DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dar Al Dawa Development and Investment Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dar Al Dawa Development and Investment Company (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on 30 March 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

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

1. Revenue Recognition

Disclosures that relate to the revenue recognition are included in note (21) to the consolidated financial statements and the disclosures related to revenue recognition material accounting policies information are included in note (3) to the consolidated financial statements.

Key audit matter	**How the key audit matter was addressed in the audit**
The Group focuses on revenues as a key performance metric. Revenue recognition was considered a key audit matter due to the large number of sales transactions and its geographical diversity and the risk of revenue recognition before the sale was completed, which may result in overstating revenues. The Group's revenues amounted to JD 74,878,875 as at 31 December 2023.	The audit procedures included evaluating the Group's revenue recognition accounting policies in accordance with International Financial Reporting Standard (15). We performed an understanding of the Group's internal control system over revenue recognition, including the main internal control elements within the revenue recognition cycle. We also selected a sample before and after the end of the fiscal year to assess whether revenue was recognized during the correct period. We have also performed detailed analytical procedures for the gross margin on a monthly basis. We also selected and tested a representative sample of journal entries from the revenue accounts.

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2. Recoverability of trade receivables

Disclosures that relate to the trade receivables are included in note (11) to the consolidated financial statements and the disclosures related to the trade receivable's material accounting policies information are included in note (3) to the consolidated financial statements.
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Key audit matter

At 31 December 2023, gross trade receivables balance amounted to JD 27,216,524 representing 24.9% of the Group's total assets.

The Group has applied the simplified approach of International Financial Reporting Standard (9) (financial instruments) for the recognition of the expected credit losses on the accounts receivable and calculating the expected credit losses for the lifetime of the receivables. The Group has performed a detailed study that is based on the Group's historical credit loss experience, adjusted for forward-looking factors and economic environment.

Due to the significance of trade receivables and due to the fact that the provision required a high level of uncertain judgment as required by IFRS (9), this was considered as key audit matter.
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How the key audit matter was addressed in the audit

Our audit procedure included the following:

- Understanding the Group's policy in calculating the provision in comparison with the requirement of IFRS (9).
- We verified the inputs and the information used in calculation of the expected credit losses.
- We assessed the reasonableness of estimates and judgements used by management in calculating the provision for expected credit losses.
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3. Existence and valuation of inventories

Disclosures that relate to inventories are included in note (10) to the consolidated financial statements and the disclosures related to inventories material accounting policies information are included in note (3) to the consolidated financial statements.

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Key audit matter

At 31 December 2023, net inventories balance amounted to JD 19,549,450 representing 17.9% of the Group's total assets. These inventories mainly consist of raw materials and finished goods located in the Group's warehouses.

The valuation of inventories to net realizable value is based on management estimates.

Due to the significance of inventories' balance and the fact that provisions require material uncertain estimates, this was considered as a key audit matter.

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How the key audit matter was addressed in the audit

Our audit procedures included testing the Group's controls around existence of inventories and key controls of the inventory cycle. In addition, our audit procedures included observation of the stock counts held at the Group's warehouses. Also, we selected a sample of inventories issuances and receipts before and after the year end of 31 December 2023 to assess whether the inventory was recorded in the correct period. We also tested the basis for inventory obsolescence in line with management estimates. In doing so, we tested the ageing profile of inventory, the process for identifying obsolete and slow moving items in inventory and historical loss rates.

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Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman – Jordan
31 March 2024

ERNST & YOUNG
Amman - Jordan

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
ASSETS		JD	JD (Restated note 39)
NON-CURRENT ASSETS -			
Property, plant and equipment	6	30,517,106	31,692,964
Projects in progress	7	650,815	608,380
Intangible assets	8	3,849,419	3,756,296
Investment in an associate	9	1,850,088	2,036,049
Right of use assets	32	217,541	20,432
Financial assets at fair value through other comprehensive income		4,222	4,130
Deferred tax assets	18	2,152,038	1,619,072
		39,241,229	39,737,323
CURRENT ASSETS-			
Inventories	10	19,549,450	15,091,388
Trade receivables and other current assets	11	32,934,350	33,012,678
Due from related parties	30	2,777,421	3,542,946
Restricted bank balances	34	2,013,105	1,948,414
Cash and bank balances	12	12,643,075	13,750,746
		69,917,401	67,346,172
Net assets held for sale	31	88,899	88,899
Total Assets		109,247,529	107,172,394
LIABILITIES AND EQUITY			
EQUITY			
Parent Company's Shareholders' Equity -	13		
Paid-in capital		35,000,000	35,000,000
Statutory reserve		10,000,000	10,000,000
Voluntary reserve		1,992,003	1,992,003
Special reserve		1,268,624	1,268,624
Other reserves		204,195	246,696
Foreign currency translation reserve		(7,662,908)	(8,982,905)
Fair value reserve		(257,865)	(257,865)
Retained earnings		5,266,709	3,855,320
		45,810,758	43,121,873
Non-controlling interest	5	436,559	478,191
Net Equity		46,247,317	43,600,064
LIABILITIES			
NON-CURRENT LIABILITIES -			
Long-term loans	15	79,260	2,633,653
Long-term lease contracts liabilities	32	89,923	-
End of service indemnity provision	14	494,912	371,235
		664,095	3,004,888
CURRENT LIABILITIES -			
Due to banks	16	16,017,495	15,841,433
Revolving loans	17	20,507,681	17,929,842
Long-term loans instalments due within a year	15	2,320,860	2,593,608
Current portion of lease contracts liabilities	32	85,034	137,877
Trade payables and other current liabilities	19	18,761,530	18,534,703
Other provisions	20	4,296,215	5,029,698
Income tax provision	18	347,302	500,281
		62,336,117	60,567,442
Total liabilities		63,000,212	63,572,330
Total liabilities and shareholders' equity		109,247,529	107,172,394

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD (Restated note 39)
Revenue from contracts with customers	21	74,878,875	60,359,148
Cost of sales	22	(45,514,764)	(35,860,791)
Gross profit		29,364,111	24,498,357
Selling and marketing expenses	23	(14,885,195)	(13,130,930)
Administrative expenses	24	(5,263,908)	(4,525,172)
Research and development expenses	25	(1,265,406)	(1,127,693)
Provision for expected credit losses expense	11	(422,481)	(628,692)
Other expenses, net	26	(360,137)	(521,656)
Profit from operations		7,166,984	4,564,214
Foreign exchange losses		(367,579)	(129,097)
The Group's share of results from an associate	9	(135,499)	(174,077)
Employees termination compensation expenses	35	(912,682)	-
Finance costs		(3,825,461)	(2,427,193)
Interest income		657,631	363,049
Profit for the year before income tax		2,583,394	2,196,896
Income tax for the year	18	511,740	(368,115)
Profit for the year		3,095,134	1,828,781
Attributable to:			
Parent company's shareholders		3,161,389	1,985,681
Non-controlling interest	5	(66,255)	(156,900)
		3,095,134	1,828,781
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the year attributable to the shareholders of the parent company	27	090/0	057/0

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	JD	JD
		(Restated note 39)
Profit for the year	3,095,134	1,828,781
Add: Other comprehensive income that might be reclassified to income in subsequent periods:		
Exchange differences on translation of foreign operations	1,344,620	(602,318)
Add: Other comprehensive income that will not be reclassified to income in subsequent periods:		
Actuarial (loss) gain resulting from the reassessment of defined benefit plan	(42,501)	4,271
Other comprehensive income items	1,302,119	(598,047)
Total comprehensive income for the year	4,397,253	1,230,734
Attributable to:		
Parent company's shareholders	4,438,885	1,384,991
Non-Controlling interest	(41,632)	(154,257)
	4,397,253	1,230,734

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity shareholders of the parent Company										
	Paid-in capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2023 -											
Balance as at 1 January	35,000,000	10,000,000	1,992,003	1,268,624	246,696	(8,982,905)	(257,865)	3,855,320	43,121,873	478,191	43,600,064
Profit for the year	-	-	-	-	-	-	-	3,161,389	3,161,389	(66,255)	3,095,134
Other comprehensive income items after tax	-	-	-	-	(42,501)	1,319,997	-	-	1,277,496	24,623	1,302,119
Total comprehensive income for the year	-	-	-	-	(42,501)	1,319,997	-	3,161,389	4,438,885	(41,632)	4,397,253
Dividends (note 13)	-	-	-	-	-	-	-	(1,750,000)	(1,750,000)	-	(1,750,000)
Balance as at 31 December	35,000,000	10,000,000	1,992,003	1,268,624	204,195	(7,662,908)	(257,865)	5,266,709	45,810,758	436,559	46,247,317
31 December 2022 -											
Balance as at 1 January	35,000,000	10,000,000	1,992,003	1,268,624	242,425	(8,377,944)	(257,865)	1,869,639	41,736,882	632,448	42,369,330
Profit for the year (Restated note 39)	-	-	-	-	-	-	-	1,985,681	1,985,681	(156,900)	1,828,781
Other comprehensive income items after tax	-	-	-	-	4,271	(604,961)	-	-	(600,690)	2,643	(598,047)
Total comprehensive income for the year (Restated note 39)	-	-	-	-	4,271	(604,961)	-	1,985,681	1,384,991	(154,257)	1,230,734
Balance as at 31 December	35,000,000	10,000,000	1,992,003	1,268,624	246,696	(8,982,905)	(257,865)	3,855,320	43,121,873	478,191	43,600,064

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD (Restated note 39)
OPERATING ACTIVITIES			
Profit for the year before tax		2,583,394	2,196,896
Adjustments for -			
Depreciation	6,32	3,449,322	3,584,890
Gain on disposal of property, plant and equipment	26	(89,507)	-
Gain from derecognition of lease contracts liabilities	26	(117,445)	-
Provision for expected credit losses expense	11	422,481	628,692
The Group's share of results from an associate	9	135,499	174,077
End of service indemnity provision	14	139,267	124,674
Provision for expired and near expiry goods	26,10	895,035	948,192
Other provisions	20	5,423,751	2,069,850
Finance cost		3,825,461	2,427,193
Disposal of asset held for sale		-	22,603
Interest income		(657,631)	(363,049)
Working capital changes -			
Inventories		(5,353,097)	(758,909)
Related parties		765,525	(2,880,635)
Trade payable and other current liabilities		226,827	8,827,904
Trade receivables and other current assets		(344,153)	(6,569,558)
Paid from end of service indemnity provision	14	(58,091)	(224,080)
Income tax paid	18	(174,205)	(237,194)
Paid from other provisions	20	(6,157,234)	(2,258,857)
Net cash flows from operating activities		4,915,199	7,712,689
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	6	(2,036,579)	(1,614,774)
Projects in progress	7	(28,644)	(52,233)
Dividends received from an associate	9	50,462	50,456
Restricted bank balances		(64,691)	43,640
Interest income received		657,631	363,049
Proceeds from sale of property, plant and equipment		135,495	-
Net cash flows used in investing activities		(1,286,326)	(1,209,862)
FINANCING ACTIVITIES			
Loans settlement		(2,827,141)	(3,382,745)
Loans received		-	506,338
Revolving loans		2,577,839	2,450,437
Lease contracts liabilities payments	32	(102,844)	(50,768)
Finance cost paid		(3,817,710)	(2,419,705)
Dividends paid	13	(1,750,000)	-
Net cash flows used in financing activities		(5,919,856)	(2,896,443)
Net (decrease) increase in cash and cash equivalents		(2,290,983)	3,606,384
Effect of exchange rate changes on cash and cash equivalent		1,007,250	(964,946)
Cash and cash equivalents at the beginning of the year		(1,995,630)	(4,637,068)
Cash and cash equivalents at the end of the year	12	(3,279,363)	(1,995,630)

The attached notes from 1 to 39 form part of these consolidated financial statements

(1) GENERAL

Dar Al Dawa Development and Investment Company (the "Company") was established as a public shareholding company on 17 August 1975 with a paid in capital of JD 500,000. The Company's paid in capital has increased over the years to reach JD 35,000,000 divided into 35,000,000 shares at a par value of JD 1 per share.

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

The headquarters of the Company is located in Na'our – The Hashemite Kingdom of Jordan.

The consolidated financial statements were approved by the Board of Directors on 10 March 2024 and are subject to the approval of the General Assembly.

(2) BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

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

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

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

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries under its control, and control is achieved when the Company is exposed to the variable returns resulting from its investment in the subsidiaries or has rights in such returns, and is able to influence such returns through its authority over the subsidiaries, and transactions, balances, revenues and expenses between the Company and the Subsidiaries are excluded. The subsidiaries included in the consolidated financial statements are as follows:

Company Name	Main activity	Country of establishment	Percentage of ownership 2023	Percentage of ownership 2022
Dar Al Dawa - Algeria	Marketing	Algeria	100%	100%
Dar Al Dawa - Tunis	Marketing	Tunis	100%	100%
Dar Al Dawa Pharma – Romania	Marketing	Romania	100%	100%
Al Dar Investment for Consulting	Financial Investments	Jordan	100%	100%
Nutridar – Public Shareholding Company	Industrial	Jordan	90.4%	90.4%
Al Nahda for Financial Investments*	Financial investments	Jordan	40.2%	40.2%
Al Dar Jordan for Investment and its subsidiary:	Investment	Jordan	100%	100%
Medi Pharma International – Algeria	Industrial	Algeria	85%	85%

* Al Nahda for Financial Investments Company is under liquidation.

Control is achieved when a group has rights in variable returns resulting from its association with the investee group and has the ability to influence these returns through its ability to control the investee group. The investee group is controlled only when the following is achieved:

- The Group's control over the investee group (existing rights that give the Group the ability to direct the relevant activities of the investee company).
- Display of the group or its rights in the variable returns resulting from its association with the investee group.
- The ability to exercise control over the investee group and influence its returns.

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

Where the Group owns less than a majority of voting rights or similar rights in the investee company, the Group shall take into account all relevant facts and circumstances to determine whether it has control over the investee company, including:

- Contractual arrangements with other voting rights holders in the investee company.
- Rights resulting from other contractual arrangements.
- Current voting rights and possible voting rights of the group.

The Group reassesses whether it controls the investee company and if there are circumstances or facts indicating a change in one or more of the three elements of control.

The financial statements of the subsidiary shall be consolidated from the date of exercising control until such control ceases. The income and expenses of subsidiaries are consolidated in the consolidated comprehensive income statement from the date of the Group's control of the subsidiaries until such control ceases.

Profit and loss and every other item of comprehensive income is charged to the shareholders' equity in the parent company and the rights of non-controlling parties, even if this results in a deficit in the equity balance of the non-controlling parties. If necessary, the financial statements of subsidiaries are amended to align their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, profits and losses relating to transactions between the Group and its subsidiaries are excluded.

The effect of a change in ownership in the subsidiary that does not result in a loss of control is recorded. When you lose control of the affiliate, the group will:

- Derecognition of assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the rights of non-controlling parties
- Derecognition of foreign currency translation reserves
- Recognition of the fair value of the amounts received
- Recognition of the fair value of the investment held in the subsidiary
- Recognition of profits or losses resulting from the loss of control
- Reclassification of the company's share previously recorded in other comprehensive income items to profit and loss

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new standards effective as at 1 January 2023 as shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the consolidated financial statements of the Group.

(2-3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the consolidated financial statements of the Group.

(2-3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments did not have a material impact on the consolidated financial statements of the Group.

(3) MATERIAL ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment value, depreciation (except for land and projects in progress) is computed on a straight-line basis over the estimated useful lives of assets at the following annual rates:

	Depreciation rate
	%
Buildings	2-4
Tools, machinery, and equipment	10
Vehicles	15
Computers	20-25
Furniture and office equipment	10-15

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

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

The carrying amount of property, plant and equipment is reviewed for impairment when there is a change in events or in circumstances which indicates that the carrying amount may not be recoverable. When such indicators exist and when the carrying values exceed the estimated recoverable amounts of the property, plant and equipment, the assets are written down to their recoverable amounts of the property, plant and equipment, and the impairment is recorded in the consolidated statement of income.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Projects in progress

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

Intangible assets

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

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

Internally generated intangibles form the operations of the group are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred.

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

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associate

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

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

Business combinations and goodwill

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

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

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

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

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

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

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

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

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

Financial assets at fair value through other comprehensive income

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

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

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are stated at the original invoice amount less the provision for expected credit losses. The estimated credit losses are calculated using the simplified method of calculating the expected credit losses based on the historical experience of the credit loss taking into account the future factors of the debtors and the economic environment in accordance with the requirements of IFRS (9).

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs represents all expenses incurred on each product until it reaches its current location or form as follows:

Raw materials and spare parts: purchase cost using the weighted average.

Finished goods and work in progress: cost of raw materials, direct cost and a proportion of manufacturing overheads using activity-based method.

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

The Group's management prepares an annual study on the age of the inventory, and based on that, it is classified into slow-moving inventory, and a corresponding allocation is prepared in proportion to the age of this inventory from the date of purchase.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short term depoists which have a with matuirty dates of three months or less net of outstanding due to banks.

Fair value

The Group measures financial instruments at fair value at the date of the consolidated financial statements and discloses the fair value of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service indemnity
The Group provides end of service benefits for some of its employees working in some countries in conformity with the requirements in these countries. The obligation recognised in the consolidated statement of financial position concerning the benefits above represents the present value of the defined benefit obligation at the end of the reporting period.

The assumptions used to determine the costs of end of service benefits for employees include the discount rate, turnover rate, mortality rate and projected future salary increments, and any change in these assumptions will affect those provisions. The Group determines the appropriate discount rate value at the end of each year, and this discount rate should be used to determine the present value of estimated and projected future cash out flows for the settlement of the end of service liabilities.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Income tax

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

Tax expense comprises current tax and deferred taxes.

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

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return. The rights of return give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a contract liability.

Contract liabilities

A Contract liability is the obligation to refund some, or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Interest income is recognized using the effective interest rate method

Other revenues are recognized on accrual basis.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

lease contracts liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is possible.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Offsetting

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

Research and development

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

Foreign currencies

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

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

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(4) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required in the future. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

- The provision for expected credit losses on accounts receivables is reviewed according to the simplified approach and within the principles and assumptions approved by the Group's management to estimate the provision to be formed in accordance with the requirements of international financial reporting standards.

- The Group's management periodically re-evaluates the useful lives of the property, plant and equipment for the purpose of calculating the annual depreciation based on the general condition of the asset and estimated future useful lives. The impairment loss is recognized as an expense in the consolidated statement of income.

- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRSs. Deferred tax assets and liabilities and income tax provision is calculated accordingly.

- Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

  The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

- The management of the Group estimates the provision for slow moving goods, and the goods are expected to expire in accordance with its internal policies.

- As per the requirements of IAS 36 intangible assets with indefinite lives are tested for impairment at each reporting period. The recoverable amount of these assets is determined based on the "Value in Use" (VIU) calculations, which require the use of assumptions. Some of the impairment indicators that management takes into consideration are changes in prices, existence of new technology that would make the production more efficient, significant decrease in produced quantities or demand, instability of the political situation of the country and others.

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

- End-of-services indemnity is calculated based on the Group's internal policies and actuarial studies.

- A provision is established against litigations where the Group is the defendant based on a legal study provided by the Group's legal advisor which will determine the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP

The following represents financial information for the subsidiaries in which the non-controlling interests is material:

Company Name	Country of establishment	Main activity	Ownership 2023	Ownership 2022
Nutridar – Public shareholding Company	Jordan	Industrial	9.6%	9.6%
Al Dar Jordan for Investment	Algeria	Industrial	15%	15%
Al Nahda for Financial Investments	Jordan	Financial investments	60%	60%

Accumulated balance of non-controlling interests was as follows:

	2023 JD	2022 JD
Nutridar – Public shareholding Company	833,986	824,626
Al Dar Jordan for Investment	173,755	224,747
Al - Nahda for Financial Investment	(571,182)	(571,182)
Total	436,559	478,191

The share of non-controlling interests in the results of the year was as follows:

	2023 JD	2022 JD
Nutridar – Public shareholding Company	9,361	9,996
Al Dar Jordan for Investment	(75,616)	(166,896)
Total	(66,255)	(156,900)

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

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

Summarized statement of income for 2023:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company	Total
	JD	JD	JD
Net sales	13,702,390	1,633,140	15,335,530
Cost of sales	(10,953,183)	(1,816,195)	(12,769,378)
Selling and distribution expense	(1,128,000)	-	(1,128,000)
Administrative expense	(787,012)	(248,565)	(1,035,577)
Research and development expense	(79,722)	-	(79,722)
Provision for expected credit losses	(249,208)	-	(249,208)
Other income (loss), net	10,026	(36,766)	(26,740)
Foreign currency exchange (losses) gains	(89,349)	98,816	9,467
Finance costs	(267,076)	(132,847)	(399,923)
Income tax	(61,113)	-	(61,113)
Profit (loss) for the year	97,753	(502,417)	(404,664)
Non-controlling interests	9,361	(75,616)	(66,255)

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

Summarized statement of income for 2022:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company	Total
	JD	JD	JD
Net sales	12,331,565	752,111	13,083,676
Cost of sales	(9,412,942)	(1,292,950)	(10,705,892)
Selling and distribution expense	(1,221,595)	(540,839)	(1,762,434)
Administrative expense	(822,999)	(167,360)	(990,359)
Research and development expense	(67,818)	-	(67,818)
Provision for expected credit losses	(408,000)	-	(408,000)
Other income, net	17,733	11,430	29,163
Foreign currency exchange losses	(79,531)	(222,901)	(302,432)
Finance costs	(126,274)	(189,534)	(315,808)
Income tax	(111,007)	-	(111,007)
Profit (loss) for the year	99,132	(1,650,043)	(1,550,911)
Non-controlling interests	9,496	(166,396)	(156,900)

Summarized statement of financial position as at 31 December 2023:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company	Al Nahda for Financial Investments	Total
	JD	JD	JD	JD
Current assets	10,194,678	3,164,350	95,057	13,454,085
Non-current assets	3,185,439	12,031,439	-	15,216,878
Current liabilities	(6,657,001)	(18,503,271)	(6,158)	(25,166,430)
Total equity	6,723,116	(3,307,482)	88,899	3,504,533
Attributable to:				
Shareholders of the Parent Company	5,889,130	(3,481,237)	660,081	3,067,974
Non-controlling interests	833,986	173,755	(571,182)	436,559

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

Summarized statement of financial position as at 31 December 2022:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company	Al Nahda for Financial Investments	Total
	JD	JD	JD	JD
Current assets	3,267,895	1,203,504	95,057	4,566,456
Non-current assets	8,913,657	11,873,076	-	20,786,733
Current liabilities	(5,556,189)	(15,428,836)	(6,158)	(20,991,183)
Non-current liabilities	-	(616,969)	-	(616,969)
Total equity	6,625,363	(2,969,225)	88,899	3,745,037
Attributable to:				
Shareholders of the Parent Company	5,800,737	(3,193,972)	660,081	3,266,846
Non-controlling interests	824,626	224,747	(571,182)	478,191

Summarized statement of cash flows for the year ended 31 December 2023:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company
	JD	JD
Operating activities	(1,422,911)	(1,456,084)
Investing activities	(217,173)	(377,723)
Financing activities	934,465	(961,324)
Net decrease in cash and cash equivalents	(705,619)	(2,795,131)

Summarized statement of cash flows for the year ended 31 December 2022:

	Nutridar – Public Shareholding Company	Al Dar Jordan for Investment Company
	JD	JD
Operating activities	2,422,992	(3,150,364)
Investing activities	(46,627)	342,738
Financing activities	(889,862)	(1,210,423)
Net increase (decrease) in cash and cash equivalents	1,486,503	(4,018,049)

(6) PROPERTY, PLANT AND EQUIPMENT

2023 -	Land*	Buildings	Tools machinery and equipment	Vehicles	Computers	Furniture and office equipment	Total
	JD	JD	JD	JD	JD	JD	JD
Cost-							
As at 1 January 2023	2,282,374	27,508,938	45,799,001	2,477,034	2,563,500	3,281,390	83,912,237
Additions	-	295,194	1,418,022	52,443	118,886	152,034	2,036,579
Disposals	-	-	-	(680,618)	-	-	(680,618)
Foreign currency translation differences	12,398	196,333	78,066	2,457	2,774	7,611	299,639
As at 31 December 2023	2,294,772	28,000,465	47,295,089	1,851,316	2,685,160	3,441,035	85,567,837
Accumulated Depreciation -							
As at 1 January 2023	-	10,661,935	34,028,172	2,294,967	2,395,851	2,838,348	52,219,273
Deprecation charge for the year	-	683,173	2,302,655	41,182	82,192	287,611	3,396,813
Disposals	-	-	-	(634,630)	-	-	(634,630)
Foreign currency translation differences	-	15,459	34,863	2,861	108	15,984	69,275
As at 31 December 2023	-	11,360,567	36,365,690	1,704,380	2,478,151	3,141,943	55,050,731
Net book value -							
As at 31 December 2023	2,294,772	16,639,898	10,929,399	146,936	207,009	299,092	30,517,106

Depreciation expense was allocated in the consolidated statement of income as follow:

	2023	2022
	JD	JD
Cost of sales (Note 22)	2,927,686	3,008,580
Selling and distribution expenses (Note 23)	148,812	132,660
Administrative expenses (Note 24)	150,992	150,245
Research and development expenses (Note 25)	169,323	175,870
	3,396,813	3,467,355

*The Group’s subsidiary Medi Pharma, in Algeria mortgaged the plant’s land that has a carrying value of JD 462,335 against a bank loan granted from Societe Generale Bank.

Fully depreciated property, plant and equipment amounted to JD 32,138,800 as of 31 December 2023 (2022: JD 30,392,768).

(6) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Tools machinery and equipment	Vehicles	Computers	Furniture and office equipment	Total
2022 -	JD	JD	JD	JD	JD	JD	JD
Cost-							
As at 1 January 2022	2,276,652	27,244,374	44,284,221	2,365,336	2,486,958	3,327,737	81,985,278
Additions	-	173,933	1,193,818	110,564	81,472	54,987	1,614,774
Transfer from projects in progress (Note 7)	-	-	284,591	-	-	-	284,591
Disposals	-	-	-	-	(6,415)	(102,523)	(108,938)
Foreign currency translation differences	5,722	90,631	36,371	1,134	1,485	1,189	136,532
As at 31 December 2022	2,282,374	27,508,938	45,799,001	2,477,034	2,563,500	3,281,390	83,912,237
Accumulated Depreciation -							
As at 1 January 2022	-	9,938,725	31,779,525	2,215,089	2,305,040	2,585,459	48,823,838
Deprecation charge for the year	-	716,076	2,229,186	78,361	96,651	347,081	3,467,355
Disposals	-	-	-	-	(6,415)	(102,523)	(108,938)
Foreign currency translation differences	-	7,134	19,461	1,517	575	8,331	37,018
As at 31 December 2022	-	10,661,935	34,028,172	2,294,967	2,395,851	2,838,348	52,219,273
Net book value -							
As at 31 December 2022	2,282,374	16,847,003	11,770,829	182,067	167,649	443,042	31,692,964

(7) PROJECTS IN PROGRESS

Movement on projects in progress was as follows:

	2023	2022
	JD	JD
As at 1 January	608,380	833,122
Additions	28,644	52,233
Transfers to property, plant and equipment (Note 6)	-	(284,591)
Foreign currency translation differences	13,791	7,616
As at 31 December	650,815	608,380

This item mainly represents the cost of establishing the production lines of Cephalosporin in the Group's plant in Algeria, and that the Group is in the process of obtaining approvals from the Algerian authorities to start production. It is expected that this project will be completed during 2024.

(8) INTANGIBLE ASSETS

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

	Beginning balance	Foreign currency translation	Ending balance
	JD	JD	JD
2023 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,525,469	93,123	1,618,592
	3,756,296	93,123	3,849,419
2022 -			
Goodwill*	56,824	-	56,824
Trademark*	2,174,003	-	2,174,003
Franchise**	1,527,375	(1,906)	1,525,469
	3,758,202	(1,906)	3,756,296

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

(8) INTANGIBLE ASSETS (CONTINUED)

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

On 31 December 2023, management performed an impairment test on the above intangibles. The recoverable amount has been determined based on a value in use through using cash flow projections for the sector and based on the 2024 financial budget approved by management. Cash flow projections beyond 2023 are estimated using a 2% growth rate and a discount rate of 13% to calculate the value in use.

As a result of the impairment test no impairment loss was recorded.

The calculation of recoverable amount is most sensitive to the following assumptions:

- Gross margin
- Discount rate
- Growth rate used to estimate cash flows

(9) INVESTMENT IN AN ASSOCIATE

	Main activity	Country of establishment	Ownership	2023	2022
			%	JD	JD
Dar Al Dawa Veterinary Industries Company – Limited Liability Company	Industrial	Jordan	33.64	1,850,088	2,036,049

(9) INVESTMENT IN AN ASSOCIATE (CONTINUED)

Movement on investment in associate was as follows:

	2023	2022
	JD	JD
As at 1 January	2,036,049	2,260,582
Group's share of results from an associate	(135,499)	(174,077)
Dividends from an associate	(50,462)	(50,456)
As at 31 December	1,850,088	2,036,049

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

	Dar Al Dawa Veterinary Industries Company	
	2023	2022
	JD	JD
Current assets	4,791,630	4,767,503
Non- current assets	1,885,535	1,537,414
Current liabilities	(1,177,498)	(252,452)
Total equity	5,499,667	6,052,465
Ownership percentage	33.64%	33.64%
Investment carrying value	1,850,088	2,036,049

The Group's share of associate's results is as follow:

	Dar Al Dawa Veterinary Industries Company	
	2023	2022
	JD	JD
Net sales	3,943,394	4,360,076
Cost of sales	(3,120,283)	(3,334,622)
Other expenses	(1,225,902)	(1,510,891)
Loss for the year before Income tax	(402,791)	(485,437)
Income tax	-	(32,033)
Loss for the year	(402,791)	(517,470)
Group's share of results from an associate	(135,499)	(174,077)

(10) INVENTORIES

	2023	2022
	JD	JD
Finished goods	5,789,321	6,837,680
Work in progress	4,694,801	1,704,877
Raw materials	9,797,761	7,102,828
Goods in transit	181,162	422,394
Spare parts	412,630	510,427
Laboratory materials	609,288	418,547
Others	41,372	54,080
	21,526,335	17,050,833
Provision for expired and near expiry goods	(1,976,885)	(1,959,445)
	19,549,450	15,091,388

Movement on the provision for expired and near expiry goods is as follows:

	2023	2022
	JD	JD
As at 1 January	1,959,445	2,191,347
Charge for the year (Note 26)	895,035	948,192
Inventories written-off during the year	(877,595)	(1,180,094)
As at 31 December	1,976,885	1,959,445

(11) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2023	2022
	JD	JD (Restated Note 39)
Trade receivables*	27,216,524	27,835,624
Checks under collection	7,479,830	5,999,059
Prepaid expenses	1,489,749	3,128,079
Advances to supplier	2,545,075	2,649,582
Refundable deposits	1,146,456	832,264
Due from Income and Sales Tax Department	1,042,752	821,120
Staff receivables	189,905	55,174
Others	733,863	204,971
Less: provision for expected credit losses	(8,909,804)	(8,513,195)
	32,934,350	33,012,678

Details of trade receivables was as follows:

	2023	2022
	JD	JD (Restated Note 39)
Local trade receivables	11,686,662	12,245,627
Foreign trade receivables	15,529,862	15,589,997
	27,216,524	27,835,624
Provision for expected credit losses	(8,909,804)	(8,513,195)
	18,306,720	19,322,429

Movement on the provision for expected credit losses was as follows:

	2023	2022
	JD	JD (Restated Note 39)
Balance as at 1 January	8,513,195	7,879,486
Provision for the year	422,481	628,692
Amounts written off	(29,238)	(10,653)
Foreign currency translation differences	3,366	15,670
Balance as at 31 December	8,909,804	8,513,195

(11) TRADE RECEIVABLES AND OTHER CURRENT ASSETS (CONTINUED)

The aging of trade receivables as at 31 December as follows:

	Not due receivables	*1 – 90 days*	*91 – 180 days*	*181 – 270 days*	*More than 271 days*	*Total*
	JD	JD	JD	JD	JD	JD
2023:						
Percentage of expected credit losses	1.3%	2%	22%	42%	91%	
Total receivables	13,071,339	2,762,795	1,996,081	654,928	8,731,381	27,216,524
Provision of expected credit losses	(173,540)	(55,256)	(439,138)	(275,070)	(7,966,800)	(8,909,804)
Net receivables	12,897,799	2,707,539	1,556,943	379,858	764,581	18,306,720
2022:						
Percentage of expected credit losses	1.7%	3%	38%	42%	76%	
Total receivables	13,268,579	2,507,173	873,980	1,752,650	9,433,242	27,835,624
Provision of expected credit losses	(225,566)	(75,215)	(332,112)	(736,113)	(7,144,189)	(8,513,195)
Net receivables	13,043,013	2,431,958	541,868	1,016,537	2,289,053	19,322,429

Trade receivables payment terms are due within maximum of 180 days for local and foreign sales.

In the Group's management opinion, it is expected to collect the receivables in full, noting that some of these receivables are covered by letters of credit in which the group is the beneficiary, the Group does not obtain any guarantees against the rest of the receivables and therefore they are not guaranteed.

The Group has a number of clients in Sudan, which has been witnessing an ongoing conflict since April 2023. The Group's management is closely monitoring the developments in Sudan. The balance of trade receivables of Sudan agents amounted to JD 246,772 as of 31 December 2023 (31 December 2022: JD 1,556,563).

(12) CASH AND BANK BALANCES

	2023	2022
	JD	JD
Cash on hand	124,927	67,273
Bank balances	237,880	4,266,608
Short-term deposits*	12,280,268	9,416,865
	12,643,075	13,750,746

*This item represents deposits with Arab Bank and Arab Banking Corporation Bank, the average interest rate on these deposits during 2023 was 6% - 6.5% per annum (31 December 2022: 3.5% - 4.5%) and maturity within a period of one to three months.

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

	2023	2022
	JD	JD
Cash and bank balances	12,643,075	13,750,746
Cash and bank balances – subsidiaries under liquidation (Note 31)	95,057	95,057
Due to banks (Note 16)	(16,017,495)	(15,841,433)
	(3,279,363)	(1,995,630)

(13) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Paid in capital -
The Company's authorized and subscribed capital is JD 35,000,000 with a par value of JD 1 per share as at 31 December 2023.

Statutory reserve -
The accumulated amounts of JD 10,000,000 as of 31 December 2023 represents 10% of the annual net profit before income tax transferred during the years in accordance with the Companies Law, and it is not distributable to shareholders. The Group may stop transferring amounts to the statutory reserve when the reserve balance reaches 25% of the authorized capital, but it is permissible, with the approval of the Company's general assembly, to continue deducting this annual percentage until this reserve reaches the equivalent of the Company's authorized capital.

Voluntary reserve -
The accumulated amounts in this balance represent the annual net profit before income tax transferred by no more than 20% during the years, and is distributable to shareholders.

Special reserve -
The accumulated amounts in this balance represent the annual net profit before income tax transferred by no more than 5% during the years, and it is distributable to shareholders, the special reserve is to be used for the purposes determined by the Board of Directors.

Other reserves -
The accumulated amounts of JD 204,195 in this account represent actuarial gains resulting from the revaluation of defined benefit plans through other comprehensive income from prior years.

Foreign currency translation differences -
The accumulated amounts of JD 7,662,908 in this account represent the foreign currency differences resulting from the translation of the financial statements of foreign subsidiaries.

Dividends distribution -
In its ordinary meeting held on 27 April 2023, the General Assembly approved the distribution of cash dividends to shareholders with a percentage of 5% of the nominal value of the share for 2022, amounting to JD 1,750,000.

(14) PROVISION FOR END OF SERVICE INDEMNITY

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

	2023	2022
	JD	JD
As at 1 January	371,235	474,912
Charge on the consolidated statement of income	139,267	124,674
Actuarial loss (gain) resulting from the reassessment of defined benefit plans	42,501	(4,271)
Amounts paid during the year	(58,091)	(224,080)
As at 31 December	494,912	371,235

The principal actuarial assumptions used to determine the end-of-service indemnity provision for employee was as follows:

	2023	2022
	JD	JD
Discount rate	4.5%	5%
Resignation rate	8%	8%
Annual increase in salaries rate	4%	4%

The following schedule illustrates the possible changes in the current end-of-service indemnity value as of 31 December, due to changes by 1% in the discount rate and the salaries increase rate:

Increase by 1% in the rate	Effect on the current value of the employees' end of service indemnity provision	
	2023	2022
	JD	JD
Discount	(429,848)	(308,790)
Salaries	505,191	360,818

Decrease by 1% in the rate	Effect on the current value of the employees' end of service indemnity provision	
	2023	2022
	JD	JD
Discount	502,980	359,096
Salaries	(427,320)	(306,881)

(15) LONG TERM LOANS

			2023			2022		
			Loans installment			Loans installment		
	Company name	Currency	Short-term	Long-term	Total	Short-term	Long-term	Total
			JD	JD	JD	JD	JD	JD
Société Générale Bank **	Medi Pharma International	Algerian Dinar	552,177	79,260	631,437	975,792	616,969	1,592,761
Arab Bank (1)	Dar Al Dawa Jordan	US Dollar	653,698	-	653,698	867,816	653,698	1,521,514
Arab Bank (2)	Dar Al Dawa Jordan	Jordanian Dinar	1,114,985	-	1,114,985	750,000	1,362,986	2,112,986
			2,320,860	79,260	2,400,120	2,593,608	2,633,653	5,227,261

Societe General Bank -

The Group's subsidiary Medi Pharma signed a loan agreement with Societe General Bank – Algeria during 2017 with a ceiling of DZD 845,000,000 which was increased during 2018 by DZD 100,000,000 to become DZD 945,000,000 equivalent to JD 4,993,371 in order to finance the building of the Company's plant in Algeria. The loan will be paid on 26 equal quarterly instalments. The first instalment was due on 31 December 2018 and the last installment is due on 30 March 2025. The Company mortgaged the plant land of Medi Pharma International - Algeria to the Bank.

Arab Bank (1)

The Company signed a loan agreement during 2019 with Arab Bank with a ceiling of USD 4,900,000 equivalent to JD 3,474,100 to finance purchasing of property and equipment's. The loan will be paid on equal quarterly instalments amounting to USD 306,000. The first instalment was due on 23 February 2020 and the last installment will be due on 4 November 2023. The loan was rescheduled during 2020, the last installment will be due on 31 July 2024.

Arab Bank (2)

The Company signed a loan agreement during 2021 with Arab Bank with a ceiling of JD 1,500,000 to finance payroll expenses, social security, sales tax, and other operating expenses. The loan will be paid on equal monthly instalments amounting to JD 62,500, except for the last instalment that will be JD 52,495 The first instalment was due on 31 November 2021 and the last installment will be due on 11 June 2024.

The Company signed a loan agreement during 2022 with Arab Bank with a ceiling of JD 1,500,000 to finance payroll expenses, social security, sales tax, and other operating expenses. The loan will be paid on equal monthly instalments amounting to JD 62,500. Except for the last instalment that will amount to JD 52,485. The first instalment was due on 1 January 2023 and the last installment will be due on 1 December 2024.

(15) LONG TERM LOANS (CONTINUED)

The aggregate amount of annual principal maturities of long-term loans are as follows:

Year	JD
2025	79,260

* The interest rate on long term loans ranges between 3.5% - 8.4% (31 December 2022: 3.5% - 9%).

(16) DUE TO BANKS

This item represents bank overdrafts facilities granted to the Group, by several local banks with a ceiling of JD 21,181,086 and an average interest rate of 5.75% - 8.5%. (2022: ceiling of JD 21,314,350 and an average interest rate of 5.75% - 9%.)

(17) REVOLVING LOANS:

			31 December 2023		31 December 2022	
	Company name	Currency	Ceiling	Utilized amount	Ceiling	Utilized amount
			JD	JD	JD	JD
Arab Banking Corporation	Dar Al Dawa Jordan	USD	3,261,400	2,533,966	3,261,400	2,904,713
Housing Bank	Dar Al Dawa Jordan	USD	5,672,000	5,471,353	5,672,000	5,058,906
Arab Bank	Dar Al Dawa Jordan	USD	9,926,000	7,778,441	6,381,000	6,942,392
Arab Jordan Investment Bank	Dar Al Dawa Jordan	USD	2,836,000	1,468,339	2,836,000	969,791
Arab Bank	Nutridar	USD	1,063,500	-	1,063,500	208,033
Arab Banking Corporation	Nutridar	USD	3,013,250	3,255,582	3,013,250	1,846,007
			25,772,150	20,507,681	22,227,150	17,929,842

* The interest rate on revolving loans ranges between 7.3% - 7.6% (31 December 2022: 6.3% - 7.5%).

(18) INCOME TAX PROVISION

The Company calculated the income tax for the results of operations for the years ended 31 December 2023 and 2022 in accordance with income tax law No. (34) of 2014 and its amendments.

Dar Al Dawa Development and Investment Company - Parent Company

The Company submitted its tax declarations for the years 2021 and 2022. The Income and Sales Tax Department did not review the Company's records up until the date of the consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2020 except for the year 2017 where the Income and Sales Tax Department reviewed the Company's records for the year 2017, as the amount of accumulated losses was not approved by the Company in the amount of JD 960,547, where the Company's management requests the approval of the amount of accumulated losses of JD 2,565,426, and the Company has filed a lawsuit for objection with the Tax Court of First Instance and the objection case decision was not issued by the Tax Court of First Instance until the date of the consolidated financial statements.

The Income and Sales Tax Department approved the amount of accumulated losses accepted for tax purposes for the years 2019 and 2020 with a total amount of JD 4,000,000 during 2023.

Nutridar Public Shareholding Company

The Company submitted its tax declarations for the years 2018 until 2022, and the Income and Sales Tax Department did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2017.

Al Dar Jordan for Investment

The Company submitted its tax declarations for the years 2019 until 2022, and the Tax Authority did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Tax Authority until 2018.

Dar al Dawa – Romania

The Company submitted its tax declaration for the year 2022, and the Tax Authority did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Tax Authority until 2021.

(18) INCOME TAX PROVISION (CONTINUED)

Dar al Dawa Algeria

The Company submitted its tax declaration for the years 2017 until 2022, and the Directorate General of Taxes did not review the Company's records until the date of the consolidated financial statements.

During 2017, the Directorate General of Taxes reviewed the Company's records for the years 2011 to 2014 and issued its report thereon, which included a claim on the Company to pay amounts in excess of the amounts paid for these years by an amount of JD 462,957, during 2017 the Company recorded a provision of JD 694,632 against these liabilities for the period from 2011 to 2017. The Company paid an amount if JD 462,957 for the years from 2011 until 2014. The Company recorded an additional provision of JD 151,500 during 2022 to cover potential risks for the years from 2018 to 2022.

In the opinion of the Company's management and legal counsel, the provision taken is sufficient to meet the liabilities that may arise from such claims.

The income tax for the year shown in the consolidated statement of income consists of the following:

	2023	2022
	JD	JD
Income tax for the year	-	442,426
Prior years Income tax	21,226	-
Change in deferred tax assets	(532,966)	(74,311)
	(511,740)	368,115

The movement on the income tax provision is as follows:

	2023	2022
	JD	JD
Balances as at the beginning of the year	500,281	295,049
Income tax for the year	-	442,426
Prior years Income tax	21,226	-
Paid during the year	(174,205)	(237,194)
Balances as at the end of the year	347,302	500,281

(18) Income Tax Provision (Continued)

Deferred tax assets

The deferred tax assets recorded in the consolidated statement of financial position was as follows:

	2023	2022
	JD	JD
Deferred tax assets resulting from accumulated losses of Nutridar	499,808	560,921
Deferred tax assets resulting from accumulated losses of the Parent Company	360,070	-
Deferred tax assets resulting from temporary tax differences	1,292,160	1,058,151
	2,152,038	1,619,072

The movement on deferred tax assets was as follows:

	2023	2022
	JD	JD
Balances as at the beginning of the year	1,619,072	1,544,761
Additions during the year	912,401	148,622
Less : Amount released during the year	(379,435)	(74,311)
	2,152,038	1,619,072

The summary the reconciliation between the accounting profit and taxable profit:

	2023	2022
	JD	JD
Accounting profit	2,583,394	2,196,896
Non-taxable revenues	(779,178)	(702,308)
Non–deductible expenses	175,663	833,970
Taxable profit	1,979,879	2,328,558
Income tax expense for the year	379,435	442,426
Deferred tax assets during the year	(912,401)	(74,311)
	(532,966)	368,115
Prior years Income tax	21,226	-
Tax benefits (income tax expense) for the year	(511,740)	368,115
Statutory income tax rate	19%	19%
Effective income tax rate	-	16.7%

(19) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2023	2022
	JD	JD
Trade payables	9,610,670	12,298,520
Advances from customers	5,435,523	2,646,793
Accrued expenses	1,814,688	1,975,683
Due to shareholders	1,100,883	964,387
Board of directors' remunerations and transportation	104,154	71,400
Due to social security	56,125	43,216
Others	639,487	534,704
	18,761,530	18,534,703

(20) OTHER PROVISIONS

Account	Balances as at the 1 January 2023	Additions	Utilized/paid/ reversed	Balances as at 31 December 2023
	JD	JD	JD	JD
Provision for compensatory and returned goods*	3,131,482	3,150,935	(3,827,983)	2,454,434
Employees' bonus provision	1,326,209	2,042,159	(2,159,735)	1,208,633
Provision for contingent legal cases	156,918	-	(25,000)	131,918
Provision for contingent tax liabilities	231,675	-	-	231,675
Provision for employees' vacations	183,414	230,657	(144,516)	269,555
	5,029,698	5,423,751	(6,157,234)	4,296,215

Account	Balances as at the 1 January 2022	Additions	Utilized/paid/ reversed	Balances as at 31 December 2022
	JD	JD	JD	JD
Provision for compensatory and returned goods*	3,756,143	644,666	(1,269,327)	3,131,482
Employees' bonus provision	396,976	1,331,244	(402,011)	1,326,209
Provision for contingent legal cases	126,918	67,000	(37,000)	156,918
Provision for contingent tax liabilities	485,135	-	(253,460)	231,675
Provision for employees' vacations	156,474	26,940	-	183,414
Other provisions	297,059	-	(297,059)	-
	5,218,705	2,069,850	(2,258,857)	5,029,698

(20) OTHER PROVISIONS (CONTINUED)

* This item represents the right of returns which resulted from the adoption of IFRS (15).

(21) SEGMENT INFORMATION

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

For the year ended 31 December 2023:

	Levant	Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	36,509,656	23,728,946	14,410,046	230,227	74,878,875
Cost of sales	(21,839,714)	(14,080,505)	(9,431,308)	(163,237)	(45,514,764)
Gross profit	14,669,942	9,648,441	4,978,738	66,990	29,364,111

	Medicine	Infants' cereals and milk formula	Total
	JD	JD	JD
Net sales	61,176,485	13,702,390	74,878,875
Cost of sales	(34,561,581)	(10,953,183)	(45,514,764)
Gross profit	26,614,904	2,749,207	29,364,111

For the year ended 31 December 2022:

	Levant	Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	29,450,501	17,302,801	13,402,317	203,529	60,359,148
Cost of sales	(16,599,701)	(9,648,185)	(9,484,786)	(128,119)	(35,860,791)
Gross profit	12,850,800	7,654,616	3,917,531	75,410	24,498,357

(21) SEGMENT INFORMATION (CONTINUED)

	Medicine	Infants' cereals and milk formula	Total
	JD	JD	JD
Net sales	48,027,583	12,331,565	60,359,148
Cost of sales	(26,447,849)	(9,412,942)	(35,860,791)
Gross profit	21,579,734	2,918,623	24,498,357

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

As at 31 December 2023

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
Total assets	74,150,013	34,502,198	22,264	573,054	109,247,529
Total liabilities	39,102,313	23,892,600	1,744	3,555	63,000,212
Other information:					
Depreciation	2,947,974	501,348	-	-	3,449,322
Finance costs	3,007,581	817,880	-	-	3,825,461
Provision for expected credit losses	(417,724)	(4,757)	-	-	(422,481)
Group's share of associate's results	(135,499)	-	-	-	(135,499)

As at 31 December 2022

	Jordan	Algeria	Tunisia	Romania	Total
	JD	JD	JD	JD	JD
Total assets	79,082,454	27,494,622	22,264	573,054	107,172,394
Total liabilities	47,417,472	16,149,559	1,744	3,555	63,572,330
Other information:					
Depreciation	3,143,693	441,197	-	-	3,584,890
Finance costs	1,672,465	754,728	-	-	2,427,193
Provision for expected credit losses	(623,167)	(5,525)	-	-	(628,692)
Group's share of associate's results	(174,077)	-	-	-	(174,077)

(22) COST OF SALES

	2023	2022
	JD	JD
Raw material and packaging as at 1 January	7,102,828	7,716,273
Purchases of raw material and packaging	28,503,935	19,699,823
Raw material and packaging ready for use	35,606,763	27,416,096
Raw material and packaging as at 31 December (Note 10)	(9,797,761)	(7,102,828)
	25,809,002	20,313,268
Other expense:		
Salaries and employees' benefits	7,740,315	6,828,158
Depreciation (Note 6)	2,927,686	3,008,580
Shipping, transportation, and customs clearance expenses	1,347,207	1,103,297
Electricity, water, and fuel	1,081,012	917,472
Maintenance	1,054,203	625,637
Travel and transportation	581,887	722,436
Factory consumables	545,506	309,748
Employees meal	532,906	372,265
Laboratory materials	462,126	316,246
Security expense	184,800	137,059
Cleaning expense	108,392	374,903
Factory insurance expense	74,413	64,618
Stationery	44,009	53,993
Others	1,079,735	1,020,202
	17,764,197	15,854,614
Total cost of production	43,573,199	36,167,882
Finished goods and work in progress as at 1 January	8,542,557	8,849,648
Finished goods and work in progress as at 31 December (Note 10)	(10,484,122)	(8,542,557)
	45,514,764	35,860,791

(23) SELLING AND DISTRIBUTION EXPENSES

	2023	2022
	JD	JD
Salaries and employees' benefits	8,267,080	8,343,207
Advertising and promotions	3,141,883	2,171,176
Governmental fees	724,964	496,944
Travel and transportation	692,091	525,315
Office expenses	489,651	409,386
Free samples	477,254	383,709
Professional fees	362,709	97,808
Depreciation (Note 6)	148,812	132,660
Others	580,751	570,725
	14,885,195	13,130,930

(24) ADMINISTRATIVE EXPENSES

	2023	2022
	JD	JD
Salaries and employees' benefits	3,519,939	3,329,135
Office expenses	358,936	234,129
Professional fees	306,358	157,343
Governmental fees	177,599	115,164
Depreciation (Note 6)	150,992	150,245
Travel and transportation	135,844	148,351
Right of use depreciation (Note 32)	52,509	117,535
Others	561,731	273,270
	5,263,908	4,525,172

(25) RESEARCH AND DEVELOPMENT EXPENSES

	2023	2022
	JD	JD
Salaries and employees' benefits	647,703	458,821
Laboratory materials	215,463	123,330
Depreciation (Note 6)	169,323	175,870
Studies and research	119,145	279,900
Office expenses	83,607	48,745
Travel and transportation	5,766	23,312
Others	24,399	17,715
	1,265,406	1,127,693

(26) OTHER EXPENSES, NET

	2023	2022
	JD	JD
Other industrial services	167,898	54,954
Gain from derecognition of lease contracts liabilities	117,445	-
Gain on sale of property, plant and equipment	89,507	-
Net sales of raw materials and packaging	50,511	49,280
Provision for expired and near expiry goods (Note 10)	(895,035)	(948,192)
Excess in provisions no longer needed	-	253,460
Others	109,537	68,842
	(360,137)	(521,656)

(27) BASIC AND DILUTED EARNINGS PER SHARE FROM THE PROFIT FOR THE YEAR

	2023	2022
Profit for the year attributable to the shareholders of the Parent Company (JD)	3,161,389	1,985,681
Weighted average number of outstanding shares during the year (share)	35,000,000	35,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share from profit of the year	0/090	0/057

(28) CONTINGENT LIABILITIES

As of the date of the consolidated financial statements, the Group has contingent liabilities as follows:

Contingent liabilities:	2023	2022
	JD	JD
Bank guarantees	14,257,699	14,019,190
Bills for collection	1,598,704	1,770,438
Government-guaranteed loans*	1,116,338	412,369
Letters of credit	309,479	362,057

The cash margins against the contingent liabilities above amounted to JD 1,146,456 as of 31 December 2023 (2022: JD 832,264).

* As a part of the mechanism approved by the Cabinet of Ministers of Jordan to repay the debts of Joint Procurement Department (Governmental body) to various pharmaceutical companies, an agreement was signed between the Company and Bank al Etihad during 2023 to obtain loan facilities by an amount of JD 978,881 to cover accounts receivable from the Government of the Hashemite Kingdom of Jordan. The Ministry of Finance has agreed to repay the principal instalments and interests of the granted loan.

As a part of the mechanism approved by the Cabinet of Ministers of Jordan to repay the debts of Joint Procurement Department (Governmental body) to various pharmaceutical companies, an agreement was signed between the Company and Cairo Amman Bank during 2019 to obtain loan facilities by an amount of JD 1,099,651 to cover accounts receivable from the Government of the Hashemite Kingdom of Jordan. The Ministry of Finance has agreed to repay the principal instalments and interests of the granted loan.

(29) LEGAL CLAIMS

There are lawsuits filed against the Group in the amount of JD 5,665,989 as of 31 December 2023 (31 December 2022: JD 2,931,666) within the normal activity of the Group. The Group’s management and its legal advisor believe that the provision provided against these claims amounting to JD 131,918 as of 31 December 2023 (31 December 2022: JD 156,918) is sufficient to meet any obligations that may arise and there is no need to book an additional provision.

(30) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associate company, board of directors and entities which they are principal shareholders. Pricing policies and terms of the transactions are approved by the Group's management.

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

	2023	2022
Amounts due from related parties:	JD	JD
Zakaria Hawash (Partner in Medi Pharma International)	1,879,005	1,170,482
Al Mufeed Trading – United Arab Emirates (Company owned by a board member)	721,468	2,203,000
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate company)	176,948	169,464
	2,777,421	3,542,946

Advance payments from customers:

	2023	2022
	JD	JD
Dara Group for Health (Company Owned by a shareholder with a significant influence)	4,971,370	2,453,547

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

	2023	2022
	JD	JD
Sales to agents - Dara Group for Health (Company owned by a shareholder with a significant influence)	11,759,474	6,459,653
Sales to agents - Al Mufeed Trading (Company owned by a Board Member)	5,349,405	3,794,338
Service revenue - Dar Al Dawa Veterinary Industries Limited Liability Company (Associate company)	4,800	4,800
Transportation and remunerations of Board of Directors	117,986	79,080

(30) RELATED PARTY TRANSACTIONS (CONTINUED)

The following is a summary of the benefits (salaries, bonuses and other benefits) of the Group's senior executive management:

	2023	2022
	JD	JD
Salaries and other benefits	1,393,511	1,208,735

(31) DISCONTINUED OPERATIONS

Al Nahda for Financial Investments

During 2016, the Group's management issued a resolution to liquidate Al Nahda for Financial Investments (Subsidiary), thus the operational transactions for company has been classified as discontinued operations in accordance with the IFRS (5).

Net book value for assets and liabilities of the disposed subsidiary as of 31 December 2023 and 2022 are as follows:

	Al Nahda for Financial Investments	
	2023	2022
	JD	JD
ASSETS		
Cash and bank balances (Note 12)	95,057	95,057
	95,057	95,057
LIABILITIES		
Accounts payable other current liabilities	6,158	6,158
NET ASSETS	88,899	88,899

(32) RIGHT OF USE ASSETS AND LEASE CONTRACTS LIABILITIES

Set out below are the carrying amounts of right of use assets and lease contracts liabilities recognized and the movements as of 31 December 2023 and 2022:

	Right of use assets	Lease liabilities*
	JD	JD
At 1 January 2023	20,432	137,877
Addition	270,050	270,050
Depreciation	(52,509)	-
Disposal	(20,432)	(137,877)
Finance costs	-	7,751
Lease payments	-	(102,844)
At 31 December 2023	217,541	174,957

	Right of use assets	Lease liabilities*
	JD	JD
At 1 January 2022	137,967	181,157
Depreciation	(117,535)	-
Finance costs	-	7,488
Lease payments	-	(50,768)
At 31 December 2022	20,432	137,877

* Lease liabilities details as at 31 December are as follows:

	Short-term	Long-term	Total
	JD	JD	JD
2023	85,034	89,923	174,957
2022	137,877	-	137,877

(33) RISK MANAGEMENT

Interest rate risk

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

The Group is exposed to interest rate risk on its financial assets and liability that carry interest such as deposists, loans and due to banks.

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

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

2023- **Currency**	Increase in interest rate	Effect on profit before tax
	(Basis points)	JD
USD	100	(217,291)
JOD	100	(146,083)
DZD	100	(125,241)

2022- **Currency**	Increase in interest rate	Effect on profit before tax
	(Basis points)	JD
USD	100	(233,021)
JOD	100	(44,262)
DZD	100	(106,067)

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

(33) RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk through its operational activities such as trade receivables and financing activities such as deposits at banks and other financial instruments included in the consolidated statement of financial position.

According to the Group's judgment, the Group is not materially exposed to credit risk as it seeks to limit its credit risk with respect to banks by only dealing with reputable banks, and with respect to customers by monitoring outstanding receivable.

The Group sells its products to a large number of customers. The largest customer accounts represent 12% of the outstanding trade receivables at 31 December 2023 (2022: 7.7%).

Liquidity risk

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

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

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

As at 31 December 2023	Less than one year	More than one year	Total
	JD	JD	JD
Accounts payable	9,610,670	-	9,610,670
Bank overdrafts and revolving loans	40,542,793	-	40,542,793
Other current liabilities	4,130,528	-	4,130,528
Bank loans	2,481,316	85,994	2,567,310
Lease liabilities	95,094	95,094	190,188
Total	56,860,401	181,088	57,041,489

(33) RISK MANAGEMENT (CONTINUED)

31 December 2022	Less than one year	More than one year	Total
	JD	JD	JD
Accounts payable	12,298,520	-	12,298,520
Bank overdrafts and revolving loans	36,304,121	-	36,304,121
Other current liabilities	3,727,269	-	3,727,269
Bank loans	2,769,434	2,818,363	5,587,797
Lease liabilities	145,632	-	145,632
Total	55,244,976	2,818,363	58,063,339

Foreign currency risk -

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

	Change in foreign currency rates	Effect on profit for the year
	(%)	JD
2023 -		
Currency		
EURO	10%	139,511
DZD	10%	331,947
2022 -		
Currency		
EURO	10%	190,691
DZD	10%	177,288

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

(34) RESTRICTED BANK BALANCES

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

(35) EMPLOYEES TERMINATION COMPENSATION

During the year 2023, the Group laid off a number of employees, which led to the disbursement of a compensatory amount of JD 912,682 as a termination compensation which was recorded as an expense in the consolidated statement of income.

(36) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

Capital comprises paid-in capital, statutory reserve, voluntary reserve, special reserve, other reserves, foreign currency translation differences and retained earnings and is measured at JD 45,810,758 as at 31 December 2023 (2022: JD 43,121,873).

(37) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through other comprehensive income, due from related parties and some other current assets. Financial liabilities consist of trade payables, revolving loans, long term loans, bank overdrafts and some other current liabilities.

The fair value of financial instruments is not materially different from the book value of these instruments.

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

(39) RESTATEMENT OF PRIOR YEARS

During the year ended 31 December 2023, the Group's management adjusted the comparative figures for the year ended 31 December 2022 in accordance with International Financial Accounting Standard No. (8) "Accounting policies, changes in accounting estimates and errors" to amend the error related to the calculation for the expected credit losses provision for receivables in accordance with International Financial Reporting Standards No.(9) "Financial Instruments".

The restatements on the consolidated statement of financial position as of 31 December 2022 were as follow:

	Before restatement	Restatement's effect	After restatement
	JD	JD	JD
Current Assets -			
Trade receivables and other current assets	30,955,817	(373,000)	30,582,817
Equity			
Retained earnings	4,192,591	(337,271)	3,855,320
Non-controlling interest	513,920	(35,729)	478,191
	4,706,511	(373,000)	4,333,511

The restatement on the consolidated statement of income in for the year ended 31 December 2022 was as follow:

	Before restatement	Restatement's effect	After restatement
	JD	JD	JD
Provision for expected credit losses	(255,692)	(373,000)	(628,692)

The restatements on the consolidated statement of cash flow for the year ended 31 December 2022 were as follow:

	Before restatement	Restatement's effect	After restatement
	JD	JD	JD
Profit for the year before tax	2,201,781	(373,000)	1,828,781
Provision for expected credit losses	255,692	373,000	628,692