THE JORDANIAN PHARMACEUTICAL MANUFACTURING CO.

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

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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 2020, 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 2020, 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 35,233,768 as at 31 December 2020 which represents 139.2% 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. Furthermore, the Group’s current liabilities as at 31 December 2020 exceed its current assets by JD 415,223. The Group’s board of directors has resolved a recommendation to the upcoming extra ordinary general assembly to set off part of these losses in paid in capital and then increase the paid in capital. No such meeting was held up to theses consolidated financial statements issuance date. 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.

<table>
<tr><td colspan="2">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.</td></tr>
<tr><td>Key audit matter

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.</td><td>How the key audit matter was addressed in the audit

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.</td></tr>
</table>

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 2020, total inventories balance amounted to JD 6,104,848 representing 15.1% 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 2020 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

21 March 2021

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 JD	2019 JD
ASSETS			
Non-current assets -			
Right-of-use assets	5	7,688,792	7,842,096
Property, plant and equipment	6	3,548,847	3,794,477
Intangible assets	7	2,064,344	2,132,755
Investment in associate	8	3,074,520	2,920,421
Financial assets at fair value through other comprehensive income	9	193,541	232,305
		16,570,044	16,922,054
Current assets -			
Inventory	10	6,104,847	5,773,312
Other receivables	11	746,740	684,876
Due from related parties	12	11,562	735,972
Accounts receivable	13	16,144,751	13,375,252
Checks under collection		467,681	743,295
Cash and bank balances	14	208,409	450,693
		23,683,990	21,763,400
Total Assets		40,254,034	38,685,454
EQUITY AND LIABILITIES			
Attributable to equity holders of the Parent Company -			
Paid in capital	15	25,312,500	25,312,500
Statutory reserve	15	2,059,193	2,059,193
Cumulative change in fair value through other comprehensive income		(2,323,510)	(2,284,746)
Foreign currency translation reserve	15	(66,637)	(69,959)
Accumulated losses	15	(35,233,768)	(23,596,782)
		(10,252,222)	1,420,206
Non-controlling interests	27	135,193	181,735
Net equity		(10,117,029)	1,601,941
Liabilities			
Non-current liabilities -			
Deferred gain from sale and lease back	16	1,320,862	1,435,719
Lease liabilities	16	7,396,248	7,784,948
Murabaha financing	17	12,873,076	11,954,500
Notes payables	18	4,681,664	600,000
		26,271,850	21,775,167
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	608,490	492,991
Murabaha financing due within a year	17	6,308,732	1,646,897
Notes payables due within a year	18	1,604,572	1,481,976
Lawsuit provision	19	5,671,832	-
Due to related parties	12	52,112	113,303
Accounts payable		2,586,753	3,170,389
Other payables	20	6,196,053	7,338,102
Due to banks	14	955,811	949,830
		24,099,213	15,308,346
Total Liabilities		50,371,063	37,083,513
Total Equity and Liabilities		40,254,034	38,685,454

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 2020

	Note	2020	2019
		JD	JD
Net sales	21	14,414,141	9,977,197
Cost of sales	22	(9,311,891)	(7,076,480)
Gross profit		5,102,250	2,900,717
Selling and distribution expenses	23	(4,092,784)	(5,285,945)
Administrative expenses	24	(2,995,806)	(2,320,621)
Finance costs		(1,476,031)	(1,147,462)
Gain from murabaha restructuring		487,670	406,114
Expected credit loss provision	13	-	(883,081)
Lawsuit provision expenses	19	(5,671,832)	-
Impairment and amortization of Intangible assets	7	(122,054)	(169,061)
Research and study expenses		(356,906)	(294,033)
Expired goods		(613,513)	(740,997)
Groups' share of profit of associate	8	154,099	858,939
Income from sale of technical knowledge		16,069	433,264
Income and other expenses, net	25	(10,295)	334,803
loss for the year before income tax		(9,579,133)	(5,907,363)
Income tax expense for the year	26	(2,104,406)	(6,563)
Loss for the year		(11,683,539)	(5,913,926)
Loss for the year attributable to:			
Shareholders of the parent company		(11,636,986)	(5,859,338)
Non-controlling interests	28	(46,553)	(54,588)
		(11,683,539)	(5,913,926)
		JD/Fils	JD/Fils
Basic and diluted loss per share for the year attributable to shareholders of the parent company	27	(0/460)	(0/231)

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 COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		JD	JD
Loss for the year		(11,683,539)	(5,913,926)
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)	(1,354,746)
Foreign currency translation differences		3,333	(70,240)
		(35,431)	(1,424,986)
Total comprehensive income for the year		(11,718,970)	(7,338,912)
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		(11,672,428)	(7,284,043)
Non-controlling interests	28	(46,542)	(54,869)
		(11,718,970)	(7,338,912)

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 CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the parent company							
	Paid-in 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
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)**
2019-								
Balance as at 1 January 2019	**25,312,500**	**2,059,193**	**(930,000)**	**-**	**(17,737,444)**	**8,704,249**	**236,604**	**8,940,853**
Loss for the year	-	-	-	-	(5,859,338)	(5,859,338)	(54,588)	(5,913,926)
Other comprehensive income items	-	-	(1,354,746)	(69,959)	-	(1,424,705)	(281)	(1,424,986)
Total comprehensive income	-	-	(1,354,746)	(69,959)	(5,859,338)	(7,284,043)	(54,869)	(7,338,912)
Balance as at 31 December 2019	**25,312,500**	**2,059,193**	**(2,284,746)**	**(69,959)**	**(23,596,782)**	**1,420,206**	**181,735**	**1,601,941**

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 2020

	Note	2020	2019
		JD	JD
OPERATING ACTIVITIES			
Loss for the year before income tax		(9,579,133)	(5,907,363)
Adjustments for:			
Depreciation and amortization	5, 6, 7	713,329	740,631
Group's share of net profit of associate	8	(154,099)	(858,939)
Lawsuit provision	19	5,671,832	-
Expected credit loss provision	13	-	883,081
Finance costs		1,476,031	1,147,462
Gain from murabaha restructuring		(487,670)	(406,114)
		(2,359,710)	(4,401,242)
Changes in working capital -			
Inventories		(331,535)	(732,848)
Due from related parties		724,410	255,304
Accounts receivable		(2,769,499)	6,429,494
Checks under collection		275,614	(39,505)
Other receivables		(61,864)	(988,181)
Accounts payable		(583,636)	(1,024,705)
Due to related parties		(61,191)	57,461
Other payables		(1,142,049)	482
		(6,309,460)	(443,740)
Paid tax		(3,160,754)	-
Net cash flows used in operating activities		(9,470,214)	(443,740)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(192,996)	(405,741)
Purchase of intangible assets	7	(53,643)	(56,377)
Dividends received from associates	8	-	444,732
Net cash flows used in investing activities		(246,639)	(17,386)
FINANCING ACTIVITIES			
Notes payables		5,260,608	-
Lease liabilities paid		(388,058)	(422,085)
Murabaha financing received		4,592,050	852,757
Net cash flows from financing activities		9,464,600	430,672
Net decrease in cash and cash equivalents		(252,253)	(30,454)
Cash and cash equivalents at the beginning of the year	14	(499,137)	(468,683)
Currency translation differences, net		3,988	-
Cash and cash equivalents at the end of the year	14	(747,402)	(499,137)

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 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 21 March 2021.

(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 2020. 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, Islamic Corporation for the Development of the Private Sector and Rimco for Investment Company owns 44.2%, 22.4% and 12.7% of the Company's issued shares, respectively.

(3-1) CHANGES IN ACCOUNTING POLICES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards and amendment to existing standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 1 and IAS 8: Definition of "Material"
The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 7,and IFRS 9 Interest Rate Benchmark Reform
Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group did not have any leases impacted by the amendment.

(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 pattern 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 patterns (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
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

	Lands	Buildings	Total
2019	JD	JD	JD
Cost-			
Balance as at 1 January 2019	1,832,692	7,369,115	9,201,807
Balance as at 31 December 2019	1,832,692	7,369,115	9,201,807
Accumulated Depreciation -			
Balance as at 1 January 2019	-	1,206,407	1,206,407
Deprecation charge for the year	-	153,304	153,304
Balance as at 31 December 2019	-	1,359,711	1,359,711
Net book value -			
Balance as at 31 December 2019	1,832,692	6,009,404	7,842,096

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

2020 -	Land	Buildings	Machinery and equipment	Tools	Vehicles	Furniture	Total
Cost-	JD	JD	JD	JD	JD	JD	JD
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 2019	490,127	1,420,025	1,182,401	437,219	-	19,075	3,548,847
2019 -							
Cost-							
Balance as at 1 January 2019	490,127	3,896,082	10,319,836	2,791,221	259,559	734,771	18,491,596
Additions	-	-	145,181	256,556	-	4,004	405,741
Balance as at 31 December 2019	490,127	3,896,082	10,465,017	3,047,777	259,559	738,775	18,897,337
Accumulated Depreciation -							
Balance as at 1 January 2019	-	2,136,353	9,047,205	2,520,561	259,559	720,916	14,684,594
Deprecation charge for the year	-	165,031	157,090	94,007	-	2,138	418,266
Balance as at 31 December 2019	-	2,301,384	9,204,295	2,614,568	259,559	723,054	15,102,860
Net book value -							
As at 31 December 2019	490,127	1,594,698	1,260,722	433,209	-	15,721	3,794,477

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

	2020	2019
	JD	JD
Cost of sales (Note 22)	428,882	404,757
Selling and distribution expenses (Note 23)	1,985	2,704
Administrative expenses (Note 24)	7,104	10,805
	437,971	418,266

(7) INTANGIBLE ASSETS

	Bio-equivalent studies	Patent	Medicine registration	Total
2020 -	JD	JD	JD	JD
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
2019 -				
Cost-				
Balance as at 1 January	5,333,942	3,880,133	1,361,855	10,575,930
Additions	-	-	56,377	56,377
Balance as at 31 December	5,333,942	3,880,133	1,418,232	10,632,307
Amortization Depreciation -				
As at 1 January	3,288,350	3,755,833	1,286,308	8,330,491
Amortization charge for the year	-	-	32,415	32,415
Impairment losses	99,348	37,298	-	136,646
As at 31 December	3,387,698	3,793,131	1,318,723	8,499,552
Net book value as at 31 December	1,946,244	87,002	99,509	2,132,755

* On 31 December 2020, 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 85,763 during the year 2020.

(8) INVESTMENT IN AN ASSOCIATE

	Country of Incorporation	Activity	Ownership interest		2020	2019
			2020	2019	JD	JD
Azal Pharmaceutical Company	Eritrea	Pharmaceutical industries	42%	42%	3,074,520	2,920,421

Movement on investments in associate is as follows:

	2020	2019
	JD	JD
Balance beginning of the year	2,920,421	2,506,214
Group's share of Associates' net results current year	118,922	501,880
Group's share of Associates' net results previous years	35,177	357,059
Dividends received	-	(444,732)
Balance ending of the year	3,074,520	2,920,421

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

	2020	2019
	JD	JD
Current assets	12,383,738	7,693,046
Non- current assets	944,442	782,382
Current liabilities	(5,626,221)	(1,140,372)
Non- Current liabilities	(381,673)	(381,673)
Net Equity	7,320,286	6,953,383
Percentage of ownership	42%	42%
Group's share in net equity	3,074,520	2,920,421
Net investment as at 31 December	3,074,520	2,920,421

Group's share from associates revenues and profits:	2020	2019
	JD	JD
Net Sales	2,259,645	3,873,896
Cost of goods sold	(1,303,288)	(1,427,863)
Administrative expenses	(513,850)	(568,415)
Other Income	7,459	26,832
Net Income before tax	449,966	1,904,450
Income tax	(166,818)	(709,498)
Net Income	283,148	1,194,952
Ownership percentage	42%	42%
Group's share of associates' profit	118,922	501,880

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

	Country	2020	2019
		JD	JD
Stocks of companies not listed			
Arab Company for Drug Industries	Tunis	183,188	183,188
Tasili Takafo Company	Algeria	10,352	49,116
Egyptian Obour Company	Egypt	1	1
		193,541	232,305

(10) INVENTORY

	2020	2019
	JD	JD
Finished goods	2,827,725	2,582,800
Raw materials	1,960,704	1,932,284
Packing materials	925,584	1,011,272
Spare parts and other consumables	390,834	246,956
	6,104,847	5,773,312

(11) OTHER RECEIVABLES

	2020	2019
	JD	JD
Income tax deposit	211,353	33,182
Sales tax deposit	142,444	119,771
Guarantee margin	75,429	103,408
Prepaid expenses	64,487	155,683
Refundable deposits	10,521	25,244
Other	242,506	247,588
	746,740	684,876

(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	2020	2019
		JD	JD
Amounts due from related parties:			
Dr. Adnan Ali Hussein Badwan	Board Member	11,562	735,972
Amounts due to related parties:			
Arab Company for Drug Industries	Sister Company	-	61,191
Rashid Abd Al-Rahman Al-Rashid Co.	Major Shareholder	50,000	50,000
Azal Pharmaceutical Company	Associate Company	2,112	2,112
		52,112	113,303
Lease liabilities:			
Jordan Islamic Bank	Major Shareholder	8,004,738	8,277,939
Murabaha financing:			
Jordan Islamic Bank	Major Shareholder	19,181,808	13,601,398
Due to banks:			
Jordan Islamic Bank	Major Shareholder	-	806
Other payables:			
Amounts due to the Board of Directors	Board Member	315,411	296,562

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

	Nature of relationship	2020	2019
		JD	JD
Finance costs:			
Jordan Islamic Bank	Major Shareholder	1,392,521	995,984
Gain from Murabaha restructuring:			
Jordan Islamic Bank	Major Shareholder	487,670	406,114
Administrative expenses:			
Board members transportation	Board Member	35,081	24,900

Short term salaries, transportation and other benefits of key management personnel amounted to JD 1,116,267 for the year ended 31 December 2020 (for the year ended 31 December 2019: JD 559,170).

(13) ACCOUNTS RECEIVABLE

	2020	2019
	JD	JD
Local Receivables	7,933,766	2,769,873
Foreign Receivables	22,339,359	24,822,917
Employee Receivables	181,110	91,946
	30,454,235	27,684,736
Expected credit loss provision*	(14,309,484)	(14,309,484)
	16,144,751	13,375,252

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
2020-		JD	JD
Less than 90 days	5%	4,324,357	213,957
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
		30,454,235	14,309,484

	Weighted average loss rate	Accounts receivables	Expected credit loss allowance
2019-		JD	JD
Less than 90 days	3,4%	5,826,518	200,306
91 - 180 days	9%	1,367,514	123,076
181 - 270 days	22%	768,113	168,985
271 - 365 days	26%	1,135,655	294,367
365 - 730 days	50%	10,128,371	5,064,185
More than 730	100%	8,458,565	8,458,565
		27,684,736	14,309,484

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

	2020	2019
	JD	JD
As at 1 January	14,309,484	13,426,403
Charge for the year	-	883,081
As at 31 December	14,309,484	14,309,484

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

(14) CASH AND CASH EQUIVALENTS

	2020	2019
	JD	JD
Bank balances	195,325	433,361
Cash on hand	13,084	17,332
Cash and bank balances	208,409	450,693

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

	2020	2019
	JD	JD
Cash and bank balances	208,409	450,693
Less: due to banks*	(955,811)	(949,830)
Cash and cash equivalents	(747,402)	(499,137)

* Due to banks represents overdraft facilities by the amount of JD 955,811 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 2020 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 35,233,768 as at 31 December 2020 which represent 139.2% 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 board of directors recommended the general assembly to amortize part of these losses by reducing the capital of the Company and increase the capital of the Company. The existence of such events may cast a significant doubt about the Company's ability to continue as a going concern.

(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%.

	2020		2019	
	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	146,526	146,526
Due within a year	879,156	388,701	879,156	346,465
Due from one to five years	3,516,624	1,961,123	3,516,624	1,798,176
Due after more than five years	6,593,670	5,435,125	7,472,826	5,986,772
	11,209,239	8,004,738	12,015,132	8,277,939
Less: deferred finance cost	(3,204,501)	-	(3,737,193)	-
	8,004,738	8,004,738	8,277,939	8,277,939

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:

	2020	2019
	JD	JD
Balance beginning of the year	1,550,577	1,665,434
Amortization during the year	(114,857)	(114,857)
Balance ending of the year	1,435,720	1,550,577
Due within one year	114,858	114,858
Due over one year	1,320,862	1,435,719
Total	1,435,720	1,550,577

(17) MURABAHA FINANCING

		2020			2019		
	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	940,257	9,711,658	10,651,915	767,499	9,623,078	10,390,577
Islamic Bank Murabahas 2	JOD	260,063	2,330,666	2,590,729	-	-	-
Islamic Bank Murabahas 3	JOD	1,881,006	830,752	2,711,758	606,304	2,331,422	2,937,726
Islamic Bank Murabahas 4	JOD	3,227,406	-	3,227,406	238,109	-	238,109
Islamic Bank Murabahas 5	JOD	-	-	-	12,153	-	12,153
Islamic Bank Murabahas 6	JOD	-	-	-	22,832	-	22,832
		6,308,732	12,873,076	19,181,808	1,646,897	11,954,500	13,601,397

Jordan Islamic Bank Murabahas 1-

The Company obtained several murabahas from Jordan Islamic Bank, on 5 July 2020, an amendment agreement was signed with the bank to reschedule part of these murabahas installments, where the new rescheduled murabahas installments are due over 6 years, including one year grace period. This murabahas balance will be paid over 60 installments, where the first installment amounted to JD 202,766 is due on 30 June 2021, and the last installment amounted to JD 202,791 is due on 28 May 2026.

Jordan Islamic Bank Murabahas 2-

During the year 2020, the Company obtained several murabahas from Jordan Islamic Bank, were these murabahas will be paid in unequal installments within 4 years, including one year grace period, where the first installment is due on 25 June 2021, and the last installment is due on 26 June 2024.

Jordan Islamic Bank Murabahas 3-

During the year 2019, the Company obtained several murabahas from Jordan Islamic Bank, were these murabahas will be paid in unequal installments within 3 years, including one year grace period, where the first installment is due on 25 June 2020, and the last installment is due on 25 November 2022. These murabahas include outstanding and unpaid installments amounted to JD 391,168.

Jordan Islamic Bank Murabahas 4-

The Group obtained several murabahas from Jordan Islamic Bank, as payments schedule for these murabahas were not completed on the date of preparing the financial statements.

Jordan Islamic Bank Murabahas 5-

Delas Natural Products Company (Subsidiary Company) obtained Murabahas from Jordan Islamic Bank, in order to finance the working capital of the Company, as the last installment was paid on 15 February 2020.

Jordan Islamic Bank Murabahas 6-

Aragan Biotechnology Company (Subsidiary Company) obtained Murabahas from Jordan Islamic Bank, in order to finance the working capital of the company, the last installment was paid on 29 February 2020.

The principal installments payable during next years are as follow:

YEAR	JD
2022	4,339,779
2023	3,569,756
2024	2,882,486
2025	2,433,192
2026	1,013,856
	14,239,069
Less: Deferred finance cost	(1,365,993)
	12,873,076

(18) NOTE PAYABLES

		2020			2019		
	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	260,305	3,160,449	3,420,754	-	-	-
Social security	JOD	162,291	1,521,215	1,683,506	-	-	-
Ammon International Company	JOD	900,000	-	900,000	1,200,000	600,000	1,800,000
International Islamic Foundation	JOD	281,976	-	281,976	281,976	-	281,976
		1,604,572	4,681,664	6,286,236	1,481,976	600,000	2,081,976

NOTES PAYABLES - INCOME AND SALES TAX

The Company has scheduled the outstanding liabilities to the Income and Sales Tax authority over 10 years. Where the obligations will be paid over 120 installments, the first payment is due on 20 January 2021, and the last payment is due on 20 December 2030.

NOTES PAYABLES - SOCIAL SECURITY

The Company has scheduled the outstanding liabilities for the benefit of the Social Security Corporation over 10 years. Where the obligations will be paid over 120 installments, the first payment is due on 2 December 2020, and the last payment is due on 2 November 2030.

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 300,000 as at 31 December 2020.

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
2022	813,165
2023	781,515
2024	749,911
2025	718,307
2026	686,703
2027	655,099
2028	623,495
2029	591,891
2030	544,371
	6,164,457
Less: Deferred finance cost	(1,482,793)
	4,681,664

(19) LAWSUIT PROVISION

Al-Nour Drug Store (the company's former agent in the United Arab Emirates) has filed an arbitration lawsuit against the Jordanian Pharmaceutical Manufacturing Company, demanding compensation under the pretext of terminating the power of attorney for the warehouse in the United Arab Emirates. After the issuance of the cassation decision by the UAE court, Al-Nour Drug Store asked for approval to implement the foreign ruling and to grant it enforcement power at the Court of First Instance in Jordan. On 17 December 2018, a decision was issued by the Court of First Instance obligating the company to pay an amount of USD 8,010,062 for the benefit of the Al-Nour Drug store and obligating the Company to pay arbitration fees amounting to AED 445,000 and JOD 1,000 as legal fees and claiming the legal interest, and confirming precautionary seizure on the company's funds. On 8 January 2019, the Company appealed the decision of the Court of First Instance, as the Court of Appeal issued a decision to dismiss the appeal and ratify the appellant's decision. The Company appealed this decision on 6 May 2019, as the Court of Cassation issued a decision on 25 June 2020 to dismiss the cassation, obliging the Company to pay an amount of USD 8,011,062. A provision was recorded in the consolidated financial statements for this lawsuit by the amount of JD 5,671,832.

(20) OTHER PAYABLES

	2020	2019
	JD	JD
Accrued expenses	2,442,653	1,428,103
Shareholders' deposit	987,517	1,045,922
Employee payable	901,508	1,110,200
Provision for staff indemnity	880,134	622,243
Social security payable	595,748	1,608,188
Board of directors payables	315,411	296,562
Sales tax payable	46,262	-
Income tax payable	14,013	1,157,271
Other	12,807	69,613
	6,196,053	7,338,102

(21) NET SALES

	2020	2019
	JD	JD
Local sales	6,008,514	1,133,152
Export sales	8,405,627	8,844,045
	14,414,141	9,977,197

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

	2020	2019
	JD	JD
Raw materials used in production	4,134,612	1,443,554
Salaries, wages and other benefits	3,076,687	3,116,323
Electricity and water	563,338	694,555
Depreciation of property, plant and equipment (note 6)	428,882	404,757
Transportation and travel	234,795	356,619
Depreciation of the right to use the assets (note 5)	153,304	153,304
Maintenance	129,743	103,973
Laboratory analysis	-	167,208
Other manufacturing expenses	590,530	636,187
	9,311,891	7,076,480

(23) SELLING AND MARKETING EXPENSE

	2020	2019
	JD	JD
Salaries, wages and other benefit	2,593,519	2,391,176
Advertising	575,281	1,182,958
Export and shipping	395,142	547,315
Samples	150,798	126,188
Travel and transportation	103,657	179,275
Drug testing and registration expenses	53,083	58,379
Rent	50,186	181,672
Guarantees and tenders	20,406	156,523
Telephone and post	13,360	57,414
Stationary and printing	9,618	11,846
Depreciation of property, plant and equipment (note 6)	1,985	2,704
Other	125,749	390,495
	4,092,784	5,285,945

(24) ADMINISTRATIVE EXPENSE

	2020	2019
	JD	JD
Salaries, wages and other benefits	2,225,802	1,458,322
Legal and Lawyer fees	435,169	308,437
Remunerations of Board of Directors	56,292	63,313
Computers	53,770	43,484
Fines and penalties	24,462	166,290
Hospitality and cleaning	18,739	23,111
Telephone and post	8,630	14,461
Travel and transportation	7,945	10,253
Depreciation of property, plant and equipment (note 6)	7,104	10,805
Vehicles cost	6,095	2,668
Stationary and printing	4,592	7,138
Donations	345	6,820
Other	146,861	205,519
	2,995,806	2,320,621

(25) OTHER INCOME AND EXPENSE, NET

	2020	2019
	JD	JD
Foreign currency losses	(23,778)	(32,452)
Income from settlement of receivables	-	173,000
Other income	13,483	194,255
	(10,295)	334,803

(26) INCOME TAX

The Jordanian Pharmaceutical Manufacturing Company

No income tax provision was calculated for the years ended 31 December 2020 and 2019 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 to 2019 and is awaiting to be audited.

During the year 2020, The Company has rescheduled all Income and Sales Tax Department due labilities (note 18).

Dellas for Natural Products Company-

Income tax provision was calculated for the year ended 31 December 2020 by the amount of JD 12,623 and for the year ended 31 December 2019 by the amount of JD 6,563, 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 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 to 2019 and is awaiting to be audited.

During the year 2020, The Company has rescheduled all Income and Sales Tax Department due labilities (note 18).

Aragen for Technical Organic Company-

No income tax provision was calculated for the years ended 31 December 2020 and 2019 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 2015. The company has also submitted self-assessment statements to the Income and Sales Tax Department on the results of business for the years from 2016 to 2019 and is awaiting to be audited.

Swagh for Pharmaceutical Manufacturing Company-

No income tax provision was calculated for the years ended 31 December 2020 and 2019 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 and is awaiting to be audited.

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

	2020	2019
	JD	JD
Loss for the year attributable to shareholders of the parent company (JD)	(11,636,986)	(5,859,338)
Weighted average number of shares (share)	25,312,500	25,312,500
	JD/Fils	JD/Fils
Basic and diluted loss per share for the year attributable to shareholders of the parent company	(0/460)	(0/231)

(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:

	2020	2019
	JD	JD
Dellas for Natural Products Co.	125,501	121,246
Swagh for Pharmaceutical Manufacturing Co.	6,757	8,387
Aragen for Technical Organic Co.	(7,044)	44,042
Aragen for Technical Organic Co. (Free-Zone)	11,212	11,336
Jordan Algerian Pharmaceutical Manufacturing Co.	(1,006)	(3,038)
	135,420	181,973
The non-controlling share of the currency translation differences	(227)	(238)
Total	135,193	181,735

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

	2020	2019
	JD	JD
Dellas for Natural Products Co.	3,911	3,058
Swagh for Pharmaceutical Manufacturing Co.	(1,630)	(1,410)
Aragen for Technical Organic Co.	(51,085)	(56,394)
Aragen for Technical Organic Co. (Free-Zone)	(125)	(125)
Jordan Algerian Pharmaceutical Manufacturing Co.	(1,455)	2
	(50,384)	(54,869)
Elimination within the Group	3,842	-
Total	(46,542)	(54,869)

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 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)
Forging currency 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)	(1,563,560)	(4,895,914)
Non-current liabilities	-	-	-	-	-	-
Total equity	1,882,518	101,350	(70,436)	112,112	(295,815)	1,729,729
Non-controlling interests	125,501	6,757	(7,044)	11,212	(1,006)	135,420

Summarized statement of comprehensive income for the year 2019:

	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	1,007,515	-	202,244	-	372,128	1,581,887
Cost of goods sold	(584,340)	-	(568,475)	-	(311,382)	(1,464,197)
Selling and distribution expense	(206,308)	-	(53,564)	-	(314,700)	(574,572)
Administrative expense	(127,535)	(21,177)	(107,610)	(1,250)	(162,725)	(420,297)
(expenses) income other	(36,881)	-	(36,529)	-	487,518	414,108
Income Tax	(6,563)	-	-	-	-	(6,563)
Profit (loss) for the year	45,888	(21,177)	(563,934)	(1,250)	70,839	(469,634)
Translation differences	-	-	-	-	(70,240)	(70,240)
Total comprehensive income	45,888	(21,177)	(563,934)	(1,250)	599	(539,874)
Non-controlling interests	3,058	(1,410)	(56,394)	(125)	2	(54,869)

Summarized statement of financial position as at 31 December 2019:

	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	2,736,067	46,813	1,801,191	108,409	1,610,823	6,303,303
Non-current assets	253,545	339,173	568,640	16,203	2,013	1,179,574
Current liabilities	(1,170,910)	(260,182)	(1,929,414)	(11,250)	(719,307)	(4,091,063)
Non-current liabilities	-	-	-	-	-	-
Total equity	1,818,702	125,804	440,417	113,362	893,529	3,391,814
Non-controlling interests	121,246	8,387	44,042	11,336	(3,038)	181,973

(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 2020 and 2019. 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 loss before tax
2020-	(Basis points)	JD
Currency		
Algerian Dinar	100	(9,558)

	Increase in interest rate	Effect on loss before tax
2019-	(Basis points)	JD
Currency		
Algerian Dinar	100	(9,488)

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 42% of the receivables as of December 31, 2020 (2019: the largest 8 customers with 52%.)

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 2020		JD	JD	JD	JD	JD
Lease Liability	-	439,578	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	-	1,019,950	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	4,235,329	5,333,316	4,263,390	19,804,735	10,799,125	44,435,895
31 December 2019						
Lease Liability	-	366,315	659,367	3,516,624	7,472,826	12,015,132
Murabaha Financing	-	-	2,136,690	12,308,741	817,686	15,263,117
Notes payable	238,109	343,867	900,000	600,000	-	2,081,976
Accounts payable	-	3,170,389	-	-	-	3,170,389
Due to related Parties	113,303	-	-	-	-	113,303
Due to banks	949,830	-	-	-	-	949,830
Total	1,301,242	3,880,571	3,696,057	16,425,365	8,290,512	33,593,747

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 (loss) of the Jordanian dinar	Impact on the consolidated statement of comprehensive income and equity
2020-	(%)	JD	JD
The currency			
Tunisian dinar	10%	-	(18,318)
Eritrean nakfa	10%	(307,452)	-
Algerian dinar	10%	29,581	(1,035)
2019-			
The currency			
Tunisian dinar	10%	-	(18,318)
Eritrean nakfa	10%	(292,042)	-
Algerian dinar	10%	(89,353)	(4,912)

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 2020				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541
As at 31 December 2019				
Financial assets at fair value through other comprehensive income	232,305	-	-	232,305

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

	As at 31 December 2020	As at 31 December 2019
	JD	JD
Book value		
Cash and bank balances	208,409	450,693
Due from related parties	11,562	735,972
Accounts receivable	16,144,751	13,375,252
Checks under collection	467,681	743,295
Lease liabilities	8,004,738	8,277,939
Murabaha financing	19,181,808	13,601,397
Notes payables	6,286,236	2,081,976
Due to banks	955,811	949,830
Due to related parties	52,112	113,303
Accounts payable	2,586,753	3,170,389

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 2020:	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
Net sales	6,008,515	8,405,626	14,414,141
Cost of sales	(3,881,649)	(5,430,242)	(9,311,891)
Gross profit	2,126,866	2,975,384	5,102,250

	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
Groups' share of profit from associates	-	154,099	154,099

The geographical distribution of assets, liabilities is 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

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
For the year 31 December 2019:			
Net sales	1,133,152	8,844,045	9,977,197
Cost of sales	(803,398)	(6,273,082)	(7,076,480)
Gross profit	329,754	2,570,963	2,900,717

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
Other information:			
Depreciation and amortization	740,631	-	740,631
Finance costs	1,072,942	74,520	1,147,462
The group share from investment in associates	-	858,939	858,939

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

	Inside Jordan	Outside Jordan	Total
	JD	JD	JD
As at 31 December 2019			
Total assets	29,221,143	9,464,311	38,685,454
Total liabilities	35,602,456	1,481,057	37,083,513

(32) CONTINGENT LIABILITY

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

	2020	2019
Contingent Liability:	JD	JD
Letters of credit	204,186	154,011
Bank guarantees	1,396,444	1,279,606
Bills of collection	98,586	279,420

(33) LAWSUITS HELD AGAINST THE COMPANY

- There are cases filed by the Social Security against the group in the amount of JOD 886,486, as of December 31, 2020, as part of the group's ordinary operations. The full amount has been recorded in the consolidated financial statements for these cases (Note 18).

- There are other cases filed against the group in the amount of JOD 306,454 as of December 31, 2020, as part of the group's ordinary operations, and at the discretion of the management of Company and its legal adviser, the group will not have substantial obligations ageist these cases.

(34) COMPARATIVE FIGURES

Some of the comparative figures of the consolidated financial statements for the year ended 31 December 2019 has been reclassified to correspond with the consolidated financial statements for the year ended 31 December 2020 presentation and did not have any impact on the profit for the year ended 31 December 2019 and shareholders' equity for the year 2019.

(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.

IBOR reform Phase 2

IBOR reform Phase 2, which will be effective on 1 January 2021, 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.