	14,915,651	11,938,273	920,063	54,861,730
Cost of sales	(16,625,401)	(10,468,812)	(7,374,056)	(939,827)	(35,408,096)
Gross profit (loss)	10,462,342	4,446,839	4,564,217	(19,764)	19,453,634

	Medicines	Infant food and milk	Total
	JD	JD	JD
Net sales	41,012,884	13,848,846	54,861,730
Cost of sales	(25,626,025)	(9,782,071)	(35,408,096)
Gross profit	15,386,859	4,066,775	19,453,634

	Levant And Iraq	Gulf And Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2018 (restated):					
Net sales	24,677,124	14,555,648	13,178,441	914,619	53,325,832
Cost of sales	(15,511,058)	(9,003,385)	(7,612,201)	(851,557)	(32,978,201)
Gross profit	9,166,066	5,552,263	5,566,240	63,062	20,347,631

	Medicines	Infant food and milk	Total
	JD	JD	JD
Net sales	39,677,047	13,648,785	53,325,832
Cost of sales	(23,411,733)	(9,566,468)	(32,978,201)
Gross profit	16,265,314	4,082,317	20,347,631

The geographical distribution of assets and liabilities is as follow:

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
As at 31 December 2019:					
Total assets	70,194,407	28,973,270	14,053	573,052	99,754,782
Total liabilities	59,382,633	15,661,308	18	3,554	75,047,513
Other information					
Depreciations	2,733,155	551,053	-	-	3,284,208
Finance costs	2,444,421	965,580	155	-	3,410,156
Impairment losses on financial assets	(245,859)	36,073	-	-	(209,786)
Group's share of profits of the associate	76,241	-	-	-	76,241

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
As at 31 December 2018 (restated):					
Total assets	80,072,886	27,748,739	9,687	573,052	108,404,364
Total liabilities	60,121,165	16,432,890	-	3,554	76,557,609
Other information					
Depreciations	2,738,871	428,304	-	-	3,167,175
Finance costs	2,147,854	817,062	149	-	2,965,065
Impairment losses on financial assets	103,138	-	-	-	103,138
Group's share of profits of the associate	60,187	-	-	-	60,187

(22) NET SALES

	2019	2018
	JD	JD (restated)
Gross Sales	66,525,970	65,141,817
Discounts and retirns	(11,664,240)	(11,815,985)
Net sales	54,861,730	53,325,832

(23) COST OF SALES

	2019	2018
	JD	JD (restated)
Raw materials and packaging as at 1 January	7,136,416	6,179,321
Purchases of raw materials and packaging	18,353,433	16,218,059
Raw materials and packaging available for use	25,489,849	22,397,380
Raw materials and packaging as at 31 December (Note 10)	(6,701,474)	(7,136,416)
Raw materials and packaging used in production	18,788,375	15,260,964
Other expenses:		
Salaries, wages and employees' benefits	7,327,258	7,891,082
Depreciation (Note 5)	2,322,327	2,458,566
Electricity, water and fuel	1,577,500	1,500,989
Laboratory materials	297,717	442,994
Transport, shipping and clearance of goods expenses	1,040,279	959,732
Maintenance	608,284	752,489
Traveling and transportation	527,199	587,579
Stationary	179,200	230,182
Staff meals	352,777	410,110
Cleaning expenses	332,317	359,634
Other industrial direct expenses	921,070	531,646
	15,485,928	16,125,003
Total cost of production	34,274,303	31,385,967
Work in process and finished goods as at 1 January	9,095,112	10,548,554
Work in process and finished goods as at 31 December (Note 10)	(9,236,107)	(9,095,112)
	(140,995)	1,453,442
Cost of sales	34,133,308	32,839,409

(24) SELLING AND DISTRIBUTION EXPENSES

	2019	2018
	JD	JD (restated)
Salaries and other benefits	8,320,029	9,340,829
Advertisement	1,396,302	2,223,566
Office expenses	841,587	1,089,932
Governmental fees	680,521	551,066
External market expenses	521,035	596,026
Free samples	430,108	680,932
Traveling and transportation	333,571	654,344
Professional fees	74,369	227,104
Depreciation (Note 5)	60,851	78,087
Others	412,450	513,242
	13,070,823	15,955,128

(25) ADMINISTRATIVE AND GENERAL EXPENSES

	2019	2018
	JD	JD
Salaries and other benefits	3,305,258	3,513,384
Depreciation (Note 5)	684,147	396,941
Depreciations of right of use (Note 6)	117,303	-
Office expense	202,491	405,827
Traveling and transportation	137,953	128,003
Governmental fees	84,586	183,512
Professional fees	134,694	108,482
Others	265,940	868,997
	4,932,372	5,605,146

(26) RESEARCH AND DEVELOPMENT EXPENSES

	2019	2018
	JD	JD (restated)
Salaries and other benefits	485,062	565,190
Depreciation (Note 5)	216,883	233,581
Office expense	141,157	158,599
Traveling and transportation	27,630	28,378
Laboratory materials	167,658	383,947
Research and studies	210	88,940
Others	20,036	51,185
	1,058,636	1,509,820

(27) OTHER EXPENSES, NET

	2019	2018
	JD	JD (restated)
Compensation against expired goods in external markets	2,388,105	96,189
Provision for near expiry and slow-moving goods	745,319	1,274,579
Foreign currency exchange losses	210,834	103,394
Other industrial services	(187,446)	(29,531)
Interest payable	(70,050)	(28,119)
Others, net	(38,246)	(102,414)
	3,048,516	1,314,098

(28) BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018 (restated)
Loss for the year	(7,344,100)	(5,985,212)
Weighted average number of outstanding shares	25,000,000	25,000,000
	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share from loss for the year	(0/294)	(0/239)

(29) COMPENSATING EXPENSE FOR RESIGNED EMPLOYEES

During 2019, several employees were terminated which resulted in disbursing compensation amounts of JD 1,967,077 (2018: JD 228,483) as termination benefits in accordance with the collective work contract signed with the General Trade Union of Workers in Health Services sponsored by the Ministry of Labor.

(30) CONTINGENT LIABILITIES

As of the date of these consolidated financial statements, the Group has the following contingent liabilities within the normal course of business:

	2019 JD	2018 JD
Letters of credit	521,115	354,508
Letters of guarantees	11,641,448	12,206,288
Collection of Bills	1,423,403	1,892,007

Lease liabilities:

When applying IFRS 16, the Group has recognized lease obligations relating to leases previously classified as "operating leases", which are measured at the present value of the remaining lease payments, discounted using the lessee's additional borrowing rate effective 1 January 2019.

The Group recognized lease commitments amounting to JD 353,525 as of January 1, 2019, which is the present value of all minimum lease payments for the maximum remaining period of the contract without the renewal option (which is not mandatory) of 3 years. The interest on the lease obligation is calculated using the 6% interest rate included in the lease as a discount rate, which represents the interest rate applied to the delay in the lease payments.

(31) LAWSUITS AGAINST THE GROUP

There are some cases outstanding against the Group amounting to JD 3,307,834 as at 31 December 2019 (2018: 2,831,827 JD) within the normal activities of the Group. In the estimation of the management and its legal counsel, the Group will not have any material obligations in respect of these issues.

(32) RELATED PARTIES TRANSACTIONS

Parties are considered as related parties when they have control over the other party or influence over its financial and operational decisions.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2019 JD	2018 JD
Sales of agents and customers	1,418,887	5,075,684
Revenue against services - Dar Al Dawa Veterinary Industries Company Limited Liability Company (Associate)	-	9,882
Finance costs (Invest Bank)	(458,778)	(596,132)
Bioequivalence Studies expenses - Arab Pharmaceutical Industries Consulting Limited Liability Company	-	(88,940)
Board of directors remunerations and transportations	48,880	61,200

Balances with related parties included in the consolidated financial statements are as follows:

	2019 JD	2018 JD
Due from related parties:		
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate)	176,350	97,797
Al Mufeed Trading - United Arab Emirates (entity under common control)	3,109,536	7,411,608
Zakaria Hawash (partner at Medi Pharma International)	212,850	212,850
	3,498,736	7,722,255

Bank facilities from related parties – Invest Bank:

	2019 JD	2018 JD
Long-term loan	4,254,000	6,072,000
Bank overdrafts	1,088,155	1,063,500
Revolving loan	-	1,141,072
	5,342,155	8,276,572

The following is a summary of the compensations (salaries, bonuses and other benefits) of key management of the group:

	2019 JD	2018 JD
Salaries, remuneration and benefits of senior executive management	924,194	747,600

(33) DISCONTINUED OPERATIONS

Liquidation of Al Nahda Investment Company and Joras - Algeria

During 2016, the Group's management issued a resolution to liquidate Al Nahda Investment Company and Joras - Algeria (subsidiaries), thus the operational transactions for both companies has been classified as discontinued operations in accordance with IFRS 5.

The operation results of Al Nahda Investment Company and Joras - Algeria (subsidiaries) for the year ended 31 December 2019 and 2018 are as follows:

	Al Nahda Investment Company	Joras Company - Algeria	Total
	JD	JD	JD
2019			
Assets			
Trade and other receivables (Note 11)	-	1,570	1,570
Cash on hand and at banks (Note 13)	95,057	21,772	116,829
	95,057	23,342	118,399
Liabilities			
Trade and other payables (Note 18)	6,158	739	6,897
Net assets	88,899	22,603	111,502

	Al Nahda Investment Company	Joras Company - Algeria	Total
	JD	JD	JD
2018			
Assets			
Trade and other receivables (Note 11)	-	1,570	1,570
Cash on hand and at banks (Note 13)	95,057	21,772	116,829
	95,057	23,342	118,399
Liabilities			
Trade and other payables (Note 18)	6,158	739	6,897
Net assets	88,899	22,603	111,502

(34) CORRECTING ACCOUNTING ERRORS

During 2019, the Group's management performed a comprehensive review of its accounts of the consolidated statement of financial position and consolidated statement of comprehensive income, and based on the results of the study, it was concluded that there were significant accounting errors. Therefore, Management decided to amend the consolidated financial statements in accordance with IFRS8 "accounting policies, changes in accounting estimates and errors" as shown below:

- The Company incurred an amount of JD 1,812,464 as losses resulting from receipt of returned goods from customers against good/ medicines sold to them during the years 2017 and 2016 that have expired in 2019. As per the items of the agreements signed with the customers, the Company is obliged to provide customers with new goods replacing the damaged/ expired goods. Referring to the assessment of the impact of adopting IFRS 15 "contracts with customers" prepared by the management in 2018, it was noted that there is inaccuracy in in the management's estimates at the recognition of the accounting impact against amending accumulated loss balance to calculate the value of this performance obligation as a result of lack of information from the customers/ agents concerning the reserve position in their warehouses at the time. This accounting error reduced the accumulated losses balance and contract liability of JD 1,812,464 as at 31 December 2018.

- The management corrected another error of JD 1,984,858 in the impact of adopting IFRS 15 "contracts with customers" for the year 2018, where the study did not include recognition of contract liability against their revenues of 2018, representing the management's expectations for goods that will expire and are expected to be claimed for compensation in the future by customers or agents as explained in the above item under contract terms. The Company did not reflect the cost of such goods against contract assets as the Group will not benefit from the value of expired goods as they are destroyed.

- An amount of JD 650,779 was amortised from prepayments account against accumulated loss account as these amounts should have been amortised as expense in previous years. This error resulted in increase in other receivables balance and a decrease in accumulated losses balance at the same amount.

- An amount of JD 216,940 was capitalised from the advances to suppliers' balance to property, plant and equipment account where it was concluded that such amounts relate to projects under construction of factory No. 4, and that they were received and accepted in full during 2014. Depreciation amount was calculated for such assets and was recorded as of the capitalisation date. This accounting error resulted in an increase in other receivables balance and property, plant and equipment balance at the same amount net of depreciation impact for each year totalling JD 216,940.

- An amount of JD 130,301 was expensed in the consolidated statement of comprehensive income for the year 2018, which represents fines incurred in 2018 against certain bids. No accrual was created against such amounts then. The result of this error impact was a decrease in accumulated losses for 2018 an decrease in other payables balance booked at the same amount.

The table below summarises the accounting impact on the consolidated statements of financial position and comprehensive income:

Consolidated statement of financial position (Extract):

2018	31 December 2018 (Before restatement) JD	Increase (decrease) JD	31 December 2018 (restated) JD	1 January 2018 (Before restatement) JD	Increase (decrease) JD	1 January 2018 (restated) JD
Property, plant and equipment	36,019,548	216,940	36,236,488	26,383,010	216,940	26,599,950
Trade and other receivables	39,924,015	(867,719)	39,056,296	35,171,064	(832,933)	34,338,131
Total assets	109,055,143	(650,779)	108,404,364	100,414,723	(615,993)	99,798,730
Other Provisions	11,273,408	3,797,322	15,070,730	4,869,002	1,928,713	6,797,715
Deferred tax liabilities	149,474	(133,519)	15,955	162,485	(60,626)	101,859
Trade and other payables	14,315,735	130,301	14,446,036	9,567,652	-	9,567,652
Total liabilities	72,629,986	3,794,104	76,424,090	55,220,388	1,868,087	57,088,475
Accumulated losses	(8,694,669)	(4,444,883)	(13,139,552)	(190,906)	(2,484,080)	(2,674,986)
Net shareholders' equity	36,425,157	(4,444,883)	31,980,274	45,194,335	(2,484,080)	42,710,255

Consolidated statement of comprehensive income (Extract):

2018	2018	Increase (decrease) in loss	2018 (restated)
	JD	JD	JD
Net sales	55,098,252	(1,772,420)	53,325,832
Selling and distribution expenses	(15,879,296)	(130,301)	(16,009,597)
Research and development expenses	(1,475,034)	(34,786)	(1,509,820)
Other expenses, net	(1,217,909)	(96,189)	(1,314,098)
Loss before income tax	(5,100,572)	(2,033,696)	(7,134,268)
Income tax	1,018,124	72,893	1,091,017
Loss for the year	(4,082,448)	(1,960,803)	(6,043,251)
Attributable to:			
Shareholders of the Parent	(4,024,409)	(1,960,803)	(5,985,212)
Non-controlling interests	(58,039)	-	(58,039)

The calculation of the basic and diluted share for the previous year ended 31 December 2018 was amended. The amendment of previous misstatements resulted in decrease in basic shares of JD (0.81) per share.

The amendment also resulted in an amendment in certain notes to the consolidated financial statements; No. 2.24, 3, 5, 11, 17, 18, 21, 23, 25 and 26.

(35) SUBSEQUENT EVENTS:

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity.The Group considers the impact of the outbreak of the virus an event subsequent to the date of the consolidated financial statements without making any adjustments.

Coronavirus was classified as a pandemic by the World Health Organisation (WHO) in March 2020. In response, the Government of the Hashemite Kingdom of Jordan activated the Defence Law which included a two-week full closure of the private and public sector institutions except those that are considered vital. Which was later extended for one month. The Group did not cease its activities after the full closure it is considered part of the vital sectors.

As the situation is fluid and evolving fast, we do not consider it practical to provide a quantitative estimation of the expected impact of this outbreak on the Group's businesses up to the date of the preparation these consolidated financial statements. We will take into consideration the impact of the outbreak on the macroeconomic expectations for the Group's estimates on IFRS9 concerning provisions for expected credit loss during 2020 and assessment of the Group's ability to continue on a going concern.