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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

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(PUBLIC SHAREHOLDING COMPANY)

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAR AL DAWA FOR 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 For Development and Investment Company (a Public Shareholding Company) - (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020 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 2020;
- 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
- notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

OUR AUDIT APPROACH

OVERVIEW

Key Audit Matters	Impairment of non-financial assets
	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.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial assets As at 31 December 2020, The Group had non-financial assets subject to the requirements of the International Accounting Standards (IAS 36) amounted to JD 40,532,119; which include property, plant and equipment of JD 35,143,591 were tested for impairment due to the identification of possible impairment indicators. The impairment testing resulted in no impairment loss to be recognized; as the recoverable amount was higher than the net carrying amount. The assessment of the recoverable amount requires significant judgment, in particular relating to estimated cash flow projections and discount rates. Due to the level of judgment, market environment and significance to the Group's consolidated financial position, this is considered to be a key audit matter. Further details of the impairment testing are illustrated in Note (4) to the consolidated financial statements.	We have tested the controls and review procedures around identification of impairment indicators. As part of our audit procedures we performed the following: • We have evaluated management's methodologies in preparing impairment models and documented basis for key assumptions. • We performed procedures on those Cash Generating Units where management has identified impairment indicators • We assessed the assumptions contained within the calculations including growth assumptions, discount rates and implications of industry changes. In addition, we have analysed earlier estimates against actual business development. • We utilised our internal specialists to assess the reasonableness of the key assumptions adopted by management for the estimation of the recoverable amount based on their experience in equivalent industries. • We have tested the accuracy of the information used in the impairment calculation which was provided by management. We have reviewed the disclosures included in the consolidated financial statements to assess adequacy of disclosures based on IAS 36 "Impairment of non-financial assets" requirements .

Adequacy of provision for impairment of trade receivables As at 31 December 2020, the carrying value of the accounts receivable amounted to JD 24,096,973 and the allowance for impairment of accounts receivables amounted to JD 8,153,573 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.	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.

Other information

Management is responsible for the other information. The other information comprises the Group's Annual Report for the year (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 those charged with governance.

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 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 charged with governance 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.

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 management.

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

- Conclude on the appropriateness of the management 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 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 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"

Certified Public Accountants
pwc
Amman - Jordan

Hazem Sababa
License No. (802)

Amman – Jordan
31 March 2021

DAR AL DAWA FOR DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020	2019
		JD	JD
Assets			
Non-current assets			
Property, plant and equipment	5	35,143,591	40,298,738
Right of use assets	6	165,949	283,484
Projects under construction	7	1,612,933	5,544
Intangible assets	8	3,775,595	3,937,419
Investment in an associate	9	2,253,615	2,242,403
Financial assets at fair value through other comprehensive income		4,288	4,719
Deferred tax assets	20	2,598,393	2,197,032
		45,554,364	48,969,339
Current assets			
Inventories	10	16,040,191	14,772,540
Trade and other receivables	11	27,396,600	32,157,685
Restricted bank balances	12	2,055,769	1,878,648
Cash on hand and at banks	13	10,443,380	1,844,388
		55,935,940	50,653,261
Assets held for sale	33	111,502	111,502
Total assets		101,601,806	99,734,102
Equity and liabilities			
Shareholders' equity	14		
Share capital		25,000,000	25,000,000
Statutory reserve		9,260,627	9,260,627
Voluntary reserve		-	9,372,759
Special reserve		-	2,902,203
Other reserves		-	4,348,452
Foreign currency translation differences reserve		(7,703,031)	(6,735,589)
Fair value reserve		(257,865)	(257,865)
Retained earnings (accumulated losses)		4,817,889	(20,483,652)
		31,117,620	23,406,935
Non-controlling interests		791,690	1,016,148
Net equity		31,909,310	24,423,083
Liabilities			
Non-current liabilities			
Loans	15	8,615,015	9,883,426
End of service provision	16	770,509	823,908
Deferred tax liabilities	20	1,175,826	512,164
Lease liability	6	-	117,704
		10,561,350	11,337,202
Current liabilities			
Bank overdrafts	17	20,683,528	21,176,536
Loans	15	20,622,638	19,164,357
Lease liability	6	124,773	124,773
Trade and other payables	18	11,001,843	12,846,044
Other Provisions	19	6,382,823	10,500,842
Provision for income tax	20	315,541	161,265
		59,131,146	63,973,817
Total liabilities		69,692,496	75,311,019
Total equity and liabilities		101,601,806	99,734,102

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		JD	JD
Revenue from contracts with customers	22	53,152,073	54,861,730
Cost of sales	23	(31,542,277)	(34,133,308)
Gross profit		21,609,796	20,728,422
Selling and distribution expenses	24	(11,779,507)	(13,070,823)
General and administrative expenses	25	(3,946,678)	(4,932,372)
Research and development expenses	26	(850,066)	(1,058,636)
Compensation expense for resigned employees	29	-	(1,967,077)
Impairment losses on financial assets	11	(582,311)	(297,786)
Gain on sale of Property, plant and equipment	34	8,340,381	-
Other expenses, net	27	(767,159)	(3,048,516)
Profit (loss) from operations		12,024,456	(3,646,788)
Group's share of profit from an assocciate	9	44,850	76,241
Finance costs		(3,110,322)	(3,410,156)
Profit (loss) before income tax		8,958,984	(6,980,703)
Income tax expense	20	(424,269)	(519,667)
Profit (loss) for the year		8,534,715	(7,500,370)
Profit (loss) for the year attributable to:			
Shareholders		8,678,127	(7,344,100)
Non-controlling interests		(143,412)	(156,270)
		8,534,715	(7,500,370)
Earnings (losses) per share:		Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	28	0/347	(0/294)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

	2020	2019
	JD	JD
Profit (Loss) for the year	8,534,715	(7,500,370)
Add: other comprehensive income items		
Items that will not be reclassified to profit or loss:		
Foreign currency translation differences	(1,048,488)	(56,821)
Total comprehensive income (loss) for the year	7,486,227	(7,557,191)
Attributable to:		
Shareholders	7,710,685	(7,394,064)
Non-controlling interests	(224,458)	(163,127)
	7,486,227	(7,557,191)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

DAR AL DAWA FOR DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign currency translations differences reserve	Fair value reserve	Retained earnings (accumulated losses)	Total	Non-controlling interest	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020											
Balance at 31 December 2020	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
Amortisation of accumulated losses (Note 14)	-	-	(9,372,759)	(2,902,203)	(4,348,452)	-	-	16,623,414	-	-	-
Profit for the year	-	-	-	-	-	-	-	8,678,127	8,678,127	(143,412)	8,534,715
Foreign currency translation differences	-	-	-	-	-	(967,442)	-	-	(967,442)	(81,046)	(1,048,488)
Balance at 31 December	25,000,000	9,260,627	-	-	-	(7,703,031)	(257,865)	4,817,889	31,117,620	791,690	31,909,310
2019											
Balance at 31 December 2019 (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 years adjustments	-	-	-	-	-	-	-	(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

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

DAR AL DAWA FOR DEVELOPMENT AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		JD	JD
Operating activities			
Profit (loss) for the year before income tax		8,958,984	(7,134,268)
Adjustments:			
Depreciation	5	3,485,606	3,167,175
Depreciation on the right of use assets	6	117,535	-
(Gain) loss on sale of property, plant and equipment		(8,340,381)	547
Net foreign currency exchange differences		281,503	58,394
Impairment losses on financial assets	11	582,311	103,138
Group's share of profit from associate	9	(44,850)	(60,187)
End of service benefits	16	416,502	677,229
Provision for slow-moving and near expiry inventory	10	301,657	1,274,579
Finance cost		3,110,322	2,965,065
Working capital changes			
Inventories		(1,569,308)	(507,490)
Trade and other receivables		4,178,774	(3,284,518)
Trade and other payables		(1,844,201)	4,878,384
Other Provisions	19	(4,118,019)	2,120,648
Net cash flows generated from operating activities before income tax and end of service paid		5,516,435	4,258,696
Income tax paid	20	(7,693)	(16,007)
End of service paid	16	(469,901)	(362,042)
Net cash flows generated from operating activities		5,038,841	3,880,647
Investing activities			
Purchase of property, plant and equipment	5	(453,417)	(2,332,469)
Projects under construction	7	(1,632,584)	(4,742,695)
Dividends received from associates	9	33,638	100,913
Restricted bank balances		(177,121)	(752,335)
Proceeds from sale of property, plant and equipment		9,320,799	4,765
Net cash flows generated (used in) investing activities		7,091,315	(7,721,821)
Financing activities			
Settled loans		(3,283,723)	(1,596,610)
Granted loans		3,473,593	1,737,842
Lease liability payment		(124,773)	-
Interest payable on lease liability		7,069	-
Change in non-controlling interests due to increase in share capital for subsidiary		-	106,350
Interests paid		(3,110,322)	(2,965,065)
Net cash flows used in financing activities		(3,038,156)	(2,717,483)
Net change in cash and cash equivalents		9,092,000	(6,558,657)
Cash and cash equivalents at 1 January		(19,215,319)	(12,656,662)
Cash and cash equivalents at 31 December	13	(10,123,319)	(19,215,319)
<u>**Non-cash transactions:**</u>			
Transfers from projects under construction to property, plant and equipment		-	(5,544,186)
Amortisation of accumulated losses against reserves		16,623,414	-
Transfers from other receivables to the right of use assets		-	(47,262)

The attached notes from 1 to 36 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 - Jordan as of 31 December 2020.

Trading of the Company’s listed shares in Amman stock exchange has been suspended according to prime minister’s decision regarding the approval on placement of the Board of Commissioners of the Securities Commission to suspend trading on Amman Stock Exchange on Tuesday (17 March 2020) in order to protect Jordanian traders and companies from the significant negative impacts Witnessed by the global financial markets, due to the repercussions of the emerging Corona virus. Trading and resumption of work has been resumed on the Amman Stock Exchange as of 10 May 2020 and with the recommendation of the Securities Commission in conjunction with the opening of all economic and productive sectors in Jordan.

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 directors at their meeting held on 25 March 2021 these consolidated financial statements require the approval of the General Assembly.

(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 except for the financial assets at fair value through other comprehensive income which stated at fair value.

The consolidated financial statements have been prepared under the 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 Group's current liabilities exceeded its current assets by JD 3,195,206 as at 31 December 2020 (2019: JD 13,320,556). 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 2020 comparise the financial statements of Dar Al-Dawa for Development and Investment Company (the Company) and its controlled subsidiaries (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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of The Group and to 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 their accounting policies into 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 Group are eliminated in full on consolidation.

When The Group has less than a majority of the voting rights or the similar in the investee, The Group takes all relevant facts and circumstances into account to determine whether it has control over the investee, including:

- Contractual arrangements with the other holders of voting rights in the investee.
- Rights arising from other contractual arrangements.
- Current and potential voting rights of the Group.

The Group reassesses whether it controls the investee if circumstances or facts indicate a change in one or more of the three control elements.

Profits and losses and each item of other comprehensive income are charged to the rights of the equity holders of the parent company and the non-controlling interests even if this results in a deficit in the balance of the non-controlling interests. If necessary, the financial statements of subsidiaries are adjusted to conform their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, and transaction gains and losses are eliminated between The Group and its subsidiaries.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If The Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss.

Shareholders with significant impact on the Group:

The Company’s authorized capital 35,000,000 JOD divided into 35,000,000 shares at par value of JD 1 per share.

The Company’s subscribed and paid capital 25,000,000 JOD divided into 25,000,000 shares at par value of JD 1 per share.

The below table shows the shareholders that have significant influence on the Group:

	Number of shares	percentage of ownership
		%
Social Security Corporation	4,829,721	19

2.3 Changes in accounting policies and disclosures

(a) New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2020:

- **Amendments to IFRS (3) -** This amendment revises the business definition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IAS 1 and IAS 8 -** These amendments to IAS 1, “Presentation of financial statements”, and IAS 8, “Accounting policies and changes in accounting estimates and errors”, and consequential amendments to other IFRSs:

  i. use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii. clarify the explanation of the definition of material; and
  iii. incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendment to IFRS (9), IAS (39) and IFRS (7), 'Interest rate benchmark reform'**-the amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

  The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the consolidated statement of income. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **Amendments to Conceptual framework** – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the consolidated financial statements.

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New standards, amendments and interpretations:	Effective for annual periods beginning on or after
• **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022
• **Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16** The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
• **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28** These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its consolidated financial statements.	to be determined by the IASB

There are no other standards that are not yet effective and that would be expected to have a material impact on The Group in the current or future reporting periods and on foreseeable future transactions.

2-4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which The Group operates (‘the functional currency’). The consolidated financial statements are presented in Jordanian Dinars, which is the Group’s presentation currency. the below table shows the functional currency for each of the subsidiaries:

Name of the company	Functional currency
Dar Al Dawa - Algeria	Algerian Dinar
Dar Al Dawa - Tunisia	Tunisian Dinar
Dar Al Dawa Pharma- Romania	Romanian leu
Al Dar Jordan Investment Company	Jordanian Dinar
Medi Pharma – Algeria	Algerian Dinar
Nutri Dar – Jordan and its subsidiary:	Jordanian Dinar
- Nutri Dar –Russia	Russian ruble
Al-Nahda Company for Financial Investments	Jordanian Dinar

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated statement on income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated statement of income on a net basis within other gains/(losses).

2-5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	2-4
Machines and equipment	10
Spare parts	10
Vehicles	15
Computers	20-25
Furniture & office equipment	10-15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income and other comprehensive income in the year the asset is derecognized.

The residual value of an asset is the estimated amount that The Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Items in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

2-6 Leases

Leases are recognized as assets of the right to use and corresponding liabilities on the date that the leased assets are available for use in the Group. Each lease payment is distributed between the obligation and the financing cost. The cost of financing is charged to consolidated statement of income over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Amortisation is calculated on the assets of the right to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

Dar Al Dawa – Algeria leases land. And the lease contract extends for a limited period (5 years).

2-7 Projects under construction

Items in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

2-8 Intangible assets

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

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

Internally generated intangibles from the operations of The Group are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in whichthe expenditure is incurred.

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

2-9 Investment in an associate

An associate is an entity over which The Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method, and the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or since the acquisition date.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associate, The Group recognises its share of any changes, when applicable, in the consolidated statement of changes in shareholders' equity. Unrealised gains and losses resulting from transactions between The Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, The Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, The Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit (loss) of an associate in the consolidated statement of income.

Upon loss of significant influence over the associate, The Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

2-10 Impairment of non-financial assets

Non-financial assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets (excluding the goodwill) are reviewed for possible reversal of the impairment at each reporting period.

2-11 Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of income.

2-12 Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined using first in first out method. The cost of finished goods and work in process includes raw materials plus direct salaries and wages, direct production costs and their share of indirect industrial costs, and excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost.

Strategic spare parts are recorded within property, plant and equipment and are depreciated proportionately to the depreciation of the relevant machines.

2-13 Trade receivables

Trade receivables are amounts due from patients for medical services rendered in the Group's ordinary course of business.

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debts. The Group assesses on a forward looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for the doubtful debts in the consolidated statement of income. When a subsequent event causes the amount of allowance for doubtful debts to decrease, the decrease in the allowance for doubtful debts is reversed through the consolidated statement of income as per the staging criteria logic defined in the Group's policy.

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

2-14 Impairment of financial assets

The Group applies IFRS 9 for measuring expected credit losses (“ECL”) model on all financial assets measured at amortized cost.

The Group has two types of financial assets that are subject to IFRS 9’s new expected credit loss model:

1- Trade receivables
2- Other debit balances

While cash and cash equivalents are also subject to IFRS 9’s requirements for impairment. However, the impairment of these financial assets is not material to the consolidated financial statements.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on trade receivables data for the 12 months preceding the date of each financial report. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect customers ’ability to settle outstanding balances

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 60 days past due.

2-15 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Overdrafts are presented separately within the current liabilities in the consolidated statement of financial position.

2-16 Borrowings and bank overdrafts

Borrowings and due to banks are recognized initially at fair value, net of transaction costs incurred. Borrowings and due to banks are subsequently carried at amortized cost. Any difference between the received amounts (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings and due to banks are classified as current liabilities unless The Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

Borrowings cost

General and specific borrowing costs that are directly attributable to the production of qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2-17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired by The Group in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2-18 Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which The Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Transfer of control either as:

- at a point in time or,
- over a time basis equivalent to the stage of completion of the service.

Revenue is recognised net of discounts, returns and value added taxes, export duties and other similar mandatory payments.

The Group recognizes revenue from the following main sources:

(A) Sale of medicines directly to customers

Sales are recognized when the control on the products are transferred, that means, the products are delivered to the customer, the customer is free to choose the selling price of the products, and there is no unfulfilled commitment that affects the customer's acceptance of the products. Delivery does not take place until after the goods are shipped to the specified location and the risk of obsolescence and losses is transferred to the customer, either the customer accepts the products in accordance with the sales contract with the expiry of the acceptance provisions or The Group has objective evidence that all the acceptance criteria have been met.

Revenue from the sales with discounts is recognised based on the price specified in the contract based on the agreements signed with some customers, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with determined credit terms, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, The Group does not adjust any of the transaction prices for the time value of money.

For certain contracts involving rebates, The Group calculates an allowance for such sales on the basis of the expected quantity rebates as stated in the contract and these are recorded as a deduction from sales revenue with the corresponding liability recorded in "other payables" as mentioned below. In return, The Group deducts these amounts from the customer's due balance when all the conditions stipulated in the contract are met. As for the quantity rebates, these are deducted from the inventory balance and the related cost are added to the cost of sales when all the conditions in the contract are met.

Right to return

Certain contracts stipulate granting the customer the right to return the goods within a certain period of time. The Group uses the expected value method to estimate the value of the goods that will not be returned as this method expects the variable amount due to the Group. The requirements of IFRS 15 relevant to not recognising variable amounts that might be entered into the sale price. Goods that may be returned are recognised as a deferred income instead of revenue.

Deferred income

Return liabilities are the obligation to return some or all of the amount received (or will be deferred income) by the customer and are measured by the value of the amount that might be returned by The Group to the customer. The Group updates its estimates for the deferred income (and change in the relevant sale price) at the end of each reporting period. Please refer to the variable amount policy above.

2-19 Income tax

The tax expense for the period comprises amounts due for income tax.

Income tax payable is calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements as disclosed profits may include revenue that is not subject to tax, expenses that are not recognizable in the financial year but in the subsequent year or accumulated losses that are tax acceptable or items that are not taxable or recognizable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2-20 Provisions

Provisions are recognised when The Group has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and,
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

2-21 Employees' benefits

Short-term obligations

Liabilities resulting from salaries and wages, including non-cash benefits that are expected to be fully settled within the 12 months from the end of the period during which the employees provide the relevant services, as liabilities within other payable balances.

Defined contribution plans

For defined contribution plans, The Group pays contributions to pension insurance plans administered by a government entity (the Social Security Corporation) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as social security expense when they are due.

Defined benefit plans

Defined benefit plan is a plan for employees and is not considered a defined contribution plans.

The Group pays amounts to employees at the end of their services, and such payments are normally based on one or more factors such as age, years of service and compensation in accordance with the Group's internal laws and regulations.

The Group provides end of service benefits for some of its employees working in the Kingdom of Saudi Arabia in conformity with the requirements of the law in the Kingdom.

The obligation recognised in the consolidated statement of financial position concerning the benefits above represents the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by the management on an annual basis using the projected credit unit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial profit and loss resulting from settlements due to experience and changes in actuarial assumptions (remeasurement) are charged to equity within other comprehensive income items during the period in which they occur.

Previous service costs are immediately charged to the consolidated statement of income.

2-22 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

2-23 Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

2-24 Earnings per share

Basic earnings per share is calculated by dividing:

- The consolidated net profit after tax attributable to ordinary shareholders of the Group.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (where applicable).

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the effects of the potential dilutive ordinary shares.

2-25 Fair value estimation

Fair values of financial instruments measured at amortised cost are disclosed in Note 3.3.

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 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, maximising the use of relevant observable inputs and minimising 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 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by The Group is the current bid price. These instruments are included in level 1.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2
- Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, The Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-26 Investments and other financial assets

The application of IFRS 9 required the management to apply the following accounting policies:

2.26.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value; and
- Those to be measured at amortised cost including financial assets at amortised costs, accounts receivable and bank balances).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

2-26-2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which The Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The Group has transferred substantially all the risks and rewards of ownership.

2-26-3 Measurement

At initial recognition, The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

- Equity instruments:

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

No impairment testing is required for those investments in equity instruments.

2-27 Financial instruments categories

	2020	2019
	JD	JD
Assets as per the consolidated statement of financial position		
Financial assets at amortised cost		
Financial assets at fair value through other comprehensive income	4,288	4,719
Trade and other receivables (excluding prepaid expenses, advances to supplier and sales tax)	24,436,290	29,568,238
Restricted bank balances	2,055,769	1,878,648
Cash on hand and at banks	10,443,380	1,844,388
	36,939,727	33,295,993
Liabilities as per the consolidated statement of financial position		
Financial liabilities at amortised cost		
Bank overdrafts	20,683,528	21,176,536
Borrowings	20,622,638	29,047,783
Lease liability	124,773	242,477
End of service provisions	770,509	823,908
Trade and other payables (excluding statutory liabilities and advances from customers)	10,508,726	12,175,106
	52,710,174	63,465,810

(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 foreign exchange 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.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	Increase in exchange rate	Balance	Effect on profit for the year
	%	JD	JD
2020			
Assets			
Algerian Dinar	5	3,189,405	159,470
Euro	5	-	-
		3,189,405	159,470
Liabilities			
Algerian Dinar	5	(969,666)	(48,483)
Euro	5	(3,998,847)	(199,942)
		(4,968,513)	(248,425)
		(1,779,108)	(88,955)
2019			
Assets			
Algerian Dinar	5	3,642,711	182,136
Euro	5	-	-
		3,642,711	182,136
Liabilities			
Algerian Dinar	5	(967,612)	(48,381)
Euro	5	(4,858,534)	(242,927)
		(5,826,146)	(291,308)
		(2,183,435)	(109,172)

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
2020		
Jordanian Dinar	1	(499,212)
2019		
Jordanian Dinar	1	(502,243)

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

B. Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The Group is exposed to credit risk on the following financial instruments:

Category	Class	Amount	Impairment model
Financial assets at amortised cost	- Trade receivables	24,096,973	Simplified
	- Cash and cash equivalents	10,443,380	General approach

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.

Trade receivables:

Management receives regular reporting from the credit department who manage the performance of the trade receivables.

- The Group structures the levels of credit risk it undertakes by placing limits on the amount of credit risk accepted in relation to a customer. Limits on the level of credit risk are approved regularly by management. Such limits are monitored on a revolving basis and are subject to an annual, or more frequent, review.
- On granting of credit, an assessment is performed of the credit worthiness of the debtor and the ability to pay.
- For each sale on credit, guarantees and collateral is held against such receivables in the form of Letter of credit or credit insurance that covers the whole receivable balance.
- After granting the credit, the credit department, on a monthly basis, reviews the aging analysis and follows up on all outstanding payments.
- Management of the credit department determine the appropriate receivables that should be handed over for collection, the amount of provision that should be recorded in these receivables and amounts that should be written off.
- Credit risk grading system: For measuring credit risk and grading financial instruments by the amount of credit risk, The Group applies an Internal Risk Based rating system. Internal credit ratings are mapped on an internally defined master scale with a specified range of historical loss rate as disclosed in the table below:

Master scale credit risk grade	Corresponding internal ratings	Rating Equivalent (S&P)
Excellent	1	AAA to BB+
Good	2	BB to B+
Default	3	Other than the above

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk and no history of default;
- Good – adequate credit quality with a moderate credit risk;
- Default – balances in which a default has occurred.

Other financial instruments:

The treasury department has the following policies and procedures:

- All banks accounts, derivatives and deposits are held with reputable financial institutions with an appropriate credit rating acceptable to the group. The Group is not exposed to the credit risk concentration with regards to cash balances with banks

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

	Credit rating	2020	2019
		JD	JD
Invest Bank	BBB-	270,543	121,503
Arab Bank	BB	9,525,302	665,788
Arab Jordan Investment Bank	BB-	-	548,865
Arab Banking Corporation Bank	BBB-	185,588	215,101
Bank of Jordan	BB-	8,879	211,455
Societe Generale	A+	23,994	63,522
Housing Bank for Trade and Finance	BBB+	29,818	66,762
Bank al Etihad	Unrated	119,700	17,347
Jordan Islamic Bank	BB-	3,302	3,245
Cairo Amman Bank	BBB-	318	371
Other banks	Unrated	350,256	-
		10,517,700	1,913,959

Credit risk concentration

The Group sells its products to major customers, and no customer represents more than 20% of the total sales as of 31 December 2020 and 2019.Therefore, there is no credit risk concentration with regards to the trade receivables.

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 3,195,206 as at 31 December 2020 (2019: JD 13,320,556). This may be an indicator of issues in liquidity for The Group to continue its operations. The Group has developed a plan to address these issues by reducing expenditures, selling a lot of land for 9.3M JD and increasing the capital by 10M JD which traded during 2021 notes (34 and 36).

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 2020			
Trade and other payables	11,001,843	-	-
Lease liability	124,773	-	-
End of service provision	-	-	809,034
Due to banks	20,683,528	-	-
Loans	20,622,638	4,647,994	4,397,772
As at 31 December 2019			
Trade and other payables	12,175,106	-	-
Lease liability	124,773	-	124,773
End of service provision	-	-	865,103
Due to banks	21,176,536	-	-
Loans	19,164,357	3,327,790	7,049,807

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:

	2020	2019
	JD	JD
Total borrowings and bank overdrafts	49,921,181	50,224,319
Cash on hand and at banks	(10,443,380)	(1,844,388)
Net debt	39,477,801	48,379,931
Total shareholders' equity	31,117,620	24,423,083
Total capital	70,595,421	72,803,014
Gearing ratio	55,92%	66,45%

3-3 Fair value of financial instruments

A- Financial instruments

The Group holds the following financial instruments:

Financial assets	Financial assets at FVOCI	Financial assets at amortised cost	Total
	JD	JD	JD
At 31 December 2020			
Financial assets at fair value through other comprehensive income	4,288	-	4,288
Trade and other receivables (excluding prepaid expenses, advances to suppliers and sales tax)	-	24,436,290	24,436,290
Restricted cash	-	2,055,769	2,055,769
Cash on hand and bank balances	-	10,443,380	10,443,380
	4,288	36,935,439	36,939,727
At 31 December 2019			
Financial assets at fair value through other comprehensive income	4,719	-	4,719
Trade and other receivables (excluding prepaid expenses, advances to suppliers and sales tax)	-	29,568,238	29,568,238
Restricted cash	-	1,878,648	1,878,648
Cash on hand and bank balances	-	1,844,388	1,844,388
	4,719	33,291,274	33,295,993

Financial liabilities	Financial liabilities at amortised cost
	JD
At 31 December 2020	
Loans and bank overdraft	49,921,181
lease liability	124,773
Trade and other payables(excluding statutory liabilities and provisions)	10,508,726
	60,554,680
At 31 December 2019	
Loans and bank overdraft	50,224,319
lease liability	242,477
Trade and other payables(excluding statutory liabilities and provisions)	12,175,106
	62,641,902

The fair value of financial liabilities is not materially different from their carrying amounts, since the interest payable on those liabilities is either close to current market rates or the liabilities are of a short-term nature.

B- Fair value hierarchy

The Group's financial instrument measured at fair value are classified into one of the three levels mentioned in note 2.25.
The fair value hierarchy of financial assets measured at fair value were as follows:

	Total	Level 1	Level 2	Level 3
2020	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	4,288	4,288	-	-
2019				
Financial assets at fair value through other comprehensive income	4,719	4,719	-	-

(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 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. Impairment of property, plant and equipment

Whenever indicators of impairment are present, The Group tests whether its property, plant and equipment (PP&E) has suffered impairment at each reporting period. The recoverable amount of PP&E is determined based on the "Value in Use" (VIU) calculations, which require the use of assumptions.

Some of these indicators that management takes into considerations are change in the prices, existing of new technology that would make the production more efficient, significant decrease in produced quantities or demand, instability of the political situation of the country and others.

The calculations use cash flow projections based on financial budgets approved by the respective entity's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports in which each entity of the Group's operates. Management has determined the values assigned to each of the key assumptions as follows:

Assumption	Approach used to determine values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	This is based on the historical experience of management, and the planned refurbishment expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rates	Reflect specific risks relating to the relevant industry and the country in which The Group operates.

The table below sets out the key assumptions used to assess VIU for PP&E at year-end:

Cash-Generating Unit	Sales annual growth rate	Long-term growth rate	Discount rate
Nutridar	4%	4%	13.3%
Dar Al Dawa for Development and Investment	8%	2%	9.15%
MPI	17%	2%	9.16%

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

	Lands	Buildings	Machine and equipment	Spare parts	vehicles	Computers	Furniture And office equipment	Total
2019	JD	JD	JD	JD	JD	JD	JD	JD
Cost								
1 January 2020	3,338,194	28,309,534	42,909,570	464,616	2,319,071	2,366,212	3,097,872	82,805,069
Additions	-	25,223	329,417	43,036	-	43,413	12,328	453,417
Disposals	(980,418)	-	-	-	-	-	-	(980,418)
Currency translation differences	(55,165)	(869,311)	(313,687)	-	(10,932)	(5,976)	(32,538)	(1,287,609)
31 December 2020	2,302,611	27,465,446	42,925,300	507,652	2,308,139	2,403,649	3,077,662	80,990,459
Accumulated depreciation								
1 January 2020	-	8,106,982	27,290,292	284,254	2,049,573	2,150,518	2,624,712	42,506,331
Depreciation expense	-	944,256	2,197,549	49,863	95,330	83,027	115,581	3,485,606
Currency translation differences	-	(37,265)	(70,208)	-	(10,776)	(2,374)	(24,446)	(145,069)
31 December 2020	-	9,013,973	29,417,633	334,117	2,134,127	2,231,171	2,715,847	45,846,868
Net carrying amount:								
31 December 2020	2,302,611	18,451,473	13,507,667	173,535	174,012	172,478	361,815	35,143,591

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

	2020	2019
	JD	JD
Cost of sales (Note 23)	3,045,593	2,322,327
Selling and distribution expenses (Note 24)	51,216	60,851
Administrative and general expenses (Note 25)	151,615	684,147
Research and development expenses (Note 26)	237,182	216,883
	3,485,606	3,284,208

Total fully depreciated assets as at 31 December 2020 amounted to JD 22,751,386 (2019: JD 21,901,513).

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

	Land	Buildings	Machines and equipment	Spare parts	Vehicles	Computer	Furniture And office equipment	Total
2019	JD	JD	JD	JD	JD	JD	JD	JD
Cost								
1 January 2019 (restated)	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	-	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

(6) LEASES

The Group recognized the right of use assets against lease liabilities through long-term lease agreement in accordance with land lease contract by Dar Al Dawa Algeria for a period of 5 years. The annual rental installments are 124,773 JD and are payable every year.

The Group recognized the right of use asset and the lease liability, and these presents the present value of all minimum lease payments for the remaining years which represents the maximum contract term excluding the extension option (which is not mandatory). Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right to use of asset. The rental liability interest is calculated using the 6% interest rate implicit in the lease as the discount rate which represents the interest rate applied to late lease payments.

Leases are recognized as assets of the right to use and corresponding liabilities on the date that the leased assets are available for use in the Group. Each lease payment is distributed between the obligation and the financing cost. The cost of financing is charged to the consolidated statement of income over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Amortisation is calculated on the assets of the right to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by The Group under residual value guarantees
- the exercise price of a purchase option if The Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If The Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. While The Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option

The table below shows the amounts recorded in the consolidated balance sheet:

	2020	2019
	JD	JD
Right of use assets		
Right of use assets as of 31 December	165,949	283,484

	2020	2019
	JD	JD
Lease liability		
Current	124,773	124,773
Non current	-	117,704
	124,773	242,477

The table below shows the amounts recorded in the consolidated statement of income:

	2020	2019
	JD	JD
Lease liability		
Amortisation of right of use of assets	117,535	117,535
Interest expense (included in finance costs)	7,069	13,725
	124,604	131,260

(7) PROJECTS UNDER CONSTRUCTION

1. The cost of designing and constructing the solar energy system. The cost of this project is 371,040 JD and this project is expected to be completed in the first quarter of 2021.
2. The cost of designing and constructing the air condition system. The cost of this project is 146,870 JD and this project is expected to be completed in the second quarter of 2021.
3. The cost of the project to establish SvalSporin production lines in the Algerian plant. The total cost of this project is 883,840 JD and this project is expected to be completed in the second quarter of 2021.
4. The cost of machinery under testing and preperation before being ready to be used. The cost of this project is 462,590 JD and this project is expected to be completed in the first quarter of 2021.

Movement on projects under construction is as follows:

	2020	2019
	JD	JD
Balance as at 1 January	5,544	4,350,057
Additions during the year	1,632,584	874,655
Capitalised expenses	-	327,954
Transfers to property, plant and equipment (Note 5)	-	(5,544,186)
Currency translation differences	(25,195)	(2,936)
Balance as at 31 December	1,612,933	5,544

(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
2020 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,706,592	(161,824)	1,544,768
	3,937,419	(161,824)	3,775,595
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

* 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 statement of income.

** 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 2021 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 AN 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 2020	Investments in associates balance 2019
		%		JD	JD
Dar Al Dawa Veterinary Industries (Limited Liability Company)	Jordan	33,64	Industrial	2,253,615	2,242,403

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

	2020	2019
	JD	JD
Balance as at 1 January	2,242,403	2,300,712
Group's share of profit from the associate	44,850	76,241
Dividends received from the associate	(33,638)	(134,550)
Balance as at 31 December	2,253,615	2,242,403

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

	Dar Al Dawa Veterinary Industries Company Limited liability	
	2020	2019
	JD	JD
Current assets	5,639,684	6,097,316
Non-current assets	1,424,026	1,399,076
Current liabilities	(364,498)	(767,842)
Non-current liabilities	-	(62,666)
Net assets	6,699,212	6,665,884
Percentage of ownership	33,64%	33,64%
Carrying amount of investment in associate	2,253,615	2,242,403

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

	Dar Al Dawa Veterinary Industries Company Limited liability	
	2020	2019
	JD	JD
Net sales	4,074,400	4,006,186
Cost of sales	(3,122,226)	(2,913,124)
Other expenses	(786,502)	(866,424)
Profit before tax	165,672	226,638
Income tax	(32,350)	-
Profit for the year	133,322	226,638
Group's share of profit from associate for the year	44,850	76,241

(10) INVENTORIES

	2020	2019
	JD	JD
Finished goods	7,120,030	7,364,201
Work in progress	2,000,762	1,871,906
Raw materials	8,348,867	6,701,474
Goods In transit	913	2,473
Laboratory materials	424,793	421,705
Other	40,808	35,106
	17,936,173	16,396,865
Provision for slow moving items*	(1,895,982)	(1,624,325)
	16,040,191	14,772,540

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

	2020	2019
	JD	JD
Balance as at 1 January	1,624,325	1,353,931
Provision for the year	301,657	745,319
Damaged goods during the year	(30,000)	(474,925)
Balance as at 31 December	1,895,982	1,624,325

(11) TRADE AND OTHER RECEIVABLES

	2020	2019
	JD	JD
Trade receivable	24,096,973	25,531,107
Cheques under collection	7,024,143	7,430,502
Due from related parties (Note 32)	862,499	3,498,736
Prepayments	1,971,857	1,701,744
Sales tax deposits	595,106	644,988
Refundable deposits	431,600	303,816
Advances to suppliers	393,347	242,715
Employees' receivables	-	223,724
Deposits aginst letter of credit	5,216	9,607
Others	171,002	228,320
Transfer to assets held for sale (Note 33)	(1,570)	(1,570)
	35,550,173	39,813,689
Less: provision for credit losses *	(8,153,573)	(7,656,004)
	27,396,600	32,157,685

* Movement on provision for credit losses is as follows:

	2020	2019
	JD	JD
As at 1 January	7,656,004	8,167,636
Provision for the year	582,311	297,786
Currency translation differences	(82,375)	(8,374)
Reversals	(2,367)	(801,044)
At 31 December	8,153,573	7,656,004

The Group grants its customers a grace period between 30 - 180 days.
As at 31 December, the ageing of present trade receivables not impaired was as follows:

	Receivables due and not impaired				
	1-30 days	31-90 days	91-180 days	181 days and above	Total
	JD	JD	JD	JD	JD
2020	8,935,036	1,635,664	1,937,074	3,435,626	15,943,400
2019	10,405,629	2,564,314	1,767,792	3,137,369	17,875,104

(12) RESTRICTED BANK BALANCES

This item represents the value of cash restricted 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

	2020	2019
	JD	JD
Cash on hand	42,509	47,258
Cash at banks	10,517,700	1,913,959
Transfer to available for sale assets (Note 33)	(116,829)	(116,829)
	10,443,380	1,844,388

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

	2020	2019
	JD	JD
Cash on hand and at bank	10,443,380	1,844,388
Cash and bank balances - subsidiaries under liquidation (Note 33)	116,829	116,829
Bank overdrafts (Note 17)	(20,683,528)	(21,176,536)
	(10,123,319)	(19,215,319)

(14) SHAREHOLDERS' EQUITY

Share capital

The authorized capital of the company is JD 35,000,000 divided into 35,000,000 shares and subscribed and paid up JD 25,000,000 divided into 25,000,000 shares as of 31 December 2020.

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

Statutory reserve

The accumulated amounts in this account 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 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 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 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 7,703,414 JD represent foreign currency differences resulting from the translation of the financial statements of the foreign subsidiaries.

Accumulated losses

On 20 May 2020, based on the decision of the Board of Directors, The Group decided to amortise an amount of 16,623,414 JD from the balance of the accumulated losses as of 31 December 2019 through the Company's reserve balances.

(15) LOANS

a) Long-term loans

	2020	2019
	JD	JD
Long-term loans	8,615,015	9,883,426
Current portion of long-term loans	5,060,673	3,816,788
	13,675,688	13,700,214

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 5,092,519 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 4.5% with a minimum of 6% 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 17 September 2023.

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates.

LIBOR reforms and expectation of cessation of LIBOR will impact the Group's current risk management strategy and possibly accounting for certain financial instruments.

The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

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 4 November 2023.

In July 2017, the United Kingdom Financial Conduct Authority (‘FCA’), which regulates the London Interbank Offered Rate (‘LIBOR’), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates.

LIBOR reforms and expectation of cessation of LIBOR will impact the Group’s current risk management strategy and possibly accounting for certain financial instruments.

The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

Arab Bank loan (5)

During 2019, Dar Al Dawa Jordan signed a loan agreement with Arab Bank with a limit of USD 1,500,000 in order to finance the salaries, social security, sales tax and other operating expenses with an annual interest rate 3.5%. The loan is payable over monthly instalments of USD 625,000 where the first instalment is due on 30 May 2021 and the last instalment is due on 31 March 2023.

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 2020, 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 2020		31 December 2019
	Rate	Currency	Ceiling	Utilised amount	Utilised amount
			JD	JD	JD
Arab Bank - Nutri Dar	4,25%	US Dollar	886,250	325,684	556,565
Arab Banking Corporation Bank - Dar Al Dawa Jordan	3,75%	US Dollar	5,127,000	4,863,741	4,813,854
Housing Bank - Dar Al Dawa Jordan	4%	US Dollar	3,545,000	3,544,996	3,642,324
Arab Bank - Dar Al Dawa Jordan	3%	US Dollar	3,545,000	1,883,116	1,692,713
Arab Jordan Investment Bank - Dar Al Dawa Jordan	3%	US Dollar	4,254,000	2,733,091	2,551,405
Arab Banking Corporation Bank - Nutri Dar	4.5%	US Dollar	3,013,250	2,211,337	2,090,708
			20,370,500	15,561,965	15,347,569

(16) END OF SERVICE 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:

	2020 JD	2019 JD
Balance as at 1 January	823,908	770,057
Current and past service cost and discount amount	416,502	1,150,708
Paid during the year	(469,901)	(109,097)
Paid during the year against resigned employees	-	(987,760)
Balance as at 31 December	770,509	823,908

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

	2020 %
Discount rate	3%
Salaries increments rate	5%
Staff turnover	8%

At the end of the year, if the assumptions differ by 1% from management estimates, and all other variables are held constant, the provision balance for the year will be affected as follows:

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
2020		
Discount rate	560,145	678,802
Salary growth rate	680,384	557,709

(17) BANK OVERDRAFTS

			31 December 2020		31 December 2019	
	Interest rate	Currency	Ceiling	Utilised amount	Ceiling	Utilised amount
	%		JD	JD	JD	JD
Arab Bank - Dar Al Dawa Jordan	7.75%	JD	2,500,000	4,102,436	2,500,000	3,549,998
Arab Bank - Dar Al Dawa Jordan	3.5%	US Dollar	2,481,500	3,922,737	2,481,500	2,509,609
Housing Bank Algeria - Dar Al Dawa Algeria	6%	DZD	8,844,901	7,704,805	8,848,884	8,551,799
Arab Bank - Dar al Ghitha'	4.25%	US Dollar	531,750	474,371	531,750	512,169
Housing Bank - Medi Pharma	6%	DZD	804,082	216,466	884,888	884,888
Overdrafts - various banks Dar Al Dawa Jordan	4.2%	US Dollar	4,254,000	4,262,713	4,254,000	5,168,073
			19,416,233	20,683,528	19,501,022	21,176,536

(18) TRADE AND OTHER PAYABLES

	2020	2019
	JD	JD
Trade payables	9,026,272	9,488,026
Accrued expenses	600,643	1,632,705
Dividends payable	845,628	871,749
Advances from customers	465,477	641,250
Board of directors remunerations	29,432	38,252
Social security deposits	27,640	29,688
Others	13,648	151,271
Transfers to assets held for sale (Note 33)	(6,897)	(6,897)
	11,001,843	12,846,044

(19) OTHER PROVISIONS

	Balance at Beginning of the year	Additions	Paid in	Balance at End of the year
	JD	JD	JD	JD
Provision for compensation and returned goods*	8,552,806	9,526,709	(13,720,811)	4,358,704
Provision for employee incentives	26,833	900,839	(548,122)	379,550
Provision for various obligations	569,053	110,000	-	679,053
Provision for marketing expenses	1,160,420	6,078,489	(6,492,063)	746,846
Employees leaves provision	102,594	500,155	(473,215)	129,534
Other Provisions	89,136	-	-	89,136
	10,500,842	17,116,192	(21,234,211)	6,382,823

* 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:

	2020	2019
	JD	JD
Balance as at 1 January	161,265	169,987
Prior year Income tax	161,969	-
Income tax paid	(7,693)	(8,722)
Balance as at 31 December	315,541	161,265

Income tax expense in the consolidated statement of incomerepresents the following:

	2020	2019
	JD	JD
Prior year income tax expense	(161,969)	-
Deferred tax assets	401,362	(32,112)
Deferred tax liabilities	(663,662)	(487,555)
	(424,269)	(519,667)

The Group did not calculate the income tax provision for the years ended 31 December 2020 and 2019 due to the excess of the Group’s deductible expenses over its taxable revenues.

Income tax expense for the year ended 31 December 2020 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	
	2020	2019	2020	2019
	JD	JD	JD	JD
Deferred tax assets resulting from accumulated losses of the subsidiary, Nutridar	796,970	786,355	10,615	(2,963)
Deferred tax assets resulting from accumulated losses for the Parent	422,104	596,150	(174,046)	-
Deferred tax assets resulting from temporary time differences	1,379,319	814,527	564,793	(12,098)
	2,598,393	2,197,032	401,362	(15,061)

C. Deferred tax liabilities

	Consolidated statement of financial position		Consolidated statement of income	
	2020	2020	2020	2019
	JD	JD	JD	JD
Deferred tax liabilities resulting from temporary time differences	1,175,826	512,164	(663,662)	(504,606)

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 2020 and 2019 due to the excess of deductible expenses over taxable income in accordance with Income Tax Law No. 38 of 2018.

As for the years 2019, 2018 and 2017, 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 2016.

The Company is subject to income tax of 14% for 2020 and 12% for 2019. The exemption for export sales of 2019 was cancelled.

Nutridar Public Shareholding Company

Income tax is calculated in accordance with the Income Tax Law No. 38 of 2018 and its subsequent amendments

As for the years 2017, 2018 and 2019 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.

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, 2018 and 2019, 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 in accordance with the Algerian Income Tax Law.

As for the years 2015, 2016, 2017, 2018 and 2019, 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 2020					
Net sales	26,530,595	18,304,410	8,102,531	214,537	53,152,073
Cost of sales	(14,667,090)	(10,519,823)	(6,223,795)	(131,569)	(31,542,277)
Gross profit	11,863,505	7,784,587	1,878,736	82,968	21,609,796

	Medicines	Infant food and milk	Total
	JD	JD	JD
Net sales	40,770,970	12,381,103	53,152,073
Cost of sales	(22,683,406)	(8,858,871)	(31,542,277)
Gross profit	18,087,564	3,522,232	21,609,796

	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	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

The geographical distribution of assets and liabilities is as follow:

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
As at 31 December 2020					
Total assets	73,566,657	27,438,441	23,657	573,051	101,601,806
Total liabilities	54,096,156	15,592,660	127	3,553	69,692,496
Other information					
Depreciations	2,914,758	570,848	-	-	3,485,606
Finance costs	2,127,011	983,311	-	-	3,110,322
Impairment losses on financial assets	614,596	(32,285)	-	-	582,311
Group's share of profits of the associate	44,850	-	-	-	44,850

	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

(22) REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020	2019
	JD	JD
Gross Sales	60,330,358	66,525,970
Discounts and retirns	(7,178,285)	(11,664,240)
Net sales	53,152,073	54,861,730

(23) COST OF SALES

	2020	2019
	JD	JD
Raw materials and packaging as at 1 January	6,701,474	7,136,416
Purchases of raw materials and packaging	18,600,458	18,353,433
Raw materials and packaging available for use	25,301,932	25,489,849
Raw materials and packaging as at 31 December (Note 10)	(8,348,867)	(6,701,474)
Raw materials and packaging used in production	16,953,065	18,788,375
Other expenses:		
Salaries, wages and employees' benefits	6,221,060	7,327,258
Depreciation (Note 5)	3,045,593	2,322,327
Electricity, water and fuel	1,070,674	1,577,500
Laboratory materials	196,512	297,717
Transport, shipping and clearance of goods expenses	1,184,621	1,040,279
Maintenance	608,201	608,284
Traveling and transportation	405,927	527,199
Stationary	48,361	179,200
Staff meals	159,314	352,777
Cleaning expenses	286,229	332,317
Other industrial direct expenses	1,478,035	921,070
	14,704,527	15,485,928
Total cost of production	31,657,592	34,274,303
Work in process and finished goods as at 1 January	9,236,107	9,095,112
Work in process and finished goods as at 31 December (Note 10)	(9,120,792)	(9,236,107)
	115,315	(140,995)
Cost of sales	31,542,277	34,133,308

(24) SELLING AND DISTRIBUTION EXPENSES

	2020	2019
	JD	JD
Salaries and other benefits	8,393,878	8,320,029
Advertisement	1,256,369	1,396,302
Office expenses	510,842	841,587
Governmental fees	258,062	680,521
External market expenses	1,214	521,035
Free samples	515,059	430,108
Traveling and transportation	271,860	333,571
Professional fees	106,105	74,369
Depreciation (Note 5)	51,216	60,851
Others	414,902	412,450
	11,779,507	13,070,823

(25) GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	JD	JD
Salaries and other benefits	2,962,091	3,305,258
Depreciation (Note 5)	151,615	684,147
Depreciations of right of use (Note 6)	117,535	117,303
Office expense	301,068	202,491
Traveling and transportation	72,658	137,953
Governmental fees	124,577	84,586
Professional fees	127,736	134,694
Others	89,398	265,940
	3,946,678	4,932,372

(26) RESEARCH AND DEVELOPMENT EXPENSES

	2020	2019
	JD	JD
Salaries and other benefits	378,454	485,062
Depreciation (Note 5)	237,182	216,883
Office expense	46,184	141,157
Traveling and transportation	19,882	27,630
Laboratory materials	145,566	167,658
Research and studies	16,027	210
Others	6,771	20,036
	850,066	1,058,636

(27) OTHER EXPENSES, NET

	2020	2019
	JD	JD
Compensation against expired goods in external markets	893,512	2,388,105
Provision for near expiry and slow-moving goods	301,657	745,319
Foreign currency exchange losses	137,338	210,834
Other industrial services	(262,766)	(187,446)
Interest payable	(44,461)	(70,050)
Others, net	(258,121)	(38,246)
	767,159	3,048,516

(28) BASIC AND DILUTED EARNINGS PER SHARE

	2020	2019
	JD	JD
Profit (loss) for the year	8,678,127	(7,344,100)
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	0/347	(0/294)

(29) COMPENSATION EXPENSE FOR RESIGNED EMPLOYEES

During 2019, several employees were terminated which resulted in disbursing compensation amounts of JD 1,967,077 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:

	2020	2019
	JD	JD
Letters of credit	256,582	521,115
Letters of guarantees	11,959,621	11,641,448
Bills of Collection	2,186,445	1,423,403

(31) LAWSUITS AGAINST THE GROUP

There are some cases outstanding against The Group amounting to JD 2,930,920 as at 31 December 2020 (2019: 3,307,834 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:

	2020	2019
	JD	JD
Sales of agents and customers	2,408,511	1,418,887
Sale of Property, Plant and Equipment – Social Security Corporation	9,320,799	-
Revenue against services - Dar Al Dawa Veterinary Industries Company Limited Liability Company (Associate)	10,149	-
Finance costs (Invest Bank)	(322,452)	(458,778)
Board of directors remunerations and transportations	40,080	48,880

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

	2020	2019
	JD	JD
Due from related parties:		
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate)	143,665	176,350
Al Mufeed Trading - United Arab Emirates (entity under common control)	505,984	3,109,536
Zakaria Hawash (partner at Medi Pharma International)	212,850	212,850
	862,499	3,498,736

Bank facilities from related parties – Invest Bank:

	2020	2019
	JD	JD
Long-term loan	3,948,164	4,254,000
Bank overdrafts	1,055,752	1,088,155
	5,003,916	5,342,155

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

	2020	2019
	JD	JD
Salaries, remuneration and benefits of senior executive management	1,102,341	924,194

(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 2020 and 2019 are as follows:

	Al Nahda Investment Company	Joras Company - Algeria	Total
	JD	JD	JD
2020			
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
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

(34) GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

During 2020, the Company sold a lot of land that resulted in a capital gain of 8,340,381 JD. This contributed to the amortisation of accumulated losses and improving the financial position and liquidity indicators.

(35) COVID-19 IMPACT ON THE GROUP'S OPERATIONS

The existence of novel coronavirus (COVID-19) was confirmed in early 2020, Which was classified as a pandemic by the World Health Organization (WHO) in March 2020. Causing disruptions to businesses and economic activity. And this has led to uncertainty of the negative effects on the macro economy that lead to Disturbances in business and economic activity. Financial and monetary authorities, both domestic and international, have announced various financial and incentive measures around the world to counter potential negative impacts. In general, COVID-19 did not have a material impact on the global level on the pharmaceutical sector due to its vitality.

Business continuity plans

The Group closely monitors the situation and takes the correct procedures to ensure the safety and security of the group's employees and customer service without interruption. Work arrangements were selected in line with government instructions. Business continuity plans were also selected and put into practice. The Group's management collects and analyzes the best possible information to assess these potential risks in order to establish appropriate response and to reduce as much as possible these risks and ensure the group's ability to continue. Some of these procedures includes permanent reserve stock of raw materials sufficient for the production process for coming months and management of the Group's liquidity. It is worth noting that the health sector was excluded from any closures announced by the government and the continuation of its operational activities and the sale naturally, as this sector is important and vital.

Liquidity management

Current liabilities of the company exceeded its current assets by 3,195,206 JD as of 31 December 2020 (2019: JD 13,320,556). This may be an indicator of issues in liquidity for The Group to continue its operations. The Group has developed a plan to address these issues by reducing expenditures, selling a lot of land for 9.3M JD and increasing the capital by 10M JD which traded during 2021 notes (34 and 36).

The Group's management has put in place a set of necessary measures to ensure the availability of cash for running the business without cease in operations and interruptions.

Some of these measures required The Group to reschedule some of its bank facilities based on the Central Bank of Jordan Circulars as one of the government procedures to control the current situation.

Management also is aiming at balancing suppliers' payments against cash receipts and utilizing the current facilities' ceilings.

Effect on the impairment of financial assets

The Group showed the potential impact of the COVID-19 outbreak on inputs and assumptions for measuring expected credit losses according to available information. Overall, COVID-19's position remains variable and rapidly evolving at this point, making it difficult to influence this in the Group's estimate of reliable credit losses. The Group has considered the potential effects of the current economic fluctuations when determining the present amounts for the Group's financial and non-financial assets, and it represents management's best assessment of the observable information. However, the markets remain volatile and the amounts are still sensitive to market volatility. The company recorded an amount of 500 thousands as an increase in the provision for expected credit losses against receivables during the year 2020.

(36) SUBSEQUENT EVENTS

Based on the Board of Commissioners of the Securities Commission decision No. (234/2020) issued on 9 December 2020 regarding the approval of the offer of shares to increase the company's capital by 10,000,000 shares through the public offer to the shareholders of the company at an issueance price of 1 JD. Subscription with a number of shares of 7,192,553 shares has been done, so that the subscribed and paid-up capital is 32,192,553 shares, and the authorized capital is 35,000,000 shares, and the number of un-subscribed shares is 2,807,447 shares.