

THE JORDANIAN PHARMACEUTICAL MANUFACTURING CO.

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2021

Review Report on the Interim Condensed Consolidated Financial Statements

H.E. The Chairman and Board of Directors Members

The Jordanian Pharmaceutical Manufacturing Company - Public Shareholding Company

Amman - Jordan

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Jordanian Pharmaceutical Manufacturing Company – Public Shareholding Company (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2021, comprising of the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory information. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note (2-4) to these interim condensed consolidated financial statements, the Group's accumulated losses reached JD 35,078,823 as at 30 September 2021 which represent 138% 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 existence of such events may cast a significant doubt about the Company's ability to continue as a going concern.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Business Solutions for Auditing

Amman - Jordan
28 October 2021

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
ASSETS			
Non-current assets -			
Right of use assets		7,573,814	7,688,792
Property, plant and equipment	3	3,411,538	3,548,847
Intangible assets		2,000,741	2,064,344
Investment in associates		2,968,206	3,074,520
Financial assets at fair value through other comprehensive income		193,541	193,541
		<u>16,147,840</u>	<u>16,570,044</u>
Current assets -			
Inventory		5,836,853	6,104,847
Other receivables		823,734	746,740
Due from related parties	4	11,927	11,562
Accounts receivables		15,217,766	16,144,751
Checks under collection		1,110,971	467,681
Cash and bank balances	5	211,579	208,409
		<u>23,212,830</u>	<u>23,683,990</u>
Total Assets		<u>39,360,670</u>	<u>40,254,034</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent -			
Paid in capital	1	25,312,500	25,312,500
Statutory reserve		2,059,193	2,059,193
Cumulative change in fair value through other comprehensive income		(2,323,510)	(2,323,510)
Foreign currency translation reserve		(23,823)	(66,637)
Accumulated losses		(35,078,823)	(35,233,768)
		<u>(10,054,463)</u>	<u>(10,252,222)</u>
Non-controlling interests		100,179	135,193
Net equity		<u>(9,954,284)</u>	<u>(10,117,029)</u>
Liabilities			
Non-current liabilities -			
Deferred gain from sale and lease back		1,234,718	1,320,862
Lease liabilities	6	7,370,126	7,396,248
Murabaha financing	7	14,289,449	12,873,076
Notes payable		4,417,210	4,681,664
		<u>27,311,503</u>	<u>26,271,850</u>
Current liabilities -			
Current portion of deferred gain on sale and lease back		114,858	114,858
Current portion of lease liabilities	6	345,907	608,490
Current portion of murabaha financing	7	6,922,897	6,308,732
Current portion of notes payable		3,594,754	1,604,572
Lawsuit provision	8	-	5,671,832
Due to related parties	4	52,112	52,112
Accounts payables		3,159,295	2,586,753
Other payables		6,833,938	6,196,053
Due to banks	5	979,690	955,811
		<u>22,003,451</u>	<u>24,099,213</u>
Total Liabilities		<u>49,314,954</u>	<u>50,371,063</u>
Total Equity and Liabilities		<u>39,360,670</u>	<u>40,254,034</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		JD	JD	JD	JD
Net sales		4,378,281	4,456,462	12,186,345	10,342,031
Cost of sales		(3,307,913)	(2,472,268)	(7,761,232)	(6,820,095)
Gross profit		<u>1,070,368</u>	<u>1,984,194</u>	<u>4,425,113</u>	<u>3,521,936</u>
Selling and distribution expenses		(297,124)	(445,792)	(2,357,180)	(3,300,946)
Administrative expenses		(838,218)	(549,758)	(1,897,495)	(1,521,469)
Finance costs		(560,817)	(303,841)	(1,473,752)	(1,028,820)
Studies and research expenses		(97,182)	(123,136)	(274,317)	(267,864)
Impairment losses and amortization of intangible assets		(24,739)	(25,541)	(76,918)	(95,108)
Expired goods		(60,778)	(144,692)	(224,724)	(651,323)
Groups' share of profit of associates		-	-	(106,314)	-
Gain from murabaha restructuring		572,607	487,670	572,607	487,670
Legal case provision	8	-	(5,671,831)	-	(5,671,831)
Legal case provision that are no longer required	8	2,831,831	-	2,831,831	-
Expected credit loss provision		(1,292,110)	-	(1,292,110)	-
Income from sale of technical knowledge		-	-	-	16,069
Other income and expenses, net		(57,107)	(45,069)	(8,445)	(143,903)
Gain (Loss) for the period before income tax		<u>1,246,731</u>	<u>(4,837,796)</u>	<u>118,296</u>	<u>(8,655,589)</u>
Income tax for the period		-	-	-	-
Gain (Loss) for the period		<u>1,246,731</u>	<u>(4,837,796)</u>	<u>118,296</u>	<u>(8,655,589)</u>
Gain (Loss) for the period attributable to:					
Shareholders of the parent company		1,265,078	(4,805,232)	154,945	(8,618,148)
Non-controlling interests		(18,347)	(32,564)	(36,649)	(37,441)
		<u>1,246,731</u>	<u>(4,837,796)</u>	<u>118,296</u>	<u>(8,655,589)</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted gain (Loss) per share for the period	10	<u>0/049</u>	<u>(0/190)</u>	<u>0/005</u>	<u>(0/340)</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	JD	JD	JD	JD
Gain (Loss) for the period	1,246,731	(4,837,796)	118,296	(8,655,589)
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods, net of tax				
Foreign currency translation differences	41,569	2,197	44,449	(1,783)
Total comprehensive income for the period	<u>1,288,300</u>	<u>(4,835,599)</u>	<u>162,745</u>	<u>(8,657,372)</u>
Attributable to:				
Shareholders of the parent company	1,306,645	(4,803,035)	197,759	(8,619,931)
Non-controlling interests	(18,345)	(32,564)	(35,014)	(37,441)
	<u>1,288,300</u>	<u>(4,835,599)</u>	<u>162,745</u>	<u>(8,657,372)</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

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
2021-								
Balance as at 1 January 2021	25,312,500	2,059,193	(2,323,510)	(66,637)	(35,233,768)	(10,252,222)	135,193	(10,117,029)
Loss for the period	-	-	-	-	154,945	154,945	(36,649)	118,296
Other comprehensive income items	-	-	-	42,814	-	42,814	1,635	44,449
Total comprehensive income	-	-	-	42,814	154,945	197,759	(35,014)	162,745
Balance as at 30 September 2021	<u>25,312,500</u>	<u>2,059,193</u>	<u>(2,323,510)</u>	<u>(23,823)</u>	<u>(35,078,823)</u>	<u>(10,054,463)</u>	<u>100,179</u>	<u>(9,954,284)</u>
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 period	-	-	-	-	(8,618,148)	(8,618,148)	(37,441)	(8,655,589)
Other comprehensive income items	-	-	-	(1,783)	-	(1,783)	1	(1,782)
Total comprehensive income	-	-	-	(1,783)	(8,618,148)	(8,619,931)	(37,440)	(8,657,371)
Balance as at 30 September 2020	<u>25,312,500</u>	<u>2,059,193</u>	<u>(2,284,746)</u>	<u>(71,742)</u>	<u>(32,214,930)</u>	<u>(7,199,725)</u>	<u>144,295</u>	<u>(7,055,430)</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Note	30 September 2021	30 September 2020
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Gain (Loss) for the period		118,296	(8,655,589)
Adjustments for:			
Depreciation and amortization		486,116	536,388
Expired goods		224,724	651,323
Company's share of profit of associates		106,314	-
Gain from Murabaha restructuring		(572,607)	(487,670)
Finance costs		1,473,752	1,028,820
Legal case provision	8	-	5,671,831
Legal case provision that are no longer required	8	(2,831,831)	-
Expected credit loss provision		1,292,110	-
		<u>296,874</u>	<u>(1,254,897)</u>
Changes in working capital-			
Inventory		43,270	(979,083)
Due from related parties		(365)	130,022
Accounts receivables		(365,125)	(1,226,716)
Checks under collection		(643,290)	(37,607)
Other receivables		(76,994)	(278,429)
Accounts payables		572,542	(307,083)
Other payables		637,885	1,417,304
Net cash flows from (used in) operating activities		<u>464,797</u>	<u>(2,536,489)</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment	3	(170,226)	(157,150)
Purchase of intangible assets		-	(23,455)
Net cash flows used in investing activities		<u>(170,226)</u>	<u>(180,605)</u>
<u>FINANCING ACTIVITIES</u>			
Lease liabilities paid		(374,849)	(342,880)
Murabaha financing		2,030,538	3,507,002
Finance costs paid		(901,145)	(541,150)
Notes payable		(1,114,273)	-
Net cash flows (used in) from financing activities		<u>(359,729)</u>	<u>2,622,972</u>
Net decrease in cash and cash equivalents		(65,158)	(94,122)
Currency translation differences, net		44,449	-
Cash and cash equivalents at the beginning of the period	5	(747,402)	(499,137)
Cash and cash equivalents at the end of the period	5	<u>(768,111)</u>	<u>(593,259)</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

(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 26 October 2021.

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the period ended on 30 September 2021 are prepared in accordance with IAS 34 ("Interim Financial Information").

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

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2020. In addition, the results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2021.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

(2-2) CHANGES IN ACCOUNTING POLICES

The accounting policies adopted in the preparation of the consent consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021:

IBOR reform Phase 2

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

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

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

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

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

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

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

(2-3) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 30 September 2021. The subsidiaries that are included in the consolidated financial statements are as follow:

Subsidiary Name	Capital	Principal activities	Country of incorporation	Ownership percentage
	(JD)			%
Dellas for Natural Products Co.	150,000	Industrial	Jordan	93.33%
Swagh for Pharmaceutical Manufacturing Co.	150,000	Industrial	Jordan	93.33%
Aragen for Technical Organic Co.	1,400,000	Industrial	Jordan	90%
Aragen for Technical Organic Co. (Free-Zone)	30,000	Industrial	Jordan	100%
Jordan Algerian Pharmaceutical Manufacturing Co.	188,800	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.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

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 recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

INVESTORS WITH SIGNIFICANT INFLUENCE ON THE GROUP:

Jordan Islamic Bank and Rimco for Investment Company owns 69.9% and 12.7% of the Company's issued shares, respectively.

(2-4) GOING CONCERN

The interim condensed consolidated financial statements of the Group reveal events which cast a major challenge on the future performance of the Company and going concern. The accumulated losses of the Company amounted to JD 35,078,823 as of 30 September 2021 which is equivalent to 138% of the Company's paid-in capital.

During the the year 2021, the Company restructured its murabaha financing with Jordan Islamic Bank in order to enable the Group to benefit from its cash flows, and meet the cash flow requirements for the current year. This step is also linked with finance request from Jordan Islamic Bank to be used for financing the Group's production requirements and raw materials purchases in order to generate sales.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

Based on the estimated budget and forecasted cash flows, the management has planned to honor its commitments by utilizing collections from realized sales and from financing received from the bank as well as the restructuring of the debt. These steps enhance the Group ability to continue during the current year.

In order to maintain its going concern the Group continues to evaluate various alternatives related to increase in capital either through the Group's current main shareholders or by strategic partner in order to sustain its continuity and move forward.

(3) PROPERTY, PLANT AND EQUIPMENT

During the nine months period ended 30 September 2021, the Company purchased property, plant and equipment by the amount of JD 170,226 (30 September 2020: JD 157,150).

(4) 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 Company's management.

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

	<u>Nature of relationship</u>	<u>30 September 2021 JD (Unaudited)</u>	<u>31 December 2020 JD (Audited)</u>
Due from related parties:			
Dr. Adnan Ali Hussein Badwan	Board Member	<u>11,927</u>	<u>11,562</u>
Due to related parties:			
Rashid Abd Al-Rahman Al-Rashid Company	Major Shareholder	50,000	50,000
Azal pharmaceutical company	Associate Company	<u>2,112</u>	<u>2,112</u>
		<u>52,112</u>	<u>52,112</u>
Lease liabilities:			
Jordan Islamic Bank	Major Shareholder	<u>7,716,032</u>	<u>8,004,738</u>

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

	Nature of relationship	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Murabaha financing:			
Jordan Islamic Bank	Major Shareholder	<u>21,212,346</u>	<u>19,181,808</u>
Other Payables:			
Amounts due to Board of Directors members	Board Members	<u>295,636</u>	<u>315,411</u>

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

	Nature of relationship	For the nine months ended 30 September	
		2021 JD (unaudited)	2020 JD (unaudited)
Finance costs:			
Jordan Islamic Bank	Major Shareholder	<u>(845,360)</u>	<u>(965,178)</u>

Short term salaries, transportation and other benefits of key management personnel amounted to JD 352,125 for the period ended 30 September 2021 (for the period ended 30 September 2020: JD 352,125).

(5) CASH AND CASH EQUIVALENTS

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Bank balances	197,937	195,325
Cash on hand	<u>13,642</u>	<u>13,084</u>
Cash and bank balances	<u>211,579</u>	<u>208,409</u>

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021 (UNAUDITED)

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

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Cash and bank balances	211,579	208,409
Less: due to banks*	(979,690)	(955,811)
Cash and cash equivalents	(768,011)	(747,402)

* Due to banks represents overdraft facilities by the amount of JD 949,595 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.

(6) LEASE LIABILITY

This item includes accrued and unpaid lease installments by the amount of JD 219,789 as at 30 September 2021.

(7) MURABAHA FINANCING

This item includes unpaid murabaha installments by the amount of JD 587,761 as at 30 September 2021.

(8) 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 there agency in the United Arab Emirates. After the issuance of the cassation decision by the United Arab Emirates court. The Court of Cassation in Jordan issued a decision on 25 June 2020 which obliged the Company to pay an amount of USD 8,011,062. A provision was recorded in the condensed consolidated financial statements for this case by the amount of JD 5,671,832. During the third quarter of 2021, settlement agreement was reached with Al-Nour Drug store, thus the company reversal JD 2,831,831 from the provision bringing the provision balance to JD 2,840,001 and was recorded as notes payables.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(9) INCOME TAX

The Jordanian Pharmaceutical Manufacturing Company- Public shareholding Company

No income tax provision was calculated for the period ended 30 September 2021 due to the excess of deductible expenses over taxable revenues in accordance with the Income Tax Law no. (38) for the year 2018.

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

Dellas for Natural Products Company-

No income tax provision was calculated for the period ended 30 September 2021 due to the excess of deductible expenses over taxable revenues 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 2020 and is awaiting to be audited.

Aragen for Technical Organic Company-

No income tax provision was calculated for the period ended 30 September 2021 due to the excess of deductible expenses over taxable revenues in accordance with the income tax law no, (38) for the year 2018.

The company obtained a final clearance from the Income Tax Department until the end of 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 2020 and is awaiting to be audited.

Swagh for Pharmaceutical Manufacturing Company-

No income tax provision was calculated for the period ended 30 September 2021 due to the excess of deductible expenses over taxable revenues in accordance of income tax law no. (38) for the year 2018.

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

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(10) LOSS PER SHARE FOR THE PERIOD

	For the nine months period ended 30 September	
	2021	2020
Gain (Loss) for the period (JD)	118,296	(8,618,148)
Weighted average number of shares (share)	25,312,500	25,312,500
	JD/Fils	JD/Fils
Basic and diluted gain (loss) profit per share for the period	0/005	(0/340)

(11) 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 nine months ended 30 September					
	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Net sales	5,910,303	5,022,593	6,276,043	5,319,438	12,186,345	10,342,031
Cost of sales	(3,764,150)	(3,343,368)	(3,997,082)	(3,476,727)	(7,761,232)	(6,820,095)
Gross profit	<u>2,146,153</u>	<u>1,679,225</u>	<u>2,278,961</u>	<u>1,842,711</u>	<u>4,425,113</u>	<u>3,521,936</u>
Other information:						
Depreciation and amortization	481,844	533,919	4,272	2,469	486,116	536,388
Finance costs	845,360	965,178	55,825	63,642	901,185	1,028,820

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The geographical distribution of assets, liabilities is as follows:

	Inside Jordan		Outside Jordan		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
Total assets	31,853,122	35,941,234	7,507,548	4,312,800	39,360,670	40,254,034
Total liabilities	46,513,898	49,328,102	2,801,056	1,042,961	49,314,954	50,371,063

(12) LAWSUITS HELD AGAINST THE COMPANY

- There are cases filed by the Social Security against the group by the amount of JD 886,486, as of 30 September 2021, as part of the group's ordinary operations. The full amount has been recorded in the condensed consolidated financial statements for these cases.

- There are other cases filed against the group in the amount of JD 340,883 as of 30 September 2021, 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 against these cases.

(13) COMMITMENTS AND CONTINGENCIES

As of the date of these interim condensed consolidated financial statements, the Company has the following commitments and contingencies:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Commitments and contingencies:		
Letters of credit	273,358	204,186
Bank guarantees	1,432,533	1,396,444
Bills of collection	67,585	98,586

(14) FAIR VALUES

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

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

Level 2: inputs other than quoted prices included within Level 1 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:

	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	JD	JD	JD	JD
As at 30 September 2021 (Unaudited)				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541
As at 31 December 2020 (Audited)				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541

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

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

	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
Book value	(Unaudited)	(Audited)
Cash and bank balances	211,579	208,409
Due from related parties	11,927	11,562
Accounts receivables	15,217,766	16,144,751
Checks under collection	1,110,971	467,681
Lease liabilities	7,716,033	8,004,738
Murabaha financing	21,212,346	19,181,808
Notes payables	8,011,964	6,286,236
Due to banks	979,690	955,811
Due to related parties	52,112	52,112
Accounts payables	3,159,295	2,586,753

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