Jordan Poultry Processing & Marketing Co. Ltd

الشركة الاردنية لتجهيز وتسويق الدواجن ومنتجاتها م.ع.م

Dat : 26/3/2018
NO:T.D 2/4/1/ 382

التاريخ:26/3/2018
الرقم :ت.د 2/4/1/ 382

TO:Jordan Securities Commission

السادة: هيئة الاوراق المالية

Subject: Audited Financial Statements for the fiscal year ended 31/12/2017

الموضوع: البيانات المالية السنوية المدققة للسنه المنتهيه في 31/12/2017

Attached The Audited Financial Statements Of JordanPoultry Processing & Marketing Co. Ltd For The Fiscal Year Ended 31/12/2017 .

مرفق بطيه نسخة من البيانات الماليه المدققه للشركة الاردنيه لتجهيز وتسويق الدواجن م.ع.م عن السنه المالية المنتهيه في 31/12/2017 .

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام ؛؛؛؛

Jordan Poultry Processing and Marketing Co. Ltd

الشركة الاردنيه لتجهيز وتسويق الدواجن م.ع.م

General Manager's
Sa`eed Abu- saymeh

المدير العام
سعيد ابوصايمة

الشركة الاردنية لتجهيز وتسويق الدواجن ومنتجاتها م.ع.م

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٧ آذار ٢٠١٨
الرقم المتسلسل
الجهة المختصة

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT YEAR ENDED DECEMBER 31, 2017

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2017

Ghosheh & CO. (Certified Public Accountants)
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Poultry Processing and Marketing Company P.L.C

Report on auditing the Financial Statements

We have audited the accompanying financial statements of Poultry Processing and Marketing Company P.L.C, which comprise of the statement of financial position as of December 31, 2017, and the related statements of comprehensive income, statement of owners' equity and statement of cash flows, for the year then ended,notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position Poultry Processing and Marketing Company P.L.C as of December 31,2017, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

Basis for Opinion
We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

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

Key audit matters
Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The Key Audit matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Inventory
According to International Financial Reporting Standards, the Company must ascertain that the value of inventory is reported based on the lower of cost or net realizable value and determining the impairment of inventory (if any) and ascertaining that there is no slow moving inventory which influence the net realizable value.

Property and equipment
In accordance with IFRS, the Company has to review the useful life and method of depreciation and perform a test of impairment for the value of the property and equipment in the financial position and when any events or changes in circumstances indicate that this value is not recoverable impairment losses are recognized as a result of the impairment policy. The management estimates impairment of property and equipment by using assumptions and estimates (if any), and due to its significance, it is considered an important audit risk.

Accounts receivable
According to International Financial Reporting Standards, the Company should review the process of calculation of impairment of accounts receivable through assumptions and estimations, the company assesses the impairment of accounts receivable and cosidering its importance it's considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized

Followed procedures within key audit matters.

Inventory
The auditing procedures included the procedures of inspecting and ascertaining the existence of inventory that has been recorded in the company's books in the warehouses, and ascertaining that the existing inventory in the warehouses which belongs to the company has been recorded up until the date of preparation of the financial statements, and that the company ascerts that the recorded inventory is recorded based on the lower of cost or net relizable value considering that the cost of finished goods and good in process are determined based on the Weighted- average, which include the cost of materials, labors, and a percentage of indirect industrial expenses, in which the raw materialsand spare parts are reported based on cost which is also deremined based on the Weighted- average.

Property & equipment
The audit procedures included examining the control procedures used in the verification of existence and completeness, reviewing the purchase of assets and selling them during the year and ensuring the calculation of depreciation expense, matching the inventory in terms of presence and ensuring that the property and equipment are productive and there is no decrease in the value they appear in. Management, taking into account the available external information about the risk of impairment of property and equipment, and we have also focused on the adequacy of the Company's disclosures about property and equipment.

Accounts receivable
The auditing procedures included control procedures used by the company for collecting accounts receivables, ascertaining a sample of clients accounts through direct confirmations, it has been ascertend that the account receivable impairment provision is sufficient through evaluating the management assumptions, taking in consideration the avaliable external information about account receivable risks, also we evaluated the sufficiency of the company disclosure about the important estimation inconcluding the impairment provision of accounts receivable.

Other information
The management is responsible for other information.
Which includes other information reported in the annual report, but not included in the consolidated financial statements and our audit report on it.
Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidate financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.
Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

Certified public accountant responsibility
Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, and to issue and 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and or considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with audit the audit committee, 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.

Legal requirements report
The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co

Sinan Ghosheh
License No.(580)

Ghosheh & Co. (CPA's)
A member of Nexia International

Amman -Jordan
March 17, 2018

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMAPNY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipments	4	**57,186,989**	52,486,799
Total non-current assets		**57,186,989**	52,486,799
Current assets			
Prepaid expenses and other receivables	5	**364,624**	415,555
Spare parts	6	**983,937**	889,921
Inventory	7	**3,118,817**	4,088,956
Account Receivables	8	**9,056,785**	9,956,920
Cheques under collection		**2,134,715**	507,553
Cash and cash equivalents		**149,270**	57,520
Total current assets		**15,808,148**	15,916,425
TOTAL ASSETS		72,995,137	68,403,224
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share Capital	1	**23,558,305**	23,558,305
Statutary reserve	9	**302,052**	280,850
Accumulated losses	1	**(902,478)**	(1,093,288)
Total owners' equity		**22,957,879**	22,745,867
Non- current liabilities			
Due to related parties	10	**32,028,021**	26,219,651
Long term loans	11	**6,810,136**	5,339,482
Total non – current liabilities		**38,838,157**	31,559,133
Current liabilities			
Accrud expenses and other payables	12	**338,319**	1,079,654
Deferred cheques		**1,082,529**	716,798
Account payables	13	**3,867,514**	5,442,436
Current portion of long term loans	11	**2,363,003**	3,729,722
Due to Banks	14	**3,547,736**	3,129,614
Total current liabilities		**11,199,101**	14,098,224
TOTAL LIABILITIES AND OWNERS' EQUITY		72,995,137	68,403,224

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
Poultry sales		**36,074,457**	34,849,863
Poultry salls cost	16	**(37,318,926)**	(35,487,288)
Total loss of poultry		**(1,244,469)**	(637,425)
Protein section gross profit	17	**330,759**	500,177
Poultry farms gross profit	18	**4,317,804**	1,087,465
Gross profit		**3,404,094**	950,217
Selling and Marketing expenses	19	**(2,221,894)**	(1,941,862)
General and administrtive expenses	20	**(838,071)**	(690,201)
Financial Charges	21	**(149,378)**	(216,207)
Other revenues and expenses	22	**17,261**	23,654
PROFIT/ (LOSS) FOR THE YEAR		**212,012**	(1,874,399)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**212,012**	(1,874,399)
Earning/(Loss) per share:			
Earning/(Loss) per share- JD/ share		**0,01**	(0,08)
Outstanding weighted avevage share		**23,558,305**	22,763,780

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF OWNERS' EQUITY
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share Capital	Statutory Reserve	Accumulated Losses	Total
Balance at January 1, 2016		14,024,000	280,850	781,111	15,085,961
Decrease in capital	1	9,534,305	-	-	9,534,305
Comprehansive income for the year		-	-	(1,874,399)	(1,874,399)
Balance at December 31, 2016		**23,558,305**	**280,850**	**(1,093,288)**	**22,745,867**
Comprehansive income for the year		-	-	**212,012**	**212,012**
Transfer to statutory reserve		-	**21,202**	**(21,202)**	-
Balance at December 31, 2017		**23,558,305**	**302,052**	**(902,478)**	**22,957,879**

The accompanying notes are an integral part of these financial statements

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	2017	2016
OPERATING ACTIVITIES		
Income /(Loss) for the year	**212,012**	(1,874,399)
Adjustments on the income/ (loss) for the year:		
Depreciation	**1,437,574**	1,318,178
Gains on Sale of property and equipment	**(17,113)**	(17,709)
Impairment of receivables provision	**12,000**	12,000
Financial Charges	**149,378**	216,207
Changes in operating assets and liabilities:		
Spar parts	**(94,016)**	(102,859)
Accounts receivable	**888,135**	(3,837,002)
Inventory	**970,139**	2,307,524
Prepaid expenses and other receivables	**50,931**	(70,251)
Cheques under collection	**(1,627,162)**	1,678,851
Account payables	**(1,569,832)**	1,515,788
Deferred Cheques	**365,731**	(724,211)
Due to related partied	**5,803,280**	(5,140,197)
Accrued expenses and other payables	**(741,335)**	41,974
Cash avaliable from/ (used in) from operating activities	**5,839,722**	(4,676,106)
Financial charges paid	**(149,378)**	(216,207)
Net cash avaliable from/ (used in) from operating activities	**5,690,344**	(4,892,313)
INVESTING ACTIVITIES		
Purchase in property and equipments	**(6,148,952)**	(7,018,793)
Proceeds from sale of property and equipments	**28,301**	27,549
Net cash used in investing activities	**(6,120,651)**	(6,991,244)
FINANCING ACTIVITIES		
Paid in capital	-	9,534,305
Banks overdraft	**418,122**	(157,179)
Loans	**103,935**	2,494,573
Net cash available from financing activities	**522,057**	11,871,699
Net change in cash and cash equivalents	**91,750**	(11,858)
Cash and cash equivalents, Januaray 1	**57,520**	69,378
Cash and cash equivalents, December 31	**149,270**	57,520

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION AND ACTIVITIES

Jordan Poultry Proceeding and Marketing Company is a Public Shareholding company ("the company") is regestried under registration no. (201) on June 28, 1987. The company's capital is JD 23,000,000 divided into 23,000,000 shares of JD 1 each.

The General Assembly in its unordinary meeting on August 13, 2015 decided to decrease the Capital from JD 23,000,000 shares to JD 14,024,000 by amortizing the issuance discount by 8,976,000, and increase the capital by 9,976,000 shares \ by under-writing the share of shareholders, so the decleared capital amounts 24,000,000 shares of JD 1 each, and covering JD 9,534,305 from shares decleared and paid capital amounts JD 23,558,305 shares \ up until the preparation of the financial statement.

The principal activity of the entity is owning, establishing and operating of butcheeries for poultry processing and marketing and renting warehouses in order to keep poultries and eggs and establishng and managing plants in order to trade poultries locally and regionally and renting ordinary transportations for the entity's purposes, amd other industried realted to poultry processing and marketing.

The Company's headquarter is in Azzarqa in Dhleel City.

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

New Standards	Effective Date
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1, 2018
(IFRS) No.16 – Leases	January 1,2019

Board of Directors anticipates that the adoption of these IFRSs in future periods is not likely to have a material impact on the consolidated financial statements of the company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation
The financial statements are presented in Jordanian Dinar (JD) as this is the currency in which the majority of the Company's transactions are denominated.

The financial statements have been prepared on historical cost principle, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

Sales
Sales are recognized upon delivery of goods to customers and issuing invoice.
Sales revenues are stated net of trade or quantity discounts.

Expenses
Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products, all other expenses are classified as general and administrative expenses.
General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Cash and cash equivalents
Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Provision for Impairment of accounts receivable
The management estimated possibility of collection from the receivables and the impairment for doubtful debts provision had been estimated according to the previous experience and the prevailing economic environment.

Inventory

Inventories are stated at cost, is caculated by weighted average cost basis.

The Decline in value of the financial assets

In date of each statement of financial position, values of the financial assets have been reviewed , to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value , were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing)also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in statement of comprehensive income.

As for the ownership equity tools which are available for sale , decline losses are not closed in the recognized value in the consolidated statement of comprehansive income. However any increase in the fair value become after decline loss has recognized directly in statement of owner's equity.

Derecognition

The Company derecognizes the financial assets only if the the contractual rights relating to the receipt of cash flows from the financial assets had ended or when the Company transefer the financial assets and substantially all the risks and benefits of the ownership to another firm . In the case that the company doesn't transfer or retain substantially risks and benefits of the ownership and continue controling the transefered assets, the company in this case should recognize it's share retained in the transfered assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case , when the company retained substantially all risks and benefits of ownership of the transfered assets , the company shall continue the recognition of the financial assets.

Property and equipment

Property and equipments are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed, while expenditures that increase the useful life and/or the assets productivity are capitalized, Depreciation is computed over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation are as follows:

Jordan Poultry Pocessing And Marketing Company	Annual depreciation rate
Buildings and constructions	1%
Office Furniture	6 – 7.5%
Butchery equipment	2.5 – 3.5%
Boxes and Cages	7.5%
Resturant equipments	5%
Tools and equipment	5%
Clothes	7.5%
Lab equipment	5%
Water well	5%
Pallets	10%
Vehicles	7.5 – 12.5%
Furniture and fixture	10 - 20%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the interim consoliadted Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.
In case of any indication to the low value, Impairment losses are calculated according to the policy of the low value of the assets
At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the interim Statement of Financial Position, Gross Profit and loss.

The decline in value of the non-current assets

The decline in value of the non-current assets, In the date of each statement of financial position the company review the listed values for it's assets to specify if there is an indication to be decline losses of the value.if there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be. In case , In ability to appreciate the recovery value of specific asset.The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine baises of distribution that is fixed and reasonable , the joint assets distribute to units producing of cash that related in the same asset . the joint assets distribute to specific units producing of cash or it distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and resonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.
In case, the recovery value (or the unit producing of cash) distribute lower than the listed value ,reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the statement of comprehensive income.except the asset that is re-evalution then record losses of the decline as reduction from re-evaluation provision.

Leasing
Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are changed to the consolidated comprehensive income statement on a straight-line basis over the term of the operating lease.

Income Tax
The company is subject to Income Tax Law for the year 2009 and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom Of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the Company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, These assets are not shown in the financial statements since it's immaterial.

Loan interests capitalization

Interset loans that are related to expansion projects to be available to produce are capilatized.

Foreign currency transactions
Foreign currency transactions are translated into Jordanian Dinars at the rates of exchange prevailing at the time of the transactions. Monetary assests and liabilities denominated in foreign currencies at the consolidated statement of financial position are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

The use of estimation
The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.
As well as changes in fair value that appears in the owners' equity
In particular, required of the company's management to issue important judgments to estimate the amounts of future cash flows and its times Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates As a result of changes resulting about the conditions and circumstances of these estimates in the future.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

JORDAN POULTRY POCESSING AND MARKETING COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposals	Transfer	December 31
Cost:					
Lands and improvments *	629,668	-	-	-	629,668
Buildings and constructions	34,636,833	4,166,309	-	-	37,736,010
Office equipment	562,563	133,832	-	-	696,395
Butchery equipment	24,817,654	452,308	-	462,349	25,732,311
Boxes and Cages	963,576	7,979	-	-	971,555
Resturant equipments	10,780	299	-	-	11,079
Equipment	98,522	13,511	-	-	112,033
Clothing	11,255	-	-	-	11,255
Lab equipment	14,971	4,700	-	-	19,671
Water well	224,861	28,848	-	-	253,709
Pallets	146,545	19,541	-	-	166,086
Vehicles	2,124,227	520,112	(64,773)	-	2,579,566
Furniture and fixture	146,924	37,233	-	-	184,157
Orders in the road	471,147	764,280	-	(462,349)	1,840,210
Total cost	64,859,526	6,148,952	(64,773)	-	70,943,705
Depreciation:					
Building and constructions	2,429,063	333,547	-	-	2,762,610
Office equipment	282,534	42,481	-	-	325,015
Butchery equipment	7,865,895	869,704	-	-	8,735,599
Boxes and cages	468,606	39,915	-	-	508,521
Resturant equipment	9,062	166	-	-	9,228
Equipment	34,219	4,819	-	-	39,038
Clothing	11,025	-	-	-	11,025
Lab equipment	9,684	616	-	-	10,300
Water well	89,486	11,243	-	-	100,729
Pallets	51,833	7,118	-	-	58,951
Vehicles	1,051,217	120,696	(53,585)	-	1,118,328
Furniture and fixture	70,103	7,269	-	-	77,372
Total depreciation	12,372,727	1,437,574	(53,585)	-	13,756,716
Net book value January 1	52,486,799				
Net book value December 31					57,186,989

* Part of the plant's lands and building on it are first and second class mortgaged amounted JD 7,725,750 and that is for the facilities granted by several banks.

5. PREPAID EXPENSES AND OTHER RECEIVABLES

	2017	2016
Prepaid expenses	**158,439**	147,053
Incone tax deposit	**25,649**	25,599
Refundable deposits	**38,257**	38,257
Sales tax deposit	**19,463**	13,404
Work injuries deposit	**19,721**	20,606
Letter of credit and gurantees deposit	**103,095**	170,636
	364,624	415,555

6. SPARE PARTS

	2017	2016
Packaging and general materials	**281,326**	198,320
Spare parts	**619,727**	593,042
Fuels	**23,389**	36,034
Veterinary medicines and Vaccine	**59,495**	62,525
	983,937	889,921

7. INVENTORY

	2017	2016
Poultry warehouse	**366,092**	2,350,737
Protein warehouse	**7,546**	7,546
Goods in process- farms	**2,443,631**	1,647,297
Boxes and cages wearhouse	**301,548**	83,376
	3,118,817	4,088,956

8. ACCOUNTS RECEIVABLE

	2017	2016
Trade receivables	**8,480,642**	9,593,730
Impairment of receivables	**(428,692)**	(475,750)
Net trade receivables	**8,051,950**	9,117,980
Due to promoters	**46,413**	62,442
Due to employees	**955,854**	773,930
Other	**2,568**	2,568
	9,056,785	9,956,920

9 . RESERVES

Issuance discount
The General Assembly in its unordinary meeting on August 13, 2015 decided to decrease the Capital from JD 23,000,000 shares to JD 14,024,000 by amortizing the issuance discount by 8,976,000.

Statutory reserve
In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income without exceeding 25% of the capital, this reserve is not to be distributed as dividends.

10. RELATED PARTIES TRANSACTIONS

Name	Relationship
National Hatchery Company	Sister
Jordan Feed Company	Sister
Jordan Chemicals Company	Sister

The principal transaction represent company's purchases from sister companies which is as follows:

	2017	2016
National Hatchery Company	5,722,602	5,493,613
Jordan Feed Company	12,050,918	9,863,750
Jordan Chemicals Company	1,404,350	977,232

The due to related parties transactions as of December 31 is as follows:

	2017	2016
National Hatchery Company	5,059,915	3,737,273
Jordan Feed Company	26,005,325	21,982,624
Jordan Chemicals Company	862,781	499,754
	32,028,021	26,219,651

11. LOANS

The loans details as of December 31 are as follows :-

	2017	2016
Jordan Kuwait Bank Loans	2,363,003	2,152,257
Al Eithad Bank Loans	6,810,136	6,916,947
Total loans	9,173,139	9,069,204
Less: short term loans	2,363,003	3,729,722
Long term loans	6,810,136	5,339,482

Jordan Kuwait Bank Loans

A loan of JD2,000,000 has been obtained to be paid back with its commision and interests and fees in 40 monthly payment each JD50,000 commisioned %0.5 and an annual interest of %9 The first payment is due on August 1, 2013 and the last payment is due on November 1, 2016.

A loan of JD2,500,000 has been obtained to be paid back with its commision and interests and fees in 48 monthly payment each JD60,000 commisioned %0.5 and an annual interest of %9 except for the last payment which represent the remaining annual of the loan due on December 31, 2015 and the last payment is due on December 31, 2019

A diminishing loan of JD1,000,000 has been obtained to be paid back with its commision and interests and fees within a paying period expires on December 31,2017 commisioned %0.5 and an annual interest of %8.5

Al Etihad bank

A loan of JD 500,000 has been obtaind to be paid back on monthly basis without commission and within the interest of %8.75 as in 36 payments each for JD 14,000 except for the last payment which represent the remaining amount of the loans. The first payment is due on January 31, 2008 and the last payment is on December 31, 2010.

The increase of the loan to JD2,164,000 with an annual interest of %9 and commission of %0.5 has been approved, and the mechanism of payment to (60) monthly payment adjustment each for JD 30,034 commencing on March 31,2013 up until the total payment of the loan except for the last payment on February 28, 2018.

The increase of loan to JD 7,014,000 with an annual interest %9 and commission of %0.5 of the duration of withdrawal of loan a year and half commencing on Augest 31,2013 and is paid in 60 monthly payment each JD(11,434) commencing on March 31,2014 until the loan is fully paid except for the last payment which represent the remaining annual of the loan due on February 28, 2019 has been approved.

The company has obtained a diminishing loan by JD 280,000 with an interest of %9.25 paid monthly without commission and is paid within (36) monthly payments each for JD 9000 interest included on May 31,2013 up until the total payment has been approved, and the last payment is on April 30, 2016.

The company has obtained a diminishing loan by JD 480,000 with an interest of %9.25 less margin of %2.75 with a commission rate %0.5 paid in 48 payment each for JD (10,000). The first payment is due on April 30,2013 and the last payment is on March 30, 2018.

The company has obtained a diminishing loan by JD 2,000,000 with an interest of %8.75 and with an annual less margin of %1.25 without comission and is paid within 48 monthly payments each for JD 42,000 and it doesn't include interest. It commences on September 30, 2017 except for the last payment which represent the remaining annual of the loan due on August 30, 2021

The company has obtained a diminishing loan by JD 2,000,000 with an annual interest of %4.75 without comission and is paid within 48 monthly payments each for JD 46,000 interest included and it commences on November 30, 2016 until the loan is fully paid except for the last payment which represent the remaining annual of the loan due on October 30, 2020.

12 . ACCRUED EXPENSES AND OTHER PAYABLES

	2017	2016
Accrued expenses	**101,376**	983,375
Social security deposit	**55,088**	54,800
Board of directors remunirartion	**882**	882
Research and training provision	**409**	409
University fees provision	**765**	765
Unearned revenues	**132,619**	-
Other payable	**47,180**	39,423
	338,319	1,079,654

13. ACCOUNTS PAYABLE

	2017	2016
Suppliers	**2,321,230**	4,140,864
Fund provision	**1,451,066**	1,215,621
Promoters deposite	**52,107**	50,736
Due to employees	**43,111**	35,215
	3,867,514	5,442,436

14. BANK OVERDRAFTS

The Company has depositing facilities granted by Jordan Kuwait Bank mortgaged with a first as second class on part of the lands and the factory's building expansion project within a ceiling of JD 2,000,000 within an annual interest of %8.5 on monthly basis.

The Company has depositing facilities granted by Al Eitihad Bank mortgaged with a real estate within a ceiling of JD 1,000,000 within an interest of %8.25 payable at each month .

The Company has depositing facilities granted by Arab Jordan Investment Bank mortgaged by gurentee that the liquidity ratio not less than 1:1 and its gurantee that the ownership percentage of Jordan Poultry Pocessing And Marketing Company not less than 90% within a ceiling of JD 400,000 within an interest of %7.5 and commision of %1 annually.

15. TRANSACTION WITH MAIN CUSTOMERS

The Company sales to main customer totaled JD 20,407,065 during the year in which around %57 represent the sales to companies (2016: JD 25,633,623 represents %74 of total sales) .

16- POULTRY SALES COST

	2017	2016
Cost of raw materials	**31,387,840**	30,191,558
Direct salaries and wages	**1,516,488**	1,229,592
Social security contribution	**116,491**	96,831
Fund contribution	**46,828**	74,704
Idustrial expenses		
Depreciation	**860,438**	862,165
Water and electricity	**420,713**	424,514
Oil and fuels	**233,362**	234,772
Maintenance and consumed materials	**107,912**	82,634
Vehicle expenses	**128,179**	147,575
Labor transportation fees	**31,358**	5,765
Medical fees	**29,279**	29,295
Clothing	**26,987**	26,589
Shipping and carriage	**28,513**	30,740
Insurance	**23,668**	23,723
Purificating station expenses	**15,448**	25,666
Work permit expense	**38,873**	39,785
Licenses and subscription fees	**303,755**	28,193
Other expenses	**101,155**	87,635
Cost of production	**35,417,287**	33,641,736
Beginning processing and package	**198,320**	285,762
Ending processing and package	**(281,326)**	(198,320)
Finish goods cost	**35,334,281**	33,729,178
Beginning inventory	**2,350,737**	4,108,847
Ending inventory	**(366,092)**	(2,350,737)
	37,318,926	35,487,288

17- PROTIEN SECTION'S GROSS PROFIT

	2017	2016
Protien sales	**1,191,291**	1,083,557
Purchase of materials	**201,646**	88,401
Salaries and wages	**178,155**	168,604
Social security contribution	**18,975**	16,588
Fund contribution	**4,410**	3,029
Water and electricity	**159,030**	65,437
Oil and fuel	**175,717**	134,849
Maintenance and consumed materials	**31,211**	21,077
Depriciation	**79,494**	78,526
Other expenses	**11,894**	6,869
Cost of production	**860,532**	583,380
Beginning finished goods	**7,546**	7,546
Ending finished goods	**(7,546)**	(7,546)
Protien section sales cost	**860,532**	582,152
Protien section gross profit	**330,759**	500,177

18- POULTRY FARMS GROSS PROFIT

	2017	2016
Farms revenues	**25,290,920**	20,214,934
Cost of poultry production		
Chicks	**5,589,094**	5,050,117
Feeds	**10,769,566**	10,104,692
Meds and treats	**1,721,400**	1,323,089
Salaries and wages	**551,852**	474,883
Social security contribution	**48,903**	41,642
Oil and fuels	**38,402**	35,386
Sawdust	**257,331**	245,958
Water and electricity	**269,966**	256,733
Gaz and consumed materials	**1,114,716**	1,044,531
rents	**122,583**	115,130
Depriciation	**355,201**	267,741
Funds contribution	**9,880**	8,447
Maintainance and reparing	**37,918**	53,761
Insurance	**19,266**	16,582
Shipping and carriage	**52,702**	79,511
Miscellaneous	**14,336**	9,266
Cost of production	**20,973,116**	19,127,469
Poultry farms gross profit	**4,317,804**	1,087,465

The finished goods is transferred from the poultry farms of the company to the production section of fair value.

19- SELLING AND MARKETING EXPENSES

	2017	2016
Salaries and wages	**801,993**	738,815
Social security contribution	**116,014**	93,363
Funds contribution	**52,817**	48,246
Vehicle expenses	**203,137**	163,054
Samples examination fees	**74,150**	93,000
Water and electricity	**35,959**	22,458
Telephone and fax	**56,066**	29,586
Maintenance	**2,252**	4,482
Rents	**40,413**	17,325
Advertising and marketing	**185,238**	53,043
Medical fees	**8,194**	13,958
Hospitality	**1,423**	2,136
Promoters commission	**126,622**	116,190
Transportation	**6,560**	6,757
Oil and fuel	**277,949**	205,413
Stationery and IT	**15,085**	11,268
Licenses and subscription	**46,127**	214,837
Insurance	**3,477**	6,625
Shipping and carriage	**14,934**	6,989
Depreciation	**104,114**	83,310
Consulting expenses	**4,428**	2,000
Protein differences	**35,983**	-
Miscellaneous	**8,959**	9,578
	2,221,894	1,941,862

20- GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and wages	**532,637**	402,876
Social security contribution	**51,730**	39,958
Funds contribution	**35,434**	27,861
Post mail, telephone and fax	**8,620**	6,192
Hospitality	**3,433**	6,058
Water and electricity	**6,921**	32,729
Professional fees	**7,500**	7,500
Advertising and marketing	**3,395**	7,827
Stationery and posters	**10,102**	4,192
Leagal fees and others	**40,534**	28,708
Oil and fuel	**22,220**	13,168
Insurance	**2,042**	2,100
Board of directors transportation	**24,000**	27,200
Medical fees	**7,704**	5,310
Traveling and transpotation	**9,056**	1,390
Vehicle expenses	**14,155**	18,977
Cafeteria expenses	**6,600**	7,200
Depreciation	**30,520**	25,014
Impairment of account receivables	**12,000**	12,000
Miscellaneous	**9,468**	13,941
	838,071	690,201

21- FINANCIAL CHARGES

	2017	2016
Financial charges Paid	1,115,751	999,770
Capitalized on the expansion during the year	(966,373)	(783,563)
	149,378	216,207

22- OTHER REVENUES AND EXPENSES

	2017	2016
Gain sales of Fixed assets	17,113	17,709
Butchre revenues	1,820	136
Other	(1,672)	828
	17,261	23,654

23- INCOME TAX

The Company setteled its tax position with the income and sales tax department until 2014, for 2015 and 2016 the company has provided its revealed estimate, and it hasn't been reviewed yet by the income tax department until the date of the financial statements

24- CONTINGENT LIABILITIES

Contingencies as of December:

	2017	2016
Bank guarantee	1,036,050	1,424,550

25- The legal status of the company

- Summary of cases brought by the company to third parties:

The value of cases filed by the Company against others amounted to JD 556,368 as at 31 December 2017.

- Summary of cases filed against the company by third parties:

The value of cases filed by third parties against the Company amounted to JD 4,793 as at 31 December 2017.

26. FAIR VALUE

Fair value of financial assets and liabilities are approximately equal their carrying values since they are due within one year of the date of these financial statements, except for long-term loans which its fair value is the present value of the future cash payments that is paid using common interest rate for such loans.

27- FINANCIAL INSTRUMENTS

Capital Risk Management

The Company's objectives when managing capital are safeguarding the company's ability to continue as a going concern in order to provide returns for shareholders (partners/owners) and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy doesn't change from 2016.

Structuring of Company's capital includes the owners equity in the Company which includes share capital, statutory reserve, and retained earnings as it listed in the changes in owners equity statement.

The Debt Ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The companys capital structure includes debts from the borrowing. The Company doesn't determine the highest limit of the debt ratio and it doesn't expect increase in the debt ratio during 2017.

The debt ratio at the end of the year as follows :-

	2017	2016
Debts	**12,720,875**	12,198,818
Owners equity	**22,957,879**	22,745,867
Debts/ owners equity	**%55**	54%

The management of the financial risks

Market risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the interest price risks

Risk related to interest rate result mainly from borrowing money at varying interest rates and short term deposits at fixed interest rates.
Sensitivity of the consolidated statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table shows sensituvity of the statement of comprehensive income for possible changes and reasonable interest rates as of December 31 with all other effective variables constant:

Currency	**Interest rate increase**	**The impact on profit for the year**	
JD	**Percentage points**	**2017**	2016
	25	**-31,702**	- 30,497

Currency	**Interest rate decrease**	**The impact on profit for the year**	
JD	**Percentage points**	**2017**	2015
	25	**+31,702**	+ 30,497

Credit risk management

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks .

through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may required from the Company to pay or receive. The table below contains

cash flows for major amounts and interests.

2017	Interest rate	Year or less	More than year	Total
Instruments without interest	-	5,288,362	32,028,021	37,316,383
Instruments with interest	8.75%-9.5%	5,910,739	6,810,136	12,720,875
Total		11,199,101	38,838,157	50,037,258
2016				
Instruments without interest	-	7,238,482	26,219,651	33,458,536
Instruments with interest	8.75%-9.5%	6,859,336	5,339,482	12,198,818
Total		14,097,818	31,559,133	45,657,354

28- SEGMENT REPORTING

The Company works in the following sectors of the business operating with in the geographic sector is the Hashemite Kingdom of Jordan.

The details of revenue and profit of the companies operating sector are as follows :-

	Segment sales		Segment profit / (losses)	
	2017	2016	2017	2016
Butchery segment	36,074,457	34,842,353	(4,436,551)	(3,462,041)
Farms segment	25,290,920	20,214,934	4,317,804	1,087,465
Protien segment	1,191,291	1,083,557	330,759	501,405
Total	62,556,668	56,140,844	212,012	(1,874,399)

The total assets and liabilities of the Company are as follows :-

	Segment assets		Segment liabilites	
	2017	2016	2017	2016
Butchery segment	40,042,711	41,699,349	27,445,436	27,833,278
Farms segment	31,860,258	25,567,588	21,841,263	17,065,638
Protien segment	1,092,168	1,136,287	750,559	758,441
Total	72,995,137	68,403,224	50,037,258	45,657,357

29 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for issuance on March 17, 2018.

30. COMPORTIVE FIGURES

Certain figures for 2016 have been reclassified to confirm presentation in the current year.