**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT YEAR ENDED DECEMBER 31, 2022**

**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT**
**YEAR ENDED DECEMBER 31, 2022**

| **INDEX** | **PAGE** |
|---|---|

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# INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Poultry Processing and Marketing Company
(Public Shareholding Company)

## Report on auditing the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Poultry Processing and Marketing Company P.L.C, which comprise of the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of comprehensive income, consolidated statement of owners' equity and consolidated statement of cash flows, for the year then ended, Notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position Poultry Processing and Marketing Company P.L.C as of December 31,2022, and its financial performance and consolidated 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 Consolidated 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 statement as we do not express separate opinions.

| Basic auditing matters | The following is a description of our auditing procedures |
|---|---|
| **Inventory**<br>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. | **Inventory**<br>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 asserts that the recorded inventory is recorded based on the lower of cost or net reliable 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 materials and spare parts are reported based on cost which is also determined based on the Weighted- average. |

| Basic auditing matters | The following is a description of our auditing procedures |
|---|---|
| **Property and equipment**<br>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 because 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. | **Property & equipment**<br>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**<br>According to International Financial Reporting Standards, the Company should review the process of calculation of provision expected losses through assumptions and estimations, the company assesses the impairment of accounts receivable and considering its importance it's considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized | **Accounts receivable**<br>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 asserted that the account receivable impairment provision is sufficient through evaluating the management assumptions, taking in consideration the available external information about account receivable risks, also we evaluated the sufficiency of the company disclosure about the important estimation in concluding 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 on the consolidate financial statements 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 Consolidated 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 Consolidated Financial Statements are free from material misstatement whether arising from fraucl or error , 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 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 Jordan Poultry Processing and Marketing Company maintains proper books of accounts and the accompanying consolidated financial statements contained as of December 31 2022, we recommend to be approved by the Board of Directors.

Modern Accountants

Sinan Ghosheh
License No.(580)

Amman -Jordan

March 29, 2023

Modern Accountants
A member of Nexia International
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**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMAPNY)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS OF DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

| | Note | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipments | 4 | **74,211,582** | 74,443,099 |
| Right of use assets | 5 | **89,705** | 134,558 |
| Financial assets designated at fair value through statement of other comprehensive income | | **20,000** | 20,000 |
| **Total non-current assets** | | **74,321,287** | 74,597,657 |
| **Current assets** | | | |
| Prepaid expenses and other receivables | 6 | **3,953,863** | 3,255,256 |
| Spare parts and supplies warehouse | 7 | **3,243,802** | 2,915,029 |
| Inventory | 8 | **7,481,100** | 3,518,320 |
| Account Receivables | 9 | **4,841,829** | 4,031,689 |
| Checks under collection | | **344,044** | 849,624 |
| Cash and cash equivalents | | **540,542** | 188,933 |
| **Total current assets** | | **20,405,180** | 14,758,851 |
| **TOTAL ASSETS** | | **94,726,467** | 89,356,508 |
| | | | |
| **LIABILITIES AND OWNERS' EQUITY** | | | |
| **Owners' equity** | | | |
| Share Capital | 1 | **23,558,305** | 23,558,305 |
| Statutary reserve | 10 | **588,095** | 588,095 |
| Accumulated losses | | **(4,188,256)** | (2,590,202) |
| **Total owners' equity** | | **19,958,144** | 21,556,198 |
| | | | |
| **Non- current liabilities** | | | |
| Due to related parties | 11 | **33,605,862** | 37,833,542 |
| Long term -note payables | 16 | **9,860,674** | 12,431,038 |
| Long term- loans | 12 | **8,542,164** | 4,877,586 |
| Long term lease obligation | 5 | **38,853** | 97,910 |
| **Total non – current liabilities** | | **52,047,553** | 55,240,076 |
| | | | |
| **Current liabilities** | | | |
| Accrud expenses and other payables | 13 | **872,008** | 507,559 |
| Short term lease obligation | 5 | **62,100** | 62,100 |
| Short term -note payables | 16 | **2,975,936** | 2,983,896 |
| Account payables | 14 | **4,509,517** | 3,671,344 |
| Deferred checks | | **7,836,534** | 1,401,287 |
| Current portion of long term loans | 12 | **4,865,173** | 1,610,361 |
| Banks overdraft | 15 | **1,599,502** | 2,323,687 |
| **Total current liabilities** | | **22,720,770** | 12,560,234 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | | **94,726,467** | 89,356,508 |

The accompanying notes are an integral part of these financial statements

**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMPANY)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

| | Note | 2022 | 2021 |
|---|---|---|---|
| Poultry sales | | **43,752,594** | 40,596,945 |
| Poultry sales cost | 18 | **(41,345,138)** | (34,758,222) |
| **Total profit of poultry** | | **2,407,456** | 5,838,723 |
| Protein section gross profit | 19 | **251,182** | 514,674 |
| **Gross profit** | | **2,658,638** | 6,353,397 |
| Selling and marketing expenses | 20 | **(2,755,857)** | (2,940,865) |
| General and administrtive expenses | 21 | **(1,156,723)** | (1,088,294) |
| Financial Charges | 22 | **(215,349)** | (193,647) |
| Expcted credit losses | | **(12,000)** | (184,759) |
| Other revenues and expenses | 23 | **(116,763)** | 208,672 |
| **(LOSS) / PROFIT FOR THE YEAR** | | **(1,598,054)** | 2,154,504 |
| | | | |
| Other comprehensive income | | | |
| **TOTAL (LOSS) / COMPREHENSIVE INCOME FOR THE YEAR** | | **(1,598,054)** | 2,154,504 |
| | | | |
| **(loss) / Earning per share:** | | | |
| **(loss) / Earning per share- JD/ share** | | **(0,07)** | 0,09 |
| **Outstanding weighted avevage share** | | **23,558,305** | 23,558,305 |

The accompanying notes are an integral part of these financial statements

**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF OWNERS' EQUITY**
**YEAR ENDED DECEMBER 31, 2022**
(EXPRESSED IN JORDANIAN DINAR)

| | Share Capital | Statutory Reserve | Accumulated Losses | Total |
|---|---|---|---|---|
| Balance at January 1, 2021 | 23,558,305 | 372,645 | (4,529,256) | 19,401,694 |
| Comprehansive income for the year | - | - | 2,154,504 | 2,154,504 |
| Transfer to statutory reserve | | 215,450 | (215,450) | - |
| Balance at December 31, 2021 | **23,558,305** | **588,095** | **(2,590,202)** | **21,556,198** |
| Comprehansive income for the year | - | - | **(1,598,054)** | **(1,598,054)** |
| Balance at December 31, 2022 | **23,558,305** | **588,095** | **(4,188,256)** | **19,958,144** |

The accompanying notes are an integral part of these financial statements

**JORDAN POULTRY POCESSING AND MARKETING COMPANY**
(PUBLIC SHAREHOLDING COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2022**
(EXPRESSED IN JORDANIAN DINAR)

| | 2022 | 2021 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| (Loss) / Profit for the year | **(1,598,054)** | 2,154,504 |
| Adjustments on the profit / (Loss) for the year: | | |
| Depreciation | **2,132,552** | 2,143,989 |
| Amortization of the right to use an assets | **44,853** | 44,854 |
| Benefits of leases | **10,543** | 15,124 |
| Gains on Sale of property and equipment | **(2,010)** | - |
| Impairment of receivables provision | **12,000** | 184,759 |
| Financial Charges | **215,349** | 193,647 |
| Changes in operating assets and liabilities: | | |
| Spare parts and supplies warehouse | **(328,773)** | (1,123,182) |
| Accounts receivable | **(822,140)** | 673,639 |
| Inventory | **(3,962,780)** | (192,504) |
| Prepaid expenses and other receivables | **(698,607)** | (909,266) |
| Checks under collection | **505,580** | 1,273,130 |
| Account payable | **838,173** | (1,499,648) |
| Deferred Checks | **6,435,247** | (3,448,728) |
| Due to related partied | **(4,227,680)** | 4,051,351 |
| Accrued expenses and other payables | **364,449** | 106,492 |
| **Net cash (used in) / avaliable from operating activities** | **(1,081,298)** | 3,668,161 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Purchase in property and equipments | **(1,905,128)** | (4,956,899) |
| Proceeds from sale of property and equipments | **6,103** | - |
| **Net cash used in investing activities** | **(1,899,025)** | (4,956,899) |
| | | |
| **FINANCING ACTIVITIES** | | |
| Banks overdraft | **(724,185)** | (1,397,859) |
| Loans | **6,919,390** | 5,623,655 |
| Note payable | **(2,578,324)** | (2,718,041) |
| Financial charges paid | **(215,349)** | (193,647) |
| Rent payments | **(69,600)** | (60,100) |
| **Net cash available from financing activities** | **3,331,932** | 1,254,008 |
| **Net change in cash and cash equivalents** | **351,609** | (34,730) |
| Cash and cash equivalents, Januaray 1 | **188,933** | 223,663 |
| **Cash and cash equivalents, December 31** | **540,542** | 188,933 |

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 authorized capital is 23,558,305 JD shares each for of 1 JD and the paid and subsicribed capital also is JD 23,558,305 JD divided into 23,558,305 shares / dinars .

The main current activity of the company is to own, construct and operate butcheries for the processing of broiler chickens and prepare them for marketing, rental and management of storage stores for keeping of poultry meat and table eggs and the establishment and management of plants for the manufacture of poultry waste and marketing its production at home and abroad by owning and renting the normal and refrigerated transport modes it needs to fulfill its objectives . As well as evaluate the industries and other projects related to poultry and its derivatives and breeding them to serve the goals and objectives of the company.

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

## 2. NEW AND AMENDED IFRS STANDARDS

| **The following new and revised Standards and Interpretations are not yet effective** | **It is valid for annual periods beginning on or after** |
|---|---|
| Classification of liabilities as current or not- current (Amendments to IAS 1) | January 1, 2023 |
| IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts | January 1, 2023 |
| Definition of Accounting Estimate (Amendments to IAS 8) | January 1, 2023 |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) | January 1, 2023 |
| Deferred Tax related to Assets and liabilities arising from a Single Transaction (Amendments to IAS 12) | January 1, 2023 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | Deferred Indefinitely |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The consolidate 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:

**Basis of Consolidation Financial Statements**

The Consolidated Financial Statements incorporate the financial statements of i Jordan Poultry Pocessing And Marketing Company (Public Shareholding Company) and the subsidiaries controlled by the Company.

Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders' meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 Croup's accounting policies.

All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements as of December 31, 2022 include the financial statements of the following subsidiaries:

| Affiliate name | Place of registration | Registration year | Ownership and voting percentage | The main activity of the company |
|---|---|---|---|---|
| Qasr Al-Hallabat for breeding and marketing poultry Company | Hashemite Kingdom of Jordan | 2019 | %100 | Poultry farm and establishment of poultry farms |

## Financial assets

### Classifications

The Company classifies its financial assets into the following categories: financial assets at fair value through income statement, and receivables. Such classifications are determined based on the purpose for which these financial assets were acquired.
The management determines its classifications of the financial assets at initial recognition.

**(A) Financial assets at fair value through income statement**
Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified under this category if it is purchased primarily to be sold in a short period of time. Such assets are classified in this category under current assets, if the Company expects to sell them within 12 months from the date of the statement of financial position, otherwise they are classified as non-current assets.

**(B) Loans and Receivables**
Receivables are financial assets (other than financial derivatives) with fixed or determinable payments that are not included in the financial market. These assets are classified as current assets unless they have maturities over 12 months after the statement of financial position date, as these are classified as non-current assets.

### Recognition and measurement

Purchases and sales of financial assets arerecognised on the trade-date – the date on which the Company commits to purchases or sell the asset. Investments arerecognised at fair value while costs associated with purchases and sales arerecognised income statement.

### Impairment of financial assets

The Company reviews stated values on financial assets at the date of the statement of financial position determine whether objective indications of their impairment exist, individually or in the aggregate if such indications exist, recoverable amount is estimated to determine impairment.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss includes:

- Significant financial difficulty of the debtor.

- A breach of contract, such as a default or delinquency in interest or principal payments.

- The Company, for economic or legal reasons relating to the debtors financial difficulty, granting the debtor a concession that the lender would not otherwise consider.

- It becomes probable that the debtor will enter bankruptcy or other financial reorganization.

- The disappearance of an active market for that financial asset because of financial difficulties.

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, including:

(1) Adverse changes in the payment status of debtors in the portfolio.

(2) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For receivables category, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate. The carrying amount amount of the asset is reduced and the amount of the loss is recognised in income statement.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in income statement.

**Leas contracts**
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.

**Critical accounting judgments and key sources of estimation uncertainty**
The preparation of consolidated financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant Judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial consolidated statements.

**Sales**
Sales are recognized upon delivery of goods to customers and issuing invoice.

**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.

**Expected for credit losses**
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. Inventory in progress are stated at cost. The finished goods are transferred from poultry farms to the production department at fair value based on market prices, and the auxiliary materials, operating materials and packaging are valued at cost (according to the moving weighted average method) or the net realizable value, whichever is lower, and the finished goods are valued at cost (according to the moving weighted average method)) or net realizable value, whichever is lower.

**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:

| | Annual depreciation rate |
|---|---|
| Buildings | 1-5% |
| Butchery equipment | 2.5 – 3.5% |
| Furniture and fixture, Office Furniture | 6 - 20% |
| Pallets , Clothes , Boxes and Cages | 7.5-10% |
| Vehicles | 7.5 – 12.5% |
| Tools and equipment ,other | 5% |

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.

**Income Tax**
The company is subject to Income Tax Law 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.

**biological assets**
Biological assets are shown at cost after deducting their mortality, and all expenses spent on them until they are ready for production are capitalized on the basis of the number of deaths in the herd during the breeding period.

**Foreign currency transactions**
Foreign currency transactions are translated into JD 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.

**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.

The Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

## 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.

## 4. PROPERTY AND EQUIPMENT

| 2022 | Lands | Buildings | Butchery equipment | Furniture and fixture, Office Furniture | Pallets , Clothes , Boxes and Cages | Vehicles | Tools and equipment,other | total |
|---|---|---|---|---|---|---|---|---|
| **Cost :** | | | | | | | | |
| **Balance at January 1** | 629,668 | 52,467,780 | 36,095,289 | 1,710,856 | 1,241,962 | 2,883,247 | 187,429 | 95,216,231 |
| Additions | 37,890 | 1,438,119 | 242,668 | 107,181 | 41,555 | 32,402 | 5,313 | 1,905,128 |
| Disposal | - | - | - | (275) | - | (10,400) | - | (10,675) |
| **Balance at December 31** | 667,558 | 53,905,899 | 36,337,957 | 1,817,762 | 1,283,517 | 2,905,249 | 192,742 | 97,110,684 |
| **Depreciation:** | | | | | | | | |
| **Balance at January 1** | - | 4,689,189 | 12,883,772 | 724,309 | 805,333 | 1,580,929 | 89,600 | 20,773,132 |
| Additions | - | 500,341 | 1,266,486 | 88,659 | 60,880 | 208,306 | 7,880 | 2,132,552 |
| Disposal | - | - | - | (172) | - | (6,410) | - | (6,582) |
| **Balance at December 31** | - | 5,189,530 | 14,150,258 | 812,796 | 866,213 | 1,782,825 | 97,480 | 22,899,102 |
| **Net book value December 31** | 667,558 | 48,716,369 | 22,187,699 | 1,004,966 | 417,304 | 1,122,424 | 95,262 | 74,211,582 |

* 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.

| 2021 | Lands | Buildings | Butchery equipment | Furniture and fixture, Office Furniture | Pallets , Clothes , Boxes and Cages | Vehicles | Tools and equipment,other | total |
|---|---|---|---|---|---|---|---|---|
| **Cost :** | | | | | | | | |
| **Balance at January 1** | 629,668 | 50,787,428 | 32,941,904 | 1,645,540 | 1,233,726 | 2,841,617 | 179,449 | 90,259,332 |
| Additions | - | 1,680,352 | 3,153,385 | 65,316 | 8,236 | 41,630 | 7,980 | 4,956,899 |
| Disposal | - | - | - | - | - | - | - | - |
| **Balance at December 31** | 629,668 | 52,467,780 | 36,095,289 | 1,710,856 | 1,241,962 | 2,883,247 | 187,429 | 95,216,231 |
| **Depreciation:** | | | | | | | | |
| **Balance at January 1** | - | 4,189,166 | 11,623,322 | 624,020 | 744,198 | 1,367,808 | 80,629 | 18,629,143 |
| Additions | - | 500,023 | 1,260,450 | 100,289 | 61,135 | 213,121 | 8,971 | 2,143,989 |
| Disposal | - | | - | - | - | - | - | |
| **Balance at December 31** | - | 4,689,189 | 12,883,772 | 724,309 | 805,333 | 1,580,929 | 89,600 | 20,773,132 |
| **Net book value December 31** | 629,668 | 47,778,591 | 23,211,517 | 986,547 | 436,629 | 1,302,318 | 97,829 | 74,443,099 |

* 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. RIGHT OF USE ASSETS / LEASE OBLIGATIONS

| | **2022** | 2021 |
|---|---|---|
| **Use Rights** | | |
| **Balance as of January 1** | **134,558** | 179,412 |
| Amortization expense | **(44,853)** | (44,854) |
| **Balance as of December 31** | **89,705** | 134,558 |
| | | |
| **Commitment to lease contracts** | | |
| **Balance as of January 1** | **160,010** | 204,986 |
| Interest expense | **10,543** | 15,124 |
| Paid during the year | **(69,600)** | (60,100) |
| **Balance as of December 31** | **100,953** | 160,010 |
| | | |
| Which of them | | |
| Current leases obligations | **62,100** | 62,100 |
| Non- Current lease obligations | **38,853** | 97,910 |
| | **100,953** | 160,010 |

## 6. PREPAID EXPENSES AND OTHER RECEIVABLES

| | **2022** | 2021 |
|---|---|---|
| Prepaid expenses | **223,492** | 184,032 |
| Income tax deposit | **25,633** | 25,633 |
| Refundable deposits | **102,197** | 102,197 |
| Sales tax deposit | **3,415,859** | 2,844,258 |
| Work injuries deposit | **10,068** | 10,068 |
| Letter of credit and gurantees deposit | **98,614** | 89,068 |
| Real state held for sale | **78,000** | |
| | **3,953,863** | 3,255,256 |

## 7. SPARE PARTS AND SUPPLIES WAREHOUSE

| | 2022 | 2021 |
|---|---|---|
| Packaging and general materials | **1,145,988** | 848,003 |
| Spare parts | **1,274,383** | 1,044,887 |
| Fuels | **85,227** | 242,213 |
| Veterinary medicines and vaccine | **125,273** | 166,995 |
| Chicken cages | **612,931** | 612,931 |
| | **3,243,802** | 2,915,029 |

## 8. INVENTORY

| | 2022 | 2021 |
|---|---|---|
| Poultry warehouse | **3,593,925** | 321,503 |
| Goods in process- farms | **3,887,175** | 3,196,817 |
| | **7,481,100** | 3,518,320 |

## 9. ACCOUNTS RECEIVABLE

| | 2022 | 2021 |
|---|---|---|
| Trade receivables | **5,769,306** | 4,838,956 |
| Expected credit losses | **(1,429,062)** | (1,417,062) |
| Net trade receivables | **4,340,244** | 3,421,894 |
| Due to promoters | **5,926** | 8,549 |
| Due to employees | **493,091** | 598,678 |
| Other | **2,568** | 2,568 |
| | **4,841,829** | 4,031,689 |

* The movement in the Allowance for doubtful account, is as follows:

| | 2022 | 2021 |
|---|---|---|
| Balance at January 1 | **1,417,062** | 1,232,303 |
| Additions | **12,000** | 184,759 |
| Balance at December 31 | **1,429,062** | 1,417,062 |

## 10. STATUTORY RESERVES

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 until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

## 11. RELATED PARTIES TRANSACTIONS

During the year, the company conducted transactions with the following related parties:-

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

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

| | Purchases | | Sales | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| National Hatchery Company | **6,262,826** | 5,626,651 | - | - |
| Jordan Feed Company | **17,181,703** | 15,877,669 | **1,100,800** | 944,502 |
| Jordan Chemicals Company | **415,351** | 1,044,590 | - | - |

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

| | 2022 | 2021 |
|---|---|---|
| National Hatchery Company | **3,569,873** | 6,265,453 |
| Jordan Feed Company | **29,609,907** | 31,007,609 |
| Jordan Chemicals Company | **426,082** | 560,480 |
| | **33,605,862** | 37,833,542 |

## 12. LOANS

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

| | 2022 | 2021 |
|---|---|---|
| Jordan Kuwait Bank Loans | - | 1,154,691 |
| Bank Al Etihad loans | **13,407,337** | 5,333,256 |
| Total loans | **13,407,337** | 6,487,947 |
| Less: current portion of long term loans | **4,865,173** | 1,610,361 |
| Long term loans | **8,542,164** | 4,877,586 |

**Jordan Kuwait Bank Loans**

A loan of JD 1,500,000 has been obtained to be paid back with its commision and interests and fees in 18 monthly payment each JD 100,000 commisioned %0.5 and an annual interest of %9,75 The first payment is due on July 1, 2019 and the last payment is due on December 1, 2020 and It is on the personal sponsorship of Mr. Mohamed Nabil Hamouda. Based on the decision of the Central Bank and its directives to the banks, the installments owed by the company have been postponed for a period of approximately 6 months due to the consequences of the Covid-19 pandemic.

During 2021, an amount of 1,750,000 Jordanian dinars was transferred from a current debit account with an interest of 9.25% and 0.5% annual commission, which is under the guarantee of Mr. Installment of 100,000 dinars starting from the date of June 1, 2021 during the year 2022 the loan was paid in full .

**Bank Al Etihad**

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 of 267,000 JD, at an annual interest of 4% and no commission, for the purpose of financing the installation of solar cells at the company's headquarters.it is paid according to 40 monthly installments ,the value of each installments is 6,700JD , except for the last installments , which is 5,700JD Begins on November 30, 2019 until full payment on February 28, 2023. Based on the decision of the Central Bank and its directives to the banks, the installments owed by the company have been postponed for a period of approximately 6 months due to the consequences of the Covid-19 pandemic.

During the year 2021, the company obtained a diminishing loan from Bank Al-Etihad in the amount of 4,831,000 JD, due to the first installment on December 1, 2022, under the guarantee of Mr. Mohamed Nabil Hammouda and mortgages of the first and second degrees

During the year 2022, the company obtained a loan from Union Bank in the amount of 3,340,000 Jordanian dinars, at 11% interest annually and without commission, provided that it is paid in monthly installments. The value of each installment is 92,777 Jordanian dinars, starting from the date of June 30, 2023 and ending on March 31, 2026. It is a first and second class mortgage.

During the year 2022, the company obtained a short-term loan from Union Bank in the amount of 2,499,000 Jordanian dinars, at 9.5% interest and without commission, provided that it is paid in 6 monthly installments, the value of each installment is 416,500 Jordanian dinars, ending on April 30, 2023.

## 13 . ACCRUED EXPENSES AND OTHER PAYABLES

| | 2022 | 2021 |
|---|---|---|
| Accrued expenses | **376,191** | 146,705 |
| Social security deposit | **71,005** | 69,186 |
| Other payable | **424,812** | 291,668 |
| | **872,008** | 507,559 |

## 14. ACCOUNTS PAYABLE

| | 2022 | 2021 |
|---|---|---|
| Suppliers | **2,922,297** | 2,148,127 |
| Fund provision | **1,407,623** | 1,375,998 |
| Due to employees and Promoters | **179,597** | 147,219 |
| | **4,509,517** | 3,671,344 |

## 15. BANK OVERDRAFTS

The company has credit facilities granted by the Jordan Kuwait Bank with a first and second class mortgage guarantee on part of the lands and buildings of the factory in addition to the expansion projects, with a value of two million two hundred fifty thousand Jordanian dinars, at an interest rate of 9.75% annually and at a commission of 0.5% .

During 2021 , the current debited limit was reduced to 500,000 JD at an interest rate of 9.25% and commission of 0.5% by transferring an amount of 1,750,000 JD to the loan account , under the guarantee of Mr.Mohamed Nabil Hammouda and mortgages of the first and second degrees.

The company also has credit facilities granted by Bank Al Etihad, guaranteed by a real estate balance with a value of one million Jordanian dinars, at an interest rate of 8.25%, and a commission at a rate of 0.5%.

The company also has credit facilities granted by the Arab Jordan Investment Bank to guarantee the company's pledge that the liquidity ratio is not less than 1: 1 and its pledge that the ownership percentage of the Jordanian Hammouda Brothers Company for Processing and Marketing Poultry and its products is not less than 90%, with a value of 400,000 Jordanian dinars and an interest of 7.5% and 1% commission annually.

## 16. NOTES PAYABLE

The company acquired a finished lease from Safwa Islamic Bank with a value of JD 15,000,000 at an annual interest rate of 9% with a margin of 2.11% and a grace period of two years from the start of the lease. The first installment starts on January 10, 2020 and the final installment ends on 10 March 2027.

The company obtained a bank financing from the Arab Jordan Investment Bank of 1,000,000 JD in the form of a letter of payment of credits due within 6 months where payments were mad during 2021 .

The company also obtained bank financing from Al-Etihad Bank, amounting to 2,600,000 JD, in the form of a letter of payment of credits due within 6 months, with a delay interest of 2% where payments were mad during 2021 .

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

| | **2022** | 2021 |
|---|---|---|
| Note payable | **12,836,610** | 15,414,934 |
| Less: short term- note payable | **2,975,936** | 2,983,896 |
| Long term- note payable | **9,860,674** | 12,431,038 |

## 17. TRANSACTION WITH MAIN CUSTOMERS

The Company sales to main customer totaled 10,348,440 JD during the year in which around 24% represent the sales to companies ( 2021: 18,273,667 JD represents 45% of total sales) .

## 18. POULTRY SALES COST

| | 2022 | 2021 |
|---|---|---|
| Cost of raw materials | **37,581,229** | 26,893,565 |
| Direct salaries and wages | **3,026,048** | 2,595,518 |
| Social security contribution | **366,219** | 248,648 |
| The company's contribution to the provident fund | **52,700** | 44,219 |
| **Industrial expenses** | | |
| Depreciation | **1,887,966** | 1,895,164 |
| Water and electricity | **822,223** | 785,522 |
| Oil and fuels | **344,141** | 261,276 |
| Maintenance and consumed materials | **101,502** | 178,567 |
| Vehicle expenses | **137,038** | 86,785 |
| Labor transportation fees | **138,847** | 123,578 |
| Medical fees | **54,743** | 41,033 |
| Shipping and carriage | **11,765** | 36,027 |
| Insurance | **40,718** | 35,093 |
| withdrawal fees | **177,330** | 167,115 |
| Work permit expense | **36,581** | 61,742 |
| Licenses and subscription fees | **12,548** | 712 |
| Rents | **71,735** | 66,957 |
| Other expenses | **52,212** | 46,535 |
| **Cost of production** | **44,915,545** | 33,568,056 |
| Beginning processing and package | **848,003** | 406,410 |
| Ending processing and package | **(1,145,988)** | (848,003) |
| **Finish goods cost** | **44,617,560** | 33,126,463 |
| Beginning inventory | **321,503** | 1,953,262 |
| Ending inventory | **(3,593,925)** | (321,503) |
| | **41,345,138** | 34,758,222 |

## 19. PROTIEN SECTION'S GROSS PROFIT

| | 2022 | 2021 |
|---|---|---|
| Protien sales | **905,732** | 944,502 |
| **Cost of the production of the protein section:** | | |
| Purchase of materials | **138,409** | 39,386 |
| Salaries and wages | **88,623** | 103,439 |
| Social security contribution | **9,159** | 10,830 |
| Fund contribution | **1,263** | 1,601 |
| Water and electricity | **33,928** | 28,487 |
| Oil and fuel | **280,536** | 180,252 |
| Maintenance and consumed materials | **27,809** | 8,045 |
| Depriciation | **52,553** | 37,586 |
| Other expenses | **22,270** | 17,155 |
| **Cost of production** | **654,550** | 426,781 |
| Beginning finished goods | **-** | 3,047 |
| Ending finished goods | **-** | - |
| **Protien section sales cost** | **654,550** | 429,828 |
| **Protien section gross profit** | **251,182** | 514,674 |

## 20. SELLING AND MARKETING EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Salaries and wages | **813,155** | 1,238,672 |
| Social security contribution | **124,496** | 152,398 |
| The company's contribution to the provident fund | **45,372** | 52,609 |
| Vehicle expenses | **217,119** | 198,927 |
| Samples examination fees | **191,713** | 110,060 |
| Water and electricity | **83,438** | 96,199 |
| Telephone and Internet | **48,919** | 31,909 |
| Financial lease intrest expenses | **10,543** | 15,124 |
| Amortization of the right to use an assets | **44,853** | 44,854 |
| Maintenance | **98,338** | 4,617 |
| Rents | **108,188** | 68,648 |
| Medical fees | **28,633** | 24,483 |
| Hospitality | **1,887** | 2,396 |
| Promoters commission | **198,557** | 225,827 |
| Transportation | **15,908** | 21,561 |
| Oil and fuel | **378,744** | 383,751 |
| Stationery and IT | **5,365** | 10,498 |
| Licenses and subscription | **103,982** | 43,910 |
| Insurance | **3,099** | 1,553 |
| Shipping and carriage | **44,994** | 21,561 |
| Depreciation | **160,473** | 169,955 |
| Cleaning expenses | **9,936** | 1,186 |
| Miscellaneous | **18,145** | 20,167 |
| | **2,755,857** | 2,940,865 |

## 21- GENERAL AND ADMINISTRATIVE EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Salaries and wages | **721,912** | 724,950 |
| Social security contribution | **75,716** | 95,787 |
| The company's contribution to the provident fund | **29,807** | 36,260 |
| Post mail, telephone and fax | **11,052** | 22,572 |
| Hospitality | **6,298** | 8,376 |
| Water and electricity | **4,876** | 7,270 |
| Professional fees | **17,363** | 8,200 |
| Advertising | **1,637** | 10,710 |
| Stationery and posters | **6,043** | 6,308 |
| Licenses and subscription | **60,366** | 23,494 |
| Oil and fuel | **33,467** | 35,886 |
| Insurance | **2,572** | 1,961 |
| Board of directors transportation | **24,028** | 24,000 |
| Medical fees | **13,334** | 9,203 |
| Vehicle expenses | **54,541** | 8,201 |
| Depreciation | **31,944** | 41,284 |
| Rent | **16,817** | - |
| Others | **44,950** | 23,832 |
| | **1,156,723** | 1,088,294 |

## 22. FINANCIAL CHARGES

| | 2022 | 2021 |
|---|---|---|
| Financial charges Paid | **860,741** | 739,370 |
| Capitalized on the expansion during the year | **(645,392)** | (545,723) |
| | **215,349** | 193,647 |

## 23. OTHER REVENUES AND EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Loss sales of Fixed assets | **2,010** | - |
| Butchre revenues | **2,421** | 8,855 |
| Other | **(121,194)** | 199,817 |
| | **(116,763)** | 208,672 |

## 24. INCOME TAX

The company ended its relationship with the Income and Sales Tax Department until the end of 2018, as for the year 2019 and 2020,and 2021 the company submitted a self-assessment statement to the department, and the department did not review the company's accounting records until the date of the consolidated financial statements.

The subsidiary, Qasr Al Hallabat Company for Poultry Breeding and Marketing, submitted a self-assessment statement to the Income and Sales Tax Department for the years 2019, 2020 and 2021, and the accounting records were not reviewed until the end of preparing the consolidated financial statements

## 25. CONTINGENT LIABILITIES

Contingencies as of December:

| | 2022 | 2021 |
|---|---|---|
| Bank guarantee | **399,000** | 170,400 |

## 26. The legal status of the company

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

The value of cases filed by the Company against others amounted to JD 1,623,248 as at December 31, 2022.

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

The value of cases filed by third parties against the Company amounted to JD 38,477 as at December 31, 2022.

## 27. 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.

## 28. 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 2021.

Structuring of Company's capital includes the owners equity in the Company which includes share capital, statutory reserve,as note (12)+(15) 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 2023.

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

| | **2022** | 2021 |
|---|---|---|
| Debts | **27,743,449** | 24,226,568 |
| Owners equity | **19,958,144** | 21,556,198 |
| Debts/ owners equity | **139%** | 112% |

**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** | **2022** | 2021 |
| | **25** | **- 69,609** | **- 60,566** |

| **Currency** | **Interest rate decrease** | **The impact on profit for the year** | |
|---|---|---|---|
| **JD** | **Percentage points** | **2022** | 2021 |
| | **25** | **+ 69,609** | **+ 60,566** |

**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.

| **2022** | **Interest rate** | **Year or less** | **More than year** | **Total** |
|---|---|---|---|---|
| Instruments without interest | - | **13,280,159** | **33,644,715** | **46,924,874** |
| Instruments with interest | **8.75%-9.25%** | **9,440,611** | **18,402,838** | **27,843,449** |
| **Total** | | **22,720,770** | **52,047,553** | **74,768,323** |
| **2021** | | | | |
| Instruments without interest | - | 5,642,290 | 37,931,452 | 43,573,742 |
| Instruments with interest | **8.75%-9.25%** | 6,917,944 | 17,308,624 | 24,226,568 |
| **Total** | | 12,560,234 | 55,240,076 | 67,800,310 |

## 29. 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)** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Slaughterhouse sector | **43,752,594** | 40,596,945 | **(1,350,397)** | 3,843,796 |
| Farms segment | - | - | **(498,839)** | (2,203,966) |
| Protien segment | **905,732** | 944,502 | **251,182** | 514,674 |
| Total | **44,658,326** | 41,541,447 | **(1,598,054)** | 2,154,504 |

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

| | Segment assets | | Segment liabilites | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Slaughterhouse sector | **44,938,281** | 43,887,073 | **37,937,733** | 40,210,704 |
| Farms segment | **48,677,542** | 44,205,123 | **36,331,517** | 26,597,879 |
| Protien segment | **1,110,644** | 1,264,312 | **499,073** | 991,727 |
| Total | **94,726,467** | 89,356,508 | **74,768,323** | 67,800,310 |

## 30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the company on March 29, 2023 and approved for publication. These financial statements require the approval of the General Assembly of Shareholders.

## 31. COMPORTIVE FIGURES

Certain figures for 2021 have been reclassified to confirm presentation in for the year 2022.