THE JORDANIAN PHARMACEUTICAL MANUFACTURING CO.

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Jordanian Pharmaceutical Manufacturing Company

Public Shareholding Company

Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Jordanian Pharmaceutical Manufacturing Company - Public Shareholding Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2021, 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 I ESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to the Group's Ability to Continue as a Going Concern

Without qualifying our opinion, we draw attention to note (15) to the consolidated financial statements, the Group's accumulated losses reached JD 33,271,614 as at 31 December 2021 which represents 131.4% of its paid in capital. As per article No. (266) of the Companies Law No. (22) for the year 1997 and its amendments which states that in case the accumulated losses of public shareholding company reach 75% of its subscribed capital, it should be liquidated unless the general assembly decides in its extra ordinary meeting to increase its capital to set off these losses. The general assembly has resolved in its extra ordinary meeting held on 29 November 2021 to increase the capital of the company from 25,312,500 JD/Share to 69,756,944 JD/Share, by allocating the increased shares (44,444,444 shares) to some shareholders, with issuance discount of 0.73 piasters per share, and by the value of JD 12,000,000. The legal procedures were not completed on the date of preparing the consolidated financial statements. The existence of such events may cast a significant doubt about the Group's ability to continue as a going concern.

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 current year. 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 in addition to the matter described in the Material Uncertainty Related to the Group's Ability to Continue as a Going Concern paragraph.

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 matter 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. Disclosures that relate to the accounting policies of revenue recognition are included in Note (2-3) to the consolidated financial statements.

Key audit matter	How the key audit matter was addressed in the audit
The Group focuses on revenue targets as a key performance measure which may create an incentive for revenue to be recognized before delivering the goods and may result in overstating revenues.	Our audit procedures included evaluating the Group's revenue recognition accounting policies in accordance with IFRS 15 "Revenue from contracts with customers'. We tested the Group's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested revenue cutoff date to, assess whether the revenue was recognized in 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.

2) Existence and valuation of inventories

Disclosures that relate to inventories are included in Note (10) to the consolidated financial statements. Disclosures that relate to the accounting policies of inventories are included in Note (2-3) to the consolidated financial statements.

Key audit matter	How the key audit matter was addressed in the audit
At 31 December 2021, total inventories balance amounted to JD 5,624,556 representing 11.4% of total assets of the Group. These inventories mainly consist of raw materials and finished goods located in the Group's warehouses. The assessment of revaluation of inventories to net realizable value is mainly based on management estimates.	Our audit procedures included testing the Group's controls around completeness and 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 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.

Other Information included in the Group's 2021 annual report

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements are in agreement therewith. We recommend the general assembly to approve these consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Ahmed Mustafa Ramadan; license number 942.

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Amman — Jordan

27 March 2022

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 JD	2020 JD
ASSETS			
Non-current assets -			
Right-of-use assets	5	7,535,488	7,688,792
Property, plant and equipment	6	3,417,427	3,548,847
Intangible assets	7	2,061,488	2,064,344
Investment in associate	8	2,968,206	3,074,520
Financial assets at fair value through other comprehensive income	9	193,541	193,541
		16,176,150	16,570,044
Current assets -			
Inventory	10	5,624,556	6,104,847
Other receivables	11	700,104	839,276
Due from related parties	12	12,166	11,562
Accounts receivable	13	13,919,008	16,052,215
Letters of credit under collection		533,472	-
Checks under collection		742,427	467,681
Cash and bank balances	14	11,427,559	208,409
		32,959,292	23,683,990
Total Assets		49,135,442	40,254,034
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent Company -			
Paid in capital	15	25,312,500	25,312,500
Payments against increase of capital	1	12,000,000	-
Statutory reserve	1	219,115	2,059,193
Cumulative change in fair value through other comprehensive income		(2,323,510)	(2,323,510)
Foreign currency translation reserve	15	(88,930)	(66,637)
Accumulated losses	15	(33,271,614)	(35,233,768)
		1,847,561	(10,252,222)
Non-controlling interests	28	106,792	135,193
Net Equity		1,954,353	(10,117,029)
Liabilities			
Non-current liabilities -			
Deferred gain from sale and lease back	16	1,206,004	1,320,862
Lease liabilities	16	6,966,810	7,396,248
Murabaha financing	17	20,256,322	12,873,076
Notes payables	18	6,054,091	4,681,664
		34,483,227	26,271,850
Current liabilities -			
Deferred gain on sale and lease back due within a year	16	114,858	114,858
Lease liabilities due within a year	16	649,227	608,490
Murabaha financing due within a year	17	717,703	6,308,732
Notes payables due within a year	18	1,350,205	1,604,572
Lawsuit provision	19	-	5,671,832
Due to related parties	12	53,992	52,112
Accounts payable		2,407,133	2,586,753
Other payables	20	6,456,701	6,196,053
Due to banks	14	948,043	955,811
		12,697,862	24,099,213
Total Liabilities		47,181,089	50,371,063
Total Equity and Liabilities		49,135,442	40,254,034

The accompanying notes from 1 to 35 form integral part of these consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		JD	JD
Net sales	21	15,828,370	14,915,160
Cost of sales	22	(10,156,455)	(9,311,891)
Gross profit		5,671,915	5,603,269
Selling and distribution expenses	23	(4,471,151)	(4,593,803)
Administrative expenses	24	(2,738,651)	(2,995,806)
Finance costs		(929,119)	(1,476,031)
Gain from murabaha restructuring		1,032,300	487,670
Lawsuit provision (recovery) expense	19	2,831,832	(5,671,832)
Impairment and amortization of Intangible assets	7	(103,393)	(122,054)
Research and study expenses		(408,136)	(356,906)
Expired goods		(631,105)	(613,513)
Groups' share of profit of associate	8	(106,314)	154,099
Income and other expenses, net	25	2,866	5,774
Profit (loss) for the year before income tax		151,044	(9,579,133)
Income tax expense for the year	26	(57,293)	(2,104,406)
Profit (Loss) for the year		93,751	(11,683,539)
Profit (Loss) for the year attributable to:			
Shareholders of the parent company		122,076	(11,636,986)
Non-controlling interests	28	(28,325)	(46,553)
		93,751	(11,683,539)
		JD/Fils	JD/Fils
Basic and diluted Profit (loss) per share for the year attributable to shareholders of the parent company	27	0/005	(0/460)

The accompanying notes from 1 to 35 form integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		JD	JD
Profit (Loss) for the year		93,751	(11,683,539)
Add: Other comprehensive income items that may not be reclassified to profit or loss in subsequent periods			
Changes in fair value of financial assets at fair value through other comprehensive income		-	(38,764)
Foreign currency translation differences		(22,369)	3,333
		(22,369)	(35,431)
Total comprehensive income for the year		71,382	(11,718,970)
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		99,783	(11,672,428)
Non-controlling interests	28	(28,401)	(46,542)
		71,382	(11,718,970)

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the parent company								
	Paid-in capital	Payments against increase of capital	Statutory reserve	Cumulative change in fair value of financial assets at fair value through other comprehensive income	Foreign currency translation differences	Accumulated losses	Total	Non-controlling interests	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2021-									
Balance as at 1 January 2021	**25,312,500**	**-**	**2,059,193**	**(2,323,510)**	**(66,637)**	**(35,233,768)**	**(10,252,222)**	**135,193**	**(10,117,029)**
Profit for the year	-	-	-	-	-	122,076	122,076	(28,325)	93,751
Other comprehensive income items	-	-	-	-	(22,293)	-	(22,293)	(76)	(22,369)
Total comprehensive income	-	-	-	-	(22,293)	122,076	99,783	(28,401)	71,382
Amortization of losses (Note 1)	-	-	(1,840,078)	-	-	1,840,078	-	-	-
Payments against increase of capital (Note 1)	-	12,000,000	-	-	-	-	12,000,000	-	12,000,000
Balance as at 31 December 2021	**25,312,500**	**12,000,000**	**219,115**	**(2,323,510)**	**(88,930)**	**(33,271,614)**	**1,847,561**	**106,792**	**1,954,353**
2020-									
Balance as at 1 January 2020	**25,312,500**	**-**	**2,059,193**	**(2,284,746)**	**(69,959)**	**(23,596,782)**	**1,420,206**	**181,735**	**1,601,941**
Loss for the year	-	-	-	-	-	(11,636,986)	(11,636,986)	(46,553)	(11,683,539)
Other comprehensive income items	-	-	-	(38,764)	3,322	-	(35,442)	11	(35,431)
Total comprehensive income	-	-	-	(38,764)	3,322	(11,636,986)	(11,672,428)	(46,542)	(11,718,970)
Balance as at 31 December 2020	**25,312,500**	**-**	**2,059,193**	**(2,323,510)**	**(66,637)**	**(35,233,768)**	**(10,252,222)**	**135,193**	**(10,117,029)**

The accompanying notes from 1 to 35 form integral part of these consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		JD	JD
OPERATING ACTIVITIES			
Profit (Loss) for the year before income tax		151,044	(9,579,133)
Adjustments for:			
Depreciation and amortization	5, 6, 7	677,240	713,329
Group's share of net profit of associate	8	106,314	(154,099)
Lawsuit provision (recovery) expenses	19	(2,831,832)	5,671,832
Finance costs		929,119	1,476,031
Gain from murabaha restructuring		(1,032,300)	(487,670)
		(2,000,415)	(2,359,710)
Changes in working capital -			
Inventories		480,291	(331,535)
Due from related parties		(604)	724,410
Accounts receivable		2,133,207	(2,769,499)
Letters of credit under collection		(533,472)	-
Checks under collection		(274,746)	275,614
Other receivables		139,172	(61,864)
Accounts payable		(179,620)	(583,636)
Due to related parties		1,880	(61,191)
Other payables		215,978	(1,142,049)
		(18,329)	(6,309,460)
Paid tax		(12,623)	(3,160,754)
Net cash flows used in operating activities		(30,952)	(9,470,214)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(289,643)	(192,996)
Purchase of intangible assets	7	(100,537)	(53,643)
Net cash flows used in investing activities		(390,180)	(246,639)
FINANCING ACTIVITIES			
Payment against increase of capital		12,000,000	-
Notes payables		(1,721,940)	5,260,608
Lease liabilities paid		(503,559)	(388,058)
Murabaha financing received		1,895,398	4,592,050
Net cash flows from financing activities		11,669,899	9,464,600
Net increase (decrease) in cash and cash equivalents		11,248,767	(252,253)
Cash and cash equivalents at the beginning of the year	14	(747,402)	(499,137)
Currency translation differences, net		(21,849)	3,988
Cash and cash equivalents at the end of the year	14	10,479,516	(747,402)

The accompanying notes from 1 to 35 form integral part of these consolidated financial statements

(1) GENERAL

The Jordanian Pharmaceutical Manufacturing Company (the "Company") was established on 27 January 2004 as a Public Shareholding Company, Keep 347 as a result of the merger between Al Razi for Pharmaceutical Manufacturing a public shareholding company and the Jordanian Company for the Production of Medicines and Medical Equipment a limited liability company, with an authorized capital and paid in capital of JD 25,312,500 divided into 25,312,500 shares at par value of JD1 per share.

The general assembly of The Jordan Pharmaceutical Production Company resolved in its extraordinary meeting held on 31 October 2021 to amortize the company's losses by the amount of JD 1,840,078 using the statutory reserve account. In addition the general assembly has resolved in its extra ordinary meeting held on 29 November 2021 to increase the capital of the company from 25,312,500 share/JD to 69,756,944 share/JD, by allocating the increased shares (44,444,444 shares) to some shareholders, with issuance discount of 0.73 piasters per share, and by the value of JD 12,000,000. The legal procedures were not completed on the date of preparing the consolidated financial statements.

The head office of the Company is located in Amman - The Hashemite Kingdom of Jordan.

The Group's main objectives are the production of medical, chemical and pharmaceutical products.

The consolidated financial statements were approved by the Board of Directors on 27 March 2022.

(2-1) BASIS OF PREPARATION

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

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

The consolidated financial statements are presented in Jordanian Dinars which is the Company's functional currency.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 31 December 2021. The subsidiaries that are included in the consolidated financial statements are as follow:

Company Name	Capital (JD)	Main activities	Country of incorporation	Ownership percentage
Dellas for Natural Products Co.	150,000	Pharmaceutical industries	Jordan	93.33%
Swagh for Pharmaceutical Manufacturing Co.	150,000	Pharmaceutical industries	Jordan	93.33%
Aragen for Technical Organic Co. and its subsidiary:	1,400,000	Reagent industries	Jordan	90%
- Aragen for Technical Organic Co. (Free-Zone)	30,000	Pharmaceutical industries	Jordan	100%
Jordan Algerian Pharmaceutical Manufacturing Co.	188,800	Pharmaceutical marketing	Algeria	99.66%

The control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investors with significant influence on the Group:
Jordan Islamic Bank and Rimco for Investment Company owns 69.9% and 12.7% of the Company's issued shares, respectively as in 31 December 2021.

(3-1) CHANGES IN ACCOUNTING POLICES

The accounting policies adopted in the preparation of the consent consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 31 December 2021:

IBOR reform Phase 2
IBOR reform Phase 2, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. IBOR reform Phase 2 provides temporary reliefs that allow the Company's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Company to amend hedge designations and hedge documentation.

This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Company may elect on a hedge by hedge basis to reset the cumulative fair value change to zero.

The Company may designate an interest rate as a noncontractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Company reasonably expects the RFR to become separately identifiable within 24 months.

For hedges of groups of items, the Company is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

These amendments did not have any impact on the Company's consolidated financial statements.

(3-2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment value. 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 profit or loss.

Depreciation (except for lands) is computed on a straight-line basis over the estimated useful lives of assets at the following annual rates:

	%
Buildings	2-4
Machinery and equipment	5-10
Tools and equipment	10-25
Vehicles	10
Furniture and fixtures	10

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 profit or loss.

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

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 profit and loss. Indefinite intangible assets are tested for impairment on an annual basis and recorded in the consolidated statement of profit and loss.

Internally generated intangibles form the operations of the group are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss 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 live of these assets are reviewed were the adjustments are made on the subsequent years.

Intangible assets are amortized over the expected useful life using the following annual ratios:

	%
Bio-equivalent studies	Indefinite useful life
Patent	Indefinite useful life
Medicine registration	20

Investments in associates

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 associates 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 profit or loss 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.

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 profit or loss.

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

Accounts receivable

Trade receivables are measured at the transaction price determined under IFRS 15. The Group recognises an allowance for expected credit losses (ECLs) for trade receivables. The Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is calculated as follows:

Raw materials: purchase cost is determined on the weighted average basis.
Finished goods and work in progress: cost of direct materials and a proportion of manufacturing overheads using is determined on the weighted average basis.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks with original maturities of three months or less with no risk of change in their value.

For the purpose of the preparation of consolidated statement of cash flows, cash and cash equivalents consists of cash and short-term deposits are defined above, net of outstanding bank overdraft and restricted cash.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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.

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 profit or loss 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 profit and loss.

Accounts payables

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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Income tax

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

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

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 Company 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.

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 recognizes a refund liability.

Refund liabilities

A refund 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 the accrual basis.

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.

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 profit and loss.

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.

(4) SIGNIFICANT ACCOUNTING 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 Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss Letterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

  The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the pharmaceuticals sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IAS.

- 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.

  Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(5) RIGHT OF USE ASSETS

The Group entered into financing agreement with Jordan Islamic Bank, where the group sold a property (Al Razi Industrial complex located in Um Al Amad) to the bank and leased back the property to re-own after 10 years, the annual lease yield rate is 5% with the option to re-own the property if the Group pays all the commitments of the contract early. On 30 June 2013 the contract was terminated and new contract was signed which extended the period to (20) years.

	Lands	Buildings	Total
2021	JD	JD	JD
Cost-			
Balance as at 1 January 2021	1,832,692	7,369,115	9,201,807
Balance as at 31 December 2021	1,832,692	7,369,115	9,201,807
Accumulated Depreciation -			
Balance as at 1 January 2021	-	1,513,015	1,513,015
Deprecation charge for the year	-	153,304	153,304
Balance as at 31 December 2021	-	1,666,319	1,666,319
Net book value -			
Balance as at 31 December 2021	1,832,692	5,702,796	7,535,488

	Lands	Buildings	Total
2020	JD	JD	JD
Cost-			
Balance as at 1 January 2020	1,832,692	7,369,115	9,201,807
Balance as at 31 December 2020	1,832,692	7,369,115	9,201,807
Accumulated Depreciation -			
Balance as at 1 January 2020	-	1,359,711	1,359,711
Deprecation charge for the year	-	153,304	153,304
Balance as at 31 December 2020	-	1,513,015	1,513,015
Net book value -			
Balance as at 31 December 2020	1,832,692	5,856,100	7,688,792

The right of use of assets depreciation expense is recognized within cost of sales in the consolidated statement of profit or loss (Note 22).

(6) PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Tools	Vehicles	Furniture	Total
2021 -							
Cost-	JD	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2021	490,127	3,869,191	10,594,902	3,174,174	311,474	741,050	19,180,918
Additions	-	2,548	154,686	123,427	-	8,982	289,643
Translation differences	-	-	-	(4,260)	(2,582)	-	(6,842)
Balance as at 31 December 2021	490,127	3,871,739	10,749,588	3,293,341	308,892	750,032	19,463,719
Accumulated Depreciation -							
Balance as at 1 January 2021	-	2,449,166	9,412,501	2,736,955	311,474	721,975	15,632,071
Deprecation charge for the year	-	131,084	191,691	94,542	-	3,226	420,543
Translation differences		-	-	(3,740)	(2,582)	-	(6,322)
Balance as at 31 December 2021	-	2,580,250	9,604,192	2,827,757	308,892	725,201	16,046,292
Net book value -							
As at 31 December 2021	490,127	1,291,489	1,145,396	465,584	-	24,831	3,417,427
2020 -							
Cost-							
Balance as at 1 January 2020	490,127	3,896,082	10,465,017	3,047,777	259,559	738,775	18,897,337
Additions	-	-	102,994	87,844	-	2,158	192,996
Asset adjustments of subsidiaries	-	(26,891)	26,891	46,711	57,544	117	104,372
Translation differences	-	-	-	(8,158)	(5,629)	-	(13,787)
Balance as at 31 December 2020	490,127	3,869,191	10,594,902	3,174,174	311,474	741,050	19,180,918
Accumulated Depreciation -							
Balance as at 1 January 2020	-	2,301,384	9,204,295	2,614,568	259,559	723,054	15,102,860
Deprecation charge for the year	-	156,043	194,400	85,036	-	2,492	437,971
Asset adjustments of subsidiaries	-	(8,261)	13,806	44,854	57,544	(3,571)	104,372
Translation differences	-	-	-	(7,503)	(5,629)	-	(13,132)
Balance as at 31 December 2020	-	2,449,166	9,412,501	2,736,955	311,474	721,975	15,632,071
Net book value -							
As at 31 December 2020	490,127	1,420,025	1,182,401	437,219	-	19,075	3,548,847

Depreciation expense is distributed in the consolidated statement of profit or loss as follows:

	2021	2020
	JD	JD
Cost of sales (Note 22)	408,256	428,882
Selling and distribution expenses (Note 23)	1,842	1,985
Administrative expenses (Note 24)	10,445	7,104
	420,543	437,971

(7) INTANGIBLE ASSETS

	Bio-equivalent studies	Patent	Medicine registration	Total
2021 -	JD	JD	JD	JD
Cost-				
Balance as at 1 January	5,333,942	3,880,133	1,471,875	10,685,950
Additions	59,424	-	41,113	100,537
Balance as at 31 December	5,393,366	3,880,133	1,512,988	10,786,487
Amortization Depreciation -				
As at 1 January	3,444,655	3,821,937	1,355,014	8,621,606
Amortization charge for the year	-	-	30,527	30,527
Impairment losses *	61,334	11,532	-	72,866
As at 31 December	3,505,989	3,833,469	1,385,541	8,724,999
Net book value as at 31 December	1,887,377	46,664	127,447	2,061,488
2020 -				
Cost-				
Balance as at 1 January	5,333,942	3,880,133	1,418,232	10,632,307
Additions	-	-	53,643	53,643
Balance as at 31 December	5,333,942	3,880,133	1,471,875	10,685,950
Amortization Depreciation -				
As at 1 January	3,387,698	3,793,131	1,318,723	8,499,552
Amortization charge for the year	-	-	36,291	36,291
Impairment losses *	56,957	28,806	-	85,763
As at 31 December	3,444,655	3,821,937	1,355,014	8,621,606
Net book value as at 31 December	1,889,287	58,196	116,861	2,064,344

* On 31 December 2021, the Group performed an impairment test on the Bio-equivalence studies and Patents value (intangible assets with indefinite useful life) by calculating their fair value. based on the results impairment loss was recognized by the amount of JD 72,866 during the year 2021.

(8) INVESTMENT IN AN ASSOCIATE

	Country of Incorporation	Activity	Ownership interest		2021	2020
			2021	2020	JD	JD
Azal Pharmaceutical Company	Eritrea	Pharmaceutical industries	42%	42%	2,968,206	3,074,520

Movement on investments in associate is as follows:

	2021	2020
	JD	JD
Balance beginning of the year	3,074,520	2,920,421
Group's share of Associates' net results current year	-	118,922
Group's share of Associates' net results previous years	(106,314)	35,177
Balance ending of the year	2,968,206	3,074,520

The following table summarize of the financial information of the group's investment in its associate:

	2021	2020
	JD	JD
Current assets	12,384,901	12,383,738
Non- current assets	940,771	944,442
Current liabilities	(5,876,841)	(5,626,221)
Non- Current liabilities	(381,673)	(381,673)
Net Equity	7,067,158	7,320,286
Percentage of ownership	42%	42%
Group's share in net equity	2,968,206	3,074,520
Net investment as at 31 December	2,968,206	3,074,520

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Country	2021	2020
		JD	JD
Stocks of companies not listed			
Arab Company for Drug Industries	Tunis	183,188	183,188
Tasili Takafo Company	Algeria	10,352	10,352
Egyptian Obour Company	Egypt	1	1
		193,541	193,541

(10) INVENTORY

	2021	2020
	JD	JD
Finished goods	2,084,846	2,827,725
Raw materials	2,344,949	1,960,704
Packing materials	751,440	925,584
Spare parts and other consumables	443,321	390,834
	5,624,556	6,104,847

(11) OTHER RECEIVABLES

	2021	2020
	JD	JD
Income tax deposit	179,815	211,353
Sales tax deposit	170,546	142,444
Prepaid expenses	136,235	64,487
Employee Receivables	93,039	92,536
Guarantee margin	63,642	75,429
Refundable deposits	8,993	10,521
Other	47,834	242,506
	700,104	839,276

(12) RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, associates Company's and entities significantly controlled by them. Pricing policies and terms of the transactions are approved by the Group management.

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

	Nature of relationship	2021	2020
		JD	JD
Amounts due from related parties:			
Dr. Adnan Ali Hussein Badwan	Board Member	12,166	11,562
Amounts due to related parties:			
Rashid Abd Al-Rahman Al-Rashid Co.	Major Shareholder	50,000	50,000
Azal Pharmaceutical Company	Associate Company	3,992	2,112
		53,992	52,112
Lease liabilities:			
Jordan Islamic Bank	Major Shareholder	7,616,037	8,004,738
Murabaha financing:			
Jordan Islamic Bank	Major Shareholder	20,974,025	19,181,808
Other payables:			
Amounts due to the Board of Directors	Board Members	301,051	315,411

The following is a summary of transactions with related parties that appear in the consolidated statement of profit or loss:

	Nature of relationship	2021	2020
		JD	JD
Finance costs:			
Jordan Islamic Bank	Major Shareholder	847,956	1,392,521
Gain from Murabaha restructuring:			
Jordan Islamic Bank	Major Shareholder	1,032,300	487,670
Administrative expenses:			
Board members transportation	Board Member	57,550	35,081

Short term salaries, transportation and other benefits of key management personnel amounted to JD 532,965 for the year ended 31 December 2021 (for the year ended 31 December 2020 : JD 1,116,267).

(13) ACCOUNTS RECEIVABLE

	2021	2020
	JD	JD
Local Receivables	5,283,487	7,933,766
Foreign Receivables	22,856,431	22,339,359
	28,139,918	30,273,125
Expected credit loss provision*	(14,220,910)	(14,220,910)
	13,919,008	16,052,215

The following is the accounts receivable ageing as of December 31 using expected credit loss provision matrix:

	Weighted average loss rate	Accounts receivables	Expected credit loss allowance
2021-		JD	JD
Less than 90 days	4,6%	5,180,222	237,061
91 - 180 days	10%	1,853,752	185,375
181 - 270 days	15%	1,281,699	192,255
271 - 365 days	25%	951,732	237,933
365 - 730 days	50%	11,008,454	5,504,227
More than 730	100%	7,864,059	7,864,059
		28,139,918	14,220,910

	Weighted average loss rate	Accounts receivables	Expected credit loss allowance
2020-		JD	JD
Less than 90 days	3%	4,143,247	125,383
91 - 180 days	9%	3,391,907	305,272
181 - 270 days	22%	2,854,918	628,082
271 - 365 days	26%	3,206,771	833,760
365 - 730 days	50%	8,695,738	4,347,869
More than 730	100%	7,980,544	7,980,544
		30,273,125	14,220,910

*The movement on the expected credit losses provision is as follows:

	2021	2020
	JD	JD
As at 1 January	14,220,910	14,220,910
Charge for the year	-	-
As at 31 December	14,220,910	14,220,910

Based on the Group's management estimates receivables are expected to be fully recoverable. The Group does not obtain any guarantees against these receivables.

(14) CASH AND CASH EQUIVALENTS

	2021	2020
	JD	JD
Bank balances	11,412,692	195,325
Cash on hand	14,867	13,084
Cash and bank balances	11,427,559	208,409

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

	2021	2020
	JD	JD
Cash and bank balances	11,427,559	208,409
Less: due to banks*	(948,043)	(955,811)
Cash and cash equivalents	10,479,516	(747,402)

* Due to banks represents overdraft facilities by the amount of JD 948,043 granted by The Housing Bank - Algeria to finance the working capital requirements of the subsidiary located in Algeria, with total credit limit of 475 million Algerian Dinars and a variable interest rate of 3%+ TAUX DE BASE BANCAIRE.

(15) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Paid in capital -

The Company's authorized capital and paid in capital as of 31 December 2021 is JD 25,312,500 divided into 25,312,500 share at a par value of JD 1 per share.

Statutory reserve -

The accumulated balances in this account represent 10% of the pretax income transferred to statutory reserve. Moreover, transfers might be stopped when the statutory reserve reaches 25% of the Company's paid-in capital unless the general assembly approves to continue to build the reserve using the same rate until it equals its paid in capital. This reserve is not available for distribution to the shareholders.

Foreign currency translation differences -

This item represents foreign currency differences that results from the translation of financial statements for foreign subsidiaries.

Accumulated Losses -

The Group's accumulated losses reached JD 33,271,614 as at 31 December 2021 which represent 131.4% of its paid in capital. As per article No. (266) of the Companies Law No. (22) for the year 1997 and its amendments which states that in case the accumulated losses of public shareholding company reach 75% of its subscribed capital, it should be liquidated unless the general assembly decides in its extra ordinary meeting to increase its capital to set off these losses.

The general assembly of The Jordan Pharmaceutical Production Company resolved in its extraordinary meeting held on 31 October 2021 to amortize the company's losses by the amount of JD 1,840,078 using the statutory reserve account. In addition the general assembly has resolved in its extra ordinary meeting held on 29 November 2021 to increase the capital of the company from 25,312,500 share/JD to 69,756,944 share/JD, by allocating the increase shares (44,444,444 shares) to some shareholders, with issuance discount of 0.73 piasters per share, and by the value of JD 12,000,000. The legal procedures were not completed on the date of preparing the consolidated financial statements.

(16) LEASE LIABILITY

Lease liabilities represents the Groups' outstanding due balance commitments generated from the finance lease agreement signed with the Jordan Islamic Bank. Moreover, the annual lease yield applied equals to 5%.

	2021		2020	
	Minimum Lease payment	Present Value of payments	Minimum Lease payment	Present Value of payments
	JD	JD	JD	JD
Unpaid due balance	219,789	219,789	219,789	219,789
Due within a year	879,156	429,438	879,156	388,701
Due from one to five years	3,516,624	2,124,072	3,516,624	1,961,123
Due after more than five years	5,714,514	4,842,738	6,593,670	5,435,125
	10,330,083	7,616,037	11,209,239	8,004,738
Less: deferred finance cost	(2,714,046)	-	(3,204,501)	-
	7,616,037	7,616,037	8,004,738	8,004,738

A profit was generated from the sale and lease back agreement by the amount of JD 2,631,589, which is being amortized over the lease term as the following:

	2021	2020
	JD	JD
Balance beginning of the year	1,435,720	1,550,577
Amortization during the year	(114,858)	(114,857)
Balance ending of the year	1,320,862	1,435,720
Due within one year	114,858	114,858
Due over one year	1,206,004	1,320,862
Total	1,320,862	1,435,720

(17) MURABAHA FINANCING

		2021			2020		
	Currency	Payable within one year	Long-term	Total	Payable within one year	Long-term	Total
		JD	JD	JD	JD	JD	JD
Islamic Bank Murabahas 1	JOD	-	20,256,322	20,256,322	6,308,732	12,873,076	19,181,808
Islamic Bank Murabahas 2	JOD	717,703	-	717,703	-	-	-
		717,703	20,256,322	20,974,025	6,308,732	12,873,076	19,181,808

Jordan Islamic Bank Murabahas 1-

The Company obtained several murabahas from the Jordan Islamic Bank. During 2021, an amendment was signed with the Jordan Islamic Bank, which stipulates rescheduling the murabaha repayments plan to become 121 months including 13 months grace period. The new murabaha is paid in over 108 instalments, the first installment of JD 162,512 is due on 31 January 2023, and the last installment by the amount of JD 246,468 is due on 31 December 2031.

Jordan Islamic Bank Murabahas 2-

The Company obtained several murabahas from the Jordan Islamic Bank, the installments plan for these Murabahas were not completed on the date of preparing the consolidated financial statements.

The principal installments payable during next years are as follow:

YEAR	JD
2023	1,950,144
2024	1,950,144
2025	2,958,324
2026	2,958,324
2027	2,958,324
2028	2,958,324
2029	2,958,324
2030	2,958,324
2031	2,958,265
	24,608,497
Less: Deferred finance cost	(4,352,175)
	20,256,322

(18) NOTE PAYABLES

		2021			2020		
	Currency	Payable within one year	Long-term	Total	Payable within one year	Long-term	Total
		JD	JD	JD	JD	JD	JD
Income and sales tax	JOD	351,193	2,809,248	3,160,441	260,305	3,160,449	3,420,754
Social security 1	JOD	166,472	1,357,293	1,523,765	162,291	1,521,215	1,683,506
Social security 2	JOD	24,564	219,050	243,614	-	-	-
Ammon International Company	JOD	100,000	-	100,000	900,000	-	900,000
Al Noor Drug Store Company	JOD	426,000	1,668,500	2,094,500	-	-	-
International Islamic Foundation	JOD	281,976	-	281,976	281,976	-	281,976
		1,350,205	6,054,091	7,404,296	1,604,572	4,681,664	6,286,236

NOTES PAYABLES - INCOME AND SALES TAX

During 2020, the Company scheduled its outstanding obligations to the Income and Sales Tax Department over 10 years, 120 installments, the first installment was due on 20 January 2021, and the last installment is due on 20 December 2030.

NOTES PAYABLES - SOCIAL SECURITY 1

During 2020, the Company scheduled is outstanding obligations to the Social Security Corporation over 10 years, 120 installments, the first installment was due on 2 December 2020, and the last installment is due on 2 November 2030.

NOTES PAYABLES - SOCIAL SECURITY 2

During 2021, Aragne Biotechnology Company (a subsidiary) has scheduled its outstanding commitments to the Social Security Corporation over 10 years, 120 installments, the first installment is due on 4 December 2021, and the last installment is due on 4 November 2031.

NOTES PAYABLES - AMMON INTERNATIONAL COMPANY

During 2018, the arbitrator issued a decision against the Group to revoke the signed ownership contract with Ammon International Company (a previous partner in a subsidiary), based on the settlement agreement signed with Ammon International Multilateral Investment Company the Group agreed to pay JD 3,500,000 which include lawyer and legal fees to cancel this contract. as a result the Group's share increased to 90% in its subsidiary. This item include due and unpaid installment amounted JD 100,000 as at 31 December 2021.

NOTES PAYABLES - AL NOOR DRUG STORE COMPANY

During 2021, settlement agreement was signed with Al Noor Drugstore (the company's former agent in the United Arab Emirates), according to this settlement JD 710,000 out of JD 2,840,000 was paid, and the remaining balance was scheduled over five years.

NOTES PAYABLES - INTERNATIONAL ISLAMIC FOUNDATION

This item represents ITFC due and unpaid notes.

The principal installments payable during next years are as follow:

YEAR	JD
2023	1,232,079
2024	1,200,475
2025	1,168,871
2026	1,101,767
2027	679,663
2028	648,059
2029	616,455
2030	568,935
2031	22,538
	7,238,842
Less: Deferred finance cost	(1,184,751)
	6,054,091

(19) LAWSUIT PROVISION

Al-Noor Drugstore (the company's former agent in the United Arab Emirates) filed an arbitration case against the Company, demanding compensation under the pretext of terminating the warehouse's power of attorney in the United Arab Emirates. After the cassation decision was issued by the UAE Court, the Jordanian Court of Cassation issued a decision on 25 June 2020 obligating the company to pay an amount of USD 8,011,062. A provision was recorded in the financial statements as of 31 December 2020 for this case by the amount of JD 5,671,832. During the third quarter of 2021, a settlement was made with Al-Noor Drugstore. accordingly, the value of the provision was reversed by JD 2,831,832 to become JD 2,840,000 payable over a period of five years (note 18).

(20) OTHER PAYABLES

	2021	2020
	JD	JD
Accrued expenses	2,485,759	2,442,653
Employee payable	1,397,451	901,508
Social security payable	1,005,722	595,748
Shareholders' deposit	980,751	987,517
Board of directors payables	301,051	315,411
Provision for staff indemnity	141,039	880,134
Income tax payable	61,758	14,013
Sales tax payable	-	46,262
Other	83,170	12,807
	6,456,701	6,196,053

(21) NET SALES

	2021	2020
	JD	JD
Local sales	7,336,667	6,008,514
Export sales	8,491,703	8,906,646
	15,828,370	14,915,160

Revenues are generated from sale of pharmaceutical products in the local and external markets, where the revenue is recognized at a point in time when the goods are transferred to the customer (when completing the performance obligation).

(22) COST OF GOODS SOLD

	2021	2020
	JD	JD
Raw materials used in production	4,913,659	4,134,612
Salaries, wages and other benefits	2,985,952	3,076,687
Electricity and water	536,189	563,338
Depreciation of property, plant and equipment (note 6)	408,256	428,882
Laboratory analysis	310,222	239,697
Transportation and travel	223,895	234,795
Maintenance	183,898	129,743
Depreciation of the right to use the assets (note 5)	153,304	153,304
Other manufacturing expenses	441,080	350,833
	10,156,455	9,311,891

(23) SELLING AND MARKETING EXPENSE

	2021	2020
	JD	JD
Salaries, wages and other benefit	2,525,060	2,593,519
Expenses to support foreign markets	922,598	501,019
Advertising	322,716	575,281
Export and shipping	266,213	395,142
Samples	157,933	150,798
Rent	108,030	50,186
Drug testing and registration expenses	63,623	53,083
Travel and transportation	29,634	103,657
Guarantees and tenders	8,356	20,406
Depreciation of property, plant and equipment (note 6)	1,842	1,985
Other	65,146	148,727
	4,471,151	4,593,803

(24) ADMINISTRATIVE EXPENSE

	2021	2020
	JD	JD
Salaries, wages and other benefits	1,800,041	2,225,802
Legal and Lawyer fees	572,722	435,169
Fines and penalties	132,480	24,462
Remunerations of Board of Directors	59,527	56,292
Computers	43,107	53,770
Vehicles cost	15,402	6,095
Hospitality and cleaning	11,224	18,739
Depreciation of property, plant and equipment (note 6)	10,445	7,104
Stationary and printing	7,593	4,592
Travel and transportation	5,164	7,945
Telephone and post	1,332	8,630
Donations	500	345
Other	79,114	146,861
	2,738,651	2,995,806

(25) OTHER INCOME AND EXPENSE, NET

	2021	2020
	JD	JD
Income from settlement of receivables	-	16,069
Foreign currency losses	(2,319)	(23,778)
Other income	5,185	13,483
	2,866	5,774

(26) INCOME TAX

The Jordanian Pharmaceutical Manufacturing Company

No income tax provision was calculated for the years ended 31 December 2021 due to the excess of deductible expenses over taxable revenues in accordance with the income tax law no. (38) for the year 2018.

The Company obtained a final clearance from the Income Tax Department until the end of 2016. The Company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2017, 2018, 2019 to 2020 and is awaiting to be audited.

Dellas for Natural Products Company-

Income tax provision was calculated for the year ended 31 December 2021 by the amount of JD 57,293 in accordance to income tax law no. (38) for the year 2018.

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2019 to 2020 and is awaiting to be audited.

Aragen for Technical Organic Company-

No income tax provision was calculated for the years ended 31 December 2021 due to the excess of deductible expenses over taxable revenues in accordance with the income tax law no. (38) for the year 2018.

The company obtained a final clearance from the Income Tax Department until the end of 2018 (the years 2010, 2012, 2013 and 2015 are reviewed by the court, the value of the balances owed on it is JD 30,733). The company also submitted self-assessment statements to the Income and Sales Tax Department for the results of the 2019 and 2020 business within the legal deadline.

Swagh for Pharmaceutical Manufacturing Company-

No income tax provision was calculated for the years ended 31 December 2021 due to the excess of deductible expenses over taxable revenues in accordance of income tax law no. (38) for the year 2018.

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department on the results of the year 2019 to 2020 and is awaiting to be audited.

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

	2021	2020
	JD	JD
Profit (Loss) for the year attributable to shareholders of the parent	122,076	(11,636,986)
Weighted average number of shares (share)	25,312,500	25,312,500
	JD/Fils	JD/Fils
Basic and diluted profit (loss) per share for the year attributable to shareholders of the parent company	0/005	(0/460)

(28) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP

Proportion of equity interest held by non-controlling interests:

The Company's name	activity	Country of incorporation	Percentage of ownership
Dellas for Natural Products Co.	Pharmaceutical industries	Jordan	6.66%
Swagh for Pharmaceutical Manufacturing Co.	Pharmaceutical industries	Jordan	6.66%
Aragen for Technical Organic Co.	Reagent industries	Jordan	10%
Aragen for Technical Organic Co. (Free-Zone)	Pharmaceutical industries	Jordan	10%
Jordan Algerian Pharmaceutical Manufacturing Co.	Pharmaceutical marketing	Algeria	0.34%

Accumulated balance of non-controlling interests is as follows:

	2021	2020
	JD	JD
Dellas for Natural Products Co.	144,150	125,501
Swagh for Pharmaceutical Manufacturing Co.	5,190	6,757
Aragen for Technical Organic Co.	(54,019)	(7,044)
Aragen for Technical Organic Co. (Free-Zone)	11,086	11,212
Jordan Algerian Pharmaceutical Manufacturing Co.	385	(1,233)
	106,792	135,193

The share of rights of non-controllers from the comprehensive income is as follows:

	2021	2020
	JD	JD
Dellas for Natural Products Co.	18,649	3,911
Swagh for Pharmaceutical Manufacturing Co.	(1,567)	(1,630)
Aragen for Technical Organic Co.	(46,975)	(51,085)
Aragen for Technical Organic Co. (Free-Zone)	(125)	(125)
Jordan Algerian Pharmaceutical Manufacturing Co.	3	(1,455)
	(30,015)	(50,384)
Elimination within the Group	1,614	3,842
Total	(28,401)	(46,542)

Below is a summary of the financial information for the subsidiaries (before the elimination of the intercompany transactions and balances with subsidiaries):

Summarized statement of comprehensive income for year 2021:

	Dellas for Natural Products Co.	Swagh for Pharmaceutical Manufacturing Co.	Aragen for Technical Organic Co.	Aragen for Technical Organic Co. (Free-Zone)	Jordan Algerian Pharmaceutical Manufacturing Co.	Total
	JD	JD	JD	JD	JD	JD
Net sales	1,494,962	-	107,081	-	263,361	1,865,404
Cost of goods sold	(745,788)	-	(355,840)	-	(229,984)	(1,331,612)
Selling and distribution expense	(228,237)	-	(16,305)	-	-	(244,542)
Administrative expense	(113,200)	-	(128,352)	(1,250)	-	(242,802)
(expenses) income other	(70,714)	(23,499)	(76,339)	-	(32,424)	(202,976)
Income Tax	(57,293)	-	-	-	-	(57,293)
Profit (loss) for the year	279,730	(23,499)	(469,755)	(1,250)	953	(213,821)
Forging currency translation differences	-	-	-	-	(76)	(76)
Total comprehensive income	279,730	(23,499)	(469,755)	(1,250)	877	(213,897)
Non-controlling interests	18,649	(1,567)	(46,975)	(125)	3	(30,015)

Summarized statement of financial position as at 31 December 2021:

	Dellas for Natural Products Co.	Swagh for Pharmaceutical Manufacturing Co.	Aragen for Technical Organic Co.	Aragen for Technical Organic Co. (Free-Zone)	Jordan Algerian Pharmaceutical Manufacturing Co.	Total
	JD	JD	JD	JD	JD	JD
Current assets	2,723,041	46,372	1,754,839	115,444	1,720,185	6,359,881
Non-current assets	260,078	332,460	535,338	9,168	7,586	1,144,630
Current liabilities	(820,870)	(300,982)	(2,611,317)	(13,750)	(1,614,446)	(5,361,365)
Non-current liabilities	-	-	(219,050)	-	-	(219,050)
Total equity	2,162,249	77,850	(540,190)	110,862	113,325	1,924,096
Non-controlling interests	144,150	5,190	(54,019)	11,086	385	106,792

Summarized statement of comprehensive income for the year 2020:

	Dellas for Natural Products Co.	Swagh for Pharmaceutical Manufacturing Co.	Aragen for Technical Organic Co.	Aragen for Technical Organic Co. (Free-Zone)	Jordan Algerian Pharmaceutical Manufacturing Co.	Total
	JD	JD	JD	JD	JD	JD
Net sales	980,837	-	182,697	-	503,776	1,667,310
Cost of goods sold	(590,029)	-	(447,994)	-	(457,729)	(1,495,752)
Selling and distribution expense	(193,710)	-	(26,045)	-	(237,772)	(457,527)
Administrative expense	(83,495)	(24,454)	(117,925)	(1,250)	(162,417)	(389,541)
(expenses) income other	(42,313)	-	(101,585)	-	(77,045)	(220,943)
Income Tax	(12,623)	-	-	-	-	(12,623)
Profit (loss) for the year	58,667	(24,454)	(510,852)	(1,250)	(431,187)	(909,076)
Translation differences	-	-	-	-	3,333	3,333
Total comprehensive income	58,667	(24,454)	(510,852)	(1,250)	(427,854)	(905,743)
Non-controlling interests	3,911	(1,630)	(51,085)	(125)	(1,455)	(50,384)

Summarized statement of financial position as at 31 December 2020:

	Dellas for Natural Products Co.	Swagh for Pharmaceutical Manufacturing Co.	Aragen for Technical Organic Co.	Aragen for Technical Organic Co. (Free-Zone)	Jordan Algerian Pharmaceutical Manufacturing Co.	Total
	JD	JD	JD	JD	JD	JD
Current assets	2,293,605	46,279	1,753,254	111,927	1,254,413	5,459,478
Non-current assets	251,212	335,951	552,985	12,685	13,332	1,166,165
Current liabilities	(662,299)	(280,880)	(2,376,675)	(12,500)	(1,563,787)	(4,896,141)
Non-current liabilities	-	-	-	-	-	-
Total equity	1,882,518	101,350	(70,436)	112,112	(296,042)	1,729,502
Non-controlling interests	125,501	6,757	(7,044)	11,212	(1,233)	135,193

(29) 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's exposed to interest rate risk on its financial assets and liability that carry interest such as Deposits Overdraft and Murabaha .

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2021 and 2020. The following table illustrates the sensitivity of the consolidated statement of profit or loss as of 31 December to reasonably possible changes in interest rates, with all other variables held constant.

	Increase in interest rate	Effect on profit before tax
2021-	(Basis points)	JD
Currency		
Algerian Dinar	100	(9,480)

	Increase in interest rate	Effect on loss before tax
2020-	(Basis points)	JD
Currency		
Algerian Dinar	100	(9,558)

If the interest rate drops by 100 basis points, it will have the same effect as above, with opposite signal.

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 (accounts receivable) and financing activities (Deposits at banks) and other financial instruments included in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to customers by monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

The group sells its products to a large number of customers, and this represents the largest 10 customers with 35% of the receivables as of December 31, 2021 (2020: the largest 8 customers with 42%.)

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 insuring 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.

	Upon request	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 December 2021		JD	JD	JD	JD	JD
Lease Liability	219,789	219,789	659,367	3,516,624	5,714,514	10,330,083
Murabaha financing	717,703	-	-	9,816,936	14,791,561	25,326,200
Notes payable	413,978	355,729	1,067,189	4,823,986	2,414,856	9,075,738
Accounts payable	-	2,407,133	-	-	-	2,407,133
Due to related parties	-	53,992	-	-	-	53,992
Due to banks	948,043	-	-	-	-	948,043
Total	2,299,513	3,036,643	1,726,556	18,157,546	22,920,931	48,141,189
31 December 2020						
Lease Liability	219,789	219,789	659,367	3,516,624	6,593,670	11,209,239
Murabaha financing	3,227,406	1,287,035	2,890,099	13,225,213	1,103,856	21,733,609
Notes payable	413,978	605,972	713,924	3,062,898	3,101,599	7,898,371
Accounts payable	-	2,586,753	-	-	-	2,586,753
Due to related parties	-	52,112	-	-	-	52,112
Due to banks	955,811	-	-	-	-	955,811
Total	4,816,984	4,751,661	4,263,390	19,804,735	10,799,125	44,435,895

Foreign currency risk-

The following table shows the Group's exposure to currency risk as on December 31 as a result of its financial assets and liabilities. The table shows the effect of a reasonable possible change in the Jordanian dinar exchange rate against the following foreign currencies on the consolidated statement of profits or losses and the consolidated other comprehensive income statement, with all other variables affecting remaining constant.

	Change in the currency exchange rate against the Jordanian dinar	The effect on the profit (loss) for the year Jordanian dinar	Impact on the consolidated statement of comprehensive income and equity
2021-	(%)	JD	JD
The currency			
Tunisian dinar	10%	-	(18,318)
Eritrean nakfa	10%	(296,820)	-
Algerian dinar	10%	(11,332)	(1,035)
2020-			
The currency			
Tunisian dinar	10%	-	(18,318)
Eritrean nakfa	10%	(307,452)	-
Algerian dinar	10%	29,581	(1,035)

In the event that there is a negative change in the indicator, the effect is equal to the change above, while reversing the signal.

(30) fair values

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for financial assets.

Level 2: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (i,e, as prices) or indirectly (i,e, derived from prices). This category includes instrument evaluated based on: Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs could be defended directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

A- Financial assets and liabilities that are measured at fair value:

	Book value	Level 1	Level 2	Level 3
	JD	JD	JD	JD
As at 31 December 2021				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541
As at 31 December 2020				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541

B- Financial assets and liabilities that are not measured at fair value:

	As at 31 December 2021	As at 31 December 2020
	JD	JD
Book value		
Cash and bank balances	11,427,559	208,409
Due from related parties	12,166	11,562
Accounts receivable	13,919,008	16,052,215
Letters of credit under collection	533,472	-
Checks under collection	742,427	467,681
Lease liabilities	7,616,037	8,004,738
Murabaha financing	20,974,025	19,181,808
Notes payables	7,404,296	6,286,236
Due to banks	948,043	955,811
Due to related parties	53,992	52,112
Accounts payable	2,407,133	2,586,753

The management believes that the book value of financial assets and liabilities are not materially different from its fair value.

(31) SEGMENT INFORMATION

For management purposes, the Company is organized based on the reports which are used by the General Manager and the main Decision Maker of the Company through the geographical distribution of sales and the geographical distribution of assets and liabilities. The geographical distribution of sales, cost of sales, gross profit and type of sold items are as follows:

For the year ended 31 December 2021:	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
Net sales	7,336,667	8,491,703	15,828,370
Cost of sales	(4,958,307)	(5,198,148)	(10,156,455)
Gross profit	2,378,360	3,293,555	5,671,915

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
Other information:			
Depreciation and amortization	677,240	-	677,240
Finance costs	847,956	81,163	929,119
Groups' share of profit from associates	-	(106,314)	(106,314)

The geographical distribution of assets, liabilities is as follows:

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
As at 31 December 2021:			
Total assets	36,888,622	12,246,820	49,135,442
Total liabilities	46,209,324	971,765	47,181,089

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
For the year 31 December 2020:			
Net sales	6,008,514	8,906,646	14,915,160
Cost of sales	(3,881,649)	(5,430,242)	(9,311,891)
Gross profit	2,126,865	3,476,404	5,603,269

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
Other information:			
Depreciation and amortization	713,329	-	713,329
Finance costs	1,392,521	83,510	1,476,031
The group share from investment in associates	-	154,099	154,099

Assets and liabilities are allocated according to geographical locations as follows:

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
As at 31 December 2020			
Total assets	32,639,343	7,614,691	40,254,034
Total liabilities	47,770,661	2,600,402	50,371,063

(32) CONTINGENT LIABILITY

On the date of the consolidated financial statements, the Group has a potential liability:

	2021	2020
Contingent Liability:	JD	JD
Letters of credit	177,024	204,186
Bank guarantees	3,276,387	1,396,444
Bills of collection	217,905	98,586

(33) LAWSUITS HELD AGAINST THE COMPANY

There are cases filed against the company for an amount of JD 546,978 as on 31 December 2021, and this is within the normal activity of the company, and in the discretion of the management and its legal advisor, the company will not have substantial obligations in response to these cases.

(34) COMPARATIVE FIGURES

Some of the comparative figures of the consolidated financial statements for the year ended 31 December 2020 has been reclassified to correspond with the consolidated financial statements for the year ended 31 December 2021 presentation and did not have any impact on the profit for the year ended 31 December 2020 and shareholders' equity for the year 2020.

(35) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard 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.

The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

In January 2020, 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?
- the 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, and 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations -Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial Liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.