

THE JORDANIAN PHARMACEUTICAL MANUFACTURING CO.

PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

30 JUNE 2022

Report on Review of 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 June 2022, comprising of the interim consolidated statement of financial position as at 30 June 2022 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six 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.

Conclusion

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

Business Solutions for Auditing

Amman - Jordan
31 July 2022



THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
ASSETS			
Non-current assets -			
Right of use assets		7,458,836	7,535,488
Property, plant and equipment	3	3,574,046	3,417,427
Intangible assets		2,028,072	2,061,488
Investment in associates		2,968,206	2,968,206
Financial assets at fair value through other comprehensive income		331,424	193,541
		<u>16,360,584</u>	<u>16,176,150</u>
Current assets -			
Inventory		5,501,079	5,624,556
Other receivables		1,280,902	700,104
Due from related parties	4	183	12,166
Accounts receivables		15,254,000	13,919,008
Letters of credit under collection		254,547	533,472
Checks under collection		605,514	742,427
Cash and bank balances	5	6,936,675	11,427,559
		<u>29,832,900</u>	<u>32,959,292</u>
Total Assets		<u>46,193,484</u>	<u>49,135,442</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent -			
Paid in capital	1	69,756,944	25,312,500
Share discount	1	(32,444,444)	-
Capital increase	1	-	12,000,000
Statutory reserve		219,115	219,115
Cumulative change in fair value through other comprehensive income		(2,185,627)	(2,323,510)
Foreign currency translation reserve		(92,397)	(88,930)
Accumulated losses		(34,496,291)	(33,271,614)
		<u>757,300</u>	<u>1,847,561</u>
Non-controlling interests		94,186	106,792
Net equity		<u>851,486</u>	<u>1,954,353</u>
Liabilities			
Non-current liabilities -			
Deferred gain from sale and lease back		1,148,575	1,206,004
Lease liabilities	6	6,954,911	6,966,810
Murabaha financing		20,630,227	20,256,322
Notes payable		5,597,627	6,054,091
		<u>34,331,340</u>	<u>34,483,227</u>
Current liabilities -			
Current portion of deferred gain on sale and lease back		114,858	114,858
Current portion of lease liabilities	6	386,761	649,227
Current portion of murabaha financing		1,409,409	717,703
Current portion of notes payable		1,224,013	1,350,205
Due to related parties	4	52,454	53,992
Accounts payables		2,164,299	2,407,133
Other payables		4,759,133	6,456,701
Due to banks	5	899,731	948,043
		<u>11,010,658</u>	<u>12,697,862</u>
Total Liabilities		<u>45,341,998</u>	<u>47,181,089</u>
Total Equity and Liabilities		<u>46,193,484</u>	<u>49,135,442</u>

The attached notes from 1 to 12 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 SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		JD	JD	JD	JD
Net sales		3,503,719	4,487,230	7,215,140	7,808,064
Cost of sales		(2,479,111)	(2,722,473)	(5,004,633)	(4,453,319)
Gross profit		1,024,608	1,764,757	2,210,507	3,354,745
Selling and distribution expenses		(594,844)	(976,397)	(1,257,333)	(2,060,056)
Administrative expenses		(700,065)	(573,693)	(1,321,902)	(1,059,277)
Finance costs		(293,518)	(549,456)	(579,069)	(912,935)
Research and study expenses		(128,639)	(92,744)	(217,541)	(177,135)
Impairment losses and amortization of intangible assets		(26,772)	(25,724)	(54,713)	(52,179)
Expired goods		(62,221)	(49,447)	(108,334)	(163,946)
Groups' share of profit of associates		-	(106,314)	-	(106,314)
Other income and expenses, net		93,780	(5,296)	91,229	48,661
Loss for the period before income tax		(687,671)	(614,314)	(1,237,156)	(1,128,436)
Income tax for the period		-	-	-	-
Loss for the period		(687,671)	(614,314)	(1,237,156)	(1,128,436)
Loss for the period attributable to:					
Shareholders of the parent company		(679,121)	(601,721)	(1,224,677)	(1,110,134)
Non-controlling interests		(8,550)	(12,593)	(12,479)	(18,302)
		(687,671)	(614,314)	(1,237,156)	(1,128,436)
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted loss per share for the period	8	(0/010)	(0/009)	(0/018)	(0/016)

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

Note	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	JD	JD	JD	JD
Loss for the period	(687,671)	(614,314)	(1,237,156)	(1,128,436)
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods, net of tax				
Change in fair value of financial assets through other comprehensive income	137,883	-	137,883	-
Foreign currency translation differences	(1,272)	(1,767)	(3,594)	2,880
Total comprehensive income for the period	<u>(551,060)</u>	<u>(616,081)</u>	<u>(1,102,867)</u>	<u>(1,125,556)</u>
Attributable to:				
Shareholders of the parent company	(542,530)	(603,488)	(1,090,400)	(1,108,886)
Non-controlling interests	(8,530)	(12,593)	(12,467)	(16,670)
	<u>(551,060)</u>	<u>(616,081)</u>	<u>(1,102,867)</u>	<u>(1,125,556)</u>

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	Attributable to equity holders of the parent company																				
	Paid-in capital		Share discount		Capital increase		Statutory reserve		Cumulative change in fair value of financial assets at fair value through other comprehensive income		Foreign currency translation differences		Accumulated losses		Total		Non-controlling interests		Net equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
2022-																					
Balance as at 1 January 2022	25,312,500	-	12,000,000	219,115	(2,323,510)	(88,930)	(33,271,614)	1,847,561	106,792	1,954,353											
Loss for the year	-	-	-	-	-	-	(1,224,677)	(1,224,677)	(12,479)	(1,237,156)											
Other comprehensive income items	-	-	-	-	137,883	(3,467)	-	134,416	(127)	134,289											
Total comprehensive income	-	-	-	-	137,883	(3,467)	(1,224,677)	(1,090,261)	(12,606)	(1,102,867)											
capital increase (Note 1)	44,444,444	(32,444,444)	(12,000,000)	-	-	-	-	-	-	-											
Balance as at 30 June 2022	69,756,944	(32,444,444)	-	219,115	(2,185,627)	(92,397)	(34,496,291)	757,300	94,186	851,486											
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 year	-	-	-	-	-	-	(1,110,134)	(1,110,134)	(18,302)	(1,128,436)											
Other comprehensive income items	-	-	-	-	-	1,248	-	1,248	1,632	2,880											
Total comprehensive income	-	-	-	-	-	1,248	(1,110,134)	(1,108,886)	(16,670)	(1,125,556)											
Balance as at 30 June 2021	25,312,500	-	-	2,059,193	(2,323,510)	(65,389)	(36,343,902)	(11,361,108)	118,523	(11,242,585)											

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)

	<u>Note</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Loss for the period		(1,237,156)	(1,128,436)
Adjustments for-			
Depreciation and amortization		486,973	314,306
Expired goods		108,334	163,946
Groups' share of profit of associates		-	106,314
Finance costs		579,069	912,935
		<u>(62,780)</u>	<u>369,065</u>
Changes in working capital:			
Inventory		15,143	191,711
Due from related parties		11,983	11,562
Accounts receivables		(1,334,992)	(1,118,893)
Checks under collection		136,913	28,349
Letters of credit under collection		278,925	-
Other receivables		(580,798)	30,639
Accounts payables		(242,834)	(277,750)
Due to related parties		(1,538)	-
Other payables		(1,697,568)	1,058,443
Net cash flows (used in) from operating activities		<u>(3,477,546)</u>	<u>293,126</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment	3	(533,524)	(101,808)
Net cash flows used in investing activities		<u>(533,524)</u>	<u>(101,808)</u>
<u>FINANCING ACTIVITIES</u>			
Lease liabilities paid		(331,794)	(248,715)
Murabaha financing		1,065,611	1,881,220
Finance costs paid		(579,069)	(912,935)
Notes payable		(582,656)	(734,592)
Net cash flows used in financing activities		<u>(427,908)</u>	<u>(15,022)</u>
Net (decrease) increase in cash and cash equivalents		(4,438,978)	176,296
Cash and cash equivalents at the beginning of the period	5	10,479,516	(747,402)
Translation differences		(3,594)	-
Cash and cash equivalents at the end of the period	5	<u>(6,036,944)</u>	<u>(571,106)</u>

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (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 general assembly of The Jordanian Pharmaceutical Production Company resolved in its extra ordinary meeting held on 29 November 2021 to increase the capital of the company from 25,312,500 share/JD to 69,756,944 share/JD, by allocating the increased shares (44,444,444 shares) to some shareholders, with issuance discount of 0.73 piasters per share, and by the value of JD 12,000,000. The legal procedures were completed on 11 January 2022.

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

The Company's main objective is the production of medical, chemical, and pharmaceutical products.

The interim condensed consolidated financial statements were approved by the Board of Directors on 31 July 2022.

INVESTORS WITH SIGNIFICANT INFLUENCE ON THE GROUP:

Jordan Islamic Bank and Rimco for Investment Company owns 88.8% and 4.6% of the Company's issued shares, respectively.

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the period ended on 30 June 2022 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 JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

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 2021. In addition, the results for the six months ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2022.

(2-2) CHANGES IN ACCOUNTING POLICES

The accounting policies adopted in the preparation of the condensed 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 2021, except for the adoption of new standards effective as of 1 January 2022:

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 did not have material impact on the Interim condensed consolidated financial statements of 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 did not have material impact on the Interim condensed consolidated financial statements of the Group.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

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 did not have material impact on the Interim condensed consolidated financial statements of 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 did not have material impact on the Interim condensed consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Group.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Group.

(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 June 2022. The subsidiaries that are included in the consolidated financial statements are as follow:

<u>Subsidiary Name</u>	<u>Capital</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>
	(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 JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
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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 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.

(3) PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 June 2022, the Company purchased property, plant and equipment by the amount of JD 533,524 (30 June 2021: JD 101,808).

(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.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
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30 JUNE 2022 (UNAUDITED)

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

	<u>Nature of relationship</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
		<u>JD</u>	<u>JD</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
Due from related parties:			
Dr. Adnan Ali Hussein Badwan	Board Member	<u>183</u>	<u>12,166</u>
Due to related parties:			
Rashid Abd Al-Rahman Al-Rashid Company	Major Shareholder	<u>50,000</u>	<u>50,000</u>
Azal pharmaceutical company	Associate Company	<u>2,454</u>	<u>3,992</u>
		<u>52,454</u>	<u>53,992</u>
Lease liabilities:			
Jordan Islamic Bank	Major Shareholder	<u>7,341,672</u>	<u>7,616,037</u>
Murabaha financing:			
Jordan Islamic Bank	Major Shareholder	<u>22,039,636</u>	<u>20,974,025</u>
Other liabilities:			
Amounts due to Board of Directors members	Board Members	<u>226,804</u>	<u>301,051</u>

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

	<u>Nature of relationship</u>	<u>For the six months ended 30 June</u>	
		<u>2022</u>	<u>2021</u>
		<u>JD</u>	<u>JD</u>
		<u>(unaudited)</u>	<u>(unaudited)</u>
Finance costs:			
Jordan Islamic Bank	Major Shareholder	<u>547,749</u>	<u>879,304</u>

Short term salaries, transportation and other benefits of key management personnel amounted to JD 234,990 for the period ended 30 June 2022 (for the period ended 30 June 2021: JD 234,750).

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022 (UNAUDITED)

(5) CASH AND CASH EQUIVALENTS

	<u>30 June 2022</u>	<u>31 December 2021</u>
	JD (Unaudited)	JD (Audited)
Bank balances	1,431,460	11,412,692
Murabaha portfolio short term	5,500,000	-
Cash on hand	<u>5,215</u>	<u>14,867</u>
Cash and bank balances	<u>6,936,675</u>	<u>11,427,559</u>

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
	JD (Unaudited)	JD (Audited)
Cash and bank balances	6,936,675	11,427,559
Less: due to banks*	<u>(899,731)</u>	<u>(948,043)</u>
Cash and cash equivalents	<u>6,036,944</u>	<u>10,479,516</u>

* This item represents overdraft facilities by the amount of JD 899,731 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 with 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 June 2022.

(7) INCOME TAX

The Jordanian Pharmaceutical Manufacturing Company

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 2021 and is awaiting to be audited.

Dellas for Natural Products Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2019 to 2021 and is awaiting to be audited.

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Aragen for Technical Organic Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018 (the years 2010, 2012, 2013 and 2015 are reviewed by the court, the value of the balances owed on it is JD 30,733). The company also submitted self-assessment statements to the Income and Sales Tax Department for the results of the 2019 and 2021 business within the legal deadline.

Swagh for Pharmaceutical Manufacturing Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2019 to 2021 and is awaiting to be audited.

(8) LOSS PER SHARE FOR THE PERIOD

	<u>For the six months period ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
Loss for the period (JD)	(1,224,677)	(1,110,134)
Weighted average number of shares (share)	67,301,450	67,301,450
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted loss per share for the period	<u>(0/018)</u>	<u>(0/016)</u>

(9) 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:

	<u>for the six months ended 30 June</u>					
	<u>Inside Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	JD	JD	JD	JD	JD	JD
Net sales	3,088,214	3,200,190	4,126,926	4,607,874	7,215,140	7,808,064
Cost of sales	(2,142,076)	(2,051,285)	(2,862,557)	(2,402,034)	(5,004,633)	(4,453,319)
Gross profit	<u>946,138</u>	<u>1,148,905</u>	<u>1,264,369</u>	<u>2,205,840</u>	<u>2,210,507</u>	<u>3,354,745</u>
Other information:						
Depreciation and amortization	479,384	311,458	7,589	2,848	486,973	314,306
Finance costs	547,749	879,304	31,280	33,631	579,069	912,935

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The geographical distribution of assets, liabilities is as follows:

	Inside Jordan		Outside Jordan		Total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
Total assets	33,675,618	36,888,622	12,517,866	12,246,820	46,193,484	49,135,442
Total liabilities	44,417,183	46,209,324	924,815	971,765	45,341,998	47,181,089

(10) LAWSUITS HELD AGAINST THE COMPANY

There are cases filed against the company for an amount of JD 340,883 as on 30 June 2022, and this is within the normal activity of the company, and in the discretion of the management and its legal advisor, the company will not have substantial obligations in response to these cases.

(11) COMMITMENTS AND CONTINGENCIES

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

	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Commitments and contingencies:		
Letters of credit	304,440	177,024
Bank guarantees	3,266,773	3,276,387
Bills of collection	-	217,905

(12) 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 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.

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

	<u>Book value</u> JD	<u>Level 1</u> JD	<u>Level 2</u> JD	<u>Level 3</u> JD
As at 30 June 2022 (Unaudited)				
Financial assets at fair value through other comprehensive income	331,424	-	-	331,424
As at 31 December 2021 (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:

Book value	<u>30 June 2022</u> JD (Unaudited)	<u>31 December 2021</u> JD (Audited)
Cash and bank balances	6,936,675	11,427,559
Due from related parties	183	12,166
Accounts receivables	15,254,000	13,919,008
Letters of credit under collection	254,547	533,472
Checks under collection	605,514	742,427
Lease liabilities	7,341,672	7,616,037
Murabaha financing	22,039,636	20,974,025
Notes payables	6,821,640	7,404,296
Due to banks	899,731	948,043
Due to related parties	52,454	53,992
Accounts payables	2,164,299	2,407,133

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