Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated Financial Statements and
Independent Auditor's Report
for the year ended December 31, 2022

Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Index

Independent Auditors Report

To the Shareholders of
Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Middle East Pharmaceutical, Chemical Industries and medical appliances (Public Shareholding Company), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses	Scope of audit
The company has applied IFRS (9) expected credit losses requirements which resulted in a change in the calculation of impairment from the incurred loss modal to the expected credit loss model, and the allowance for expected credit losses amounting to JD 1,642,765 as at December 31, 2022.	We conducted comprehensive assessment to identify the key controls used to determine expected credit losses, data collection and completeness, and related estimates and assumptions used by management, and we have tested key control systems on preparing the modeling process

Inventory impairment	Scope of audit
Based on IFRS requirements, inventory is measured when preparing the financial statements at the lower of cost and net realizable value, and when it is not possible to recover the cost of the inventory if it becomes totally or partially damaged or obsolete or sales prices decreased. When the net realizable value falls below cost the difference is recognize as expense in the profit or loss.	We analyzed the inventory items ages and discussed management assumptions regarding the expected volume of use and based on our knowledge and experience of the sector in which the entity operates. We examined a sample of service agreements provided to customers to compare the minimum purchase liabilities with end of year inventory level taking into account the risks to recover the value of inventory if the agreements were canceled. We tested the appropriateness of inventory impairment provision by assessing the management assumptions, taking into account external information available and subsequent events after the end of the fiscal year. We assessed whether the provision that is recorded against obsolete and slow moving inventory to comply with the accounting policies, taking into account the rationale of the provision determination policy using historical data, we also examined sales invoices is subsequent period to assess whether the inventory was sold at a value higher than cost by comparing the selling price with inventory values recorded in the company's accounts. We have taken into account the appropriateness of the entity's explanations about the degree of estimates related to arriving at the value of impairment provision in general. we have concluded that the basic assumption used and the resultant estimate and evaluation are appropriate assumptions.

Going Concern

We would like to refer to note (9) of the consolidated financial statements where the accumulated losses for the company amounted to JD 20,830,331 as at the date of consolidated financial position representing 333% of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 8,506,898, in addition to the existence of accrued liabilities that were not paid to date. These matters cast significant doubt on the company ability to continue as a going concern and its continuation depends on providing sufficient funds to meet its obligations and the success of its operations in the future. The Company provided a complete plan to insure the company's continuation:

The company will conduct a capital structure as it will reduce and increase the capital as follows:

- Amortized part of the accumulated losses of the company in the company's capital and amortized the remaining part in the shareholder payables.
- Increase the company's capital by capitalizing a portion of shareholders' payables.

Emphasis of matter

As stated in notes (1) and (3) we would like to refer to the existence of restrains on the company's land, building and means of transportation in addition to a restrain on the company as shown in the capital certificate at the Ministry of Industry and Trade – Company's Control Department. Without qualifying our opinion in this regard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the final report, but does not include the consolidated financial statements and our auditors' report thereon.

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 International Financial Reporting Standard, 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 Company's financial reporting process.

Auditors' 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 auditors' 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 International Standards on Auditing (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 International Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' 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 consolidated financial information of the entities or business activities within the group to express an opinion on the group financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' 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 reasonably be expected to outweigh the public interest benefits of such communication.

<u>Report on Other Legal and Regulatory Requirements</u>

The Company has proper accounting records which are, in all material respects, consistent with the accompanying consolidated financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman, on February 28, 2023

Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of financial position as at December 31, 2022

	Notes	2022	December 31, 2021 (after adjustment)	January 1, 2021 (after adjustment)
ASSETS		JD	JD	JD
Non-current Assets				
Property, plant and equipment	3	5,889,952	5,778,411	6,095,317
Intangible assets	4	59,845	104,258	110,837
Total Non-current Assets		5,949,797	5,882,669	6,206,154
Current Assets				
Inventory	5	2,132,610	1,758,161	2,152,979
Other debit balances	6	486,941	969,863	302,744
Trade receivables	7	445,299	1,291,708	1,611,026
Cash and cash equivalents		3,336	43,323	104,350
Total Current Assets		3,068,186	4,063,055	4,171,099
TOTAL ASSETS		9,017,983	9,945,724	10,377,253

The attached notes constitute an integral part of these financial statements

Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated Statement of financial position for the year ended December 31, 2022

	Notes	2022	December 31, 2021 (after adjustment)	January 1, 2021 (after adjustment)
EQUITY AND LIABILITIES		JD	JD	JD
Equity				
Authorized and paid-in capital	1	6,250,583	6,250,583	6,250,583
Statutory reserve	8	293,953	293,953	271,045
Translation differences		121,164	95,157	110,493
Accumulated losses	9, 16	(20,830,331)	(18,576,236)	(18,688,670)
Dificit in equity		(14,164,631)	(11,936,543)	(12,056,549)
Liabilities				
Non-current Liabilities				
Shareholders payable	10	11,408,176	8,709,783	8,529,829
Postponded checks - non current		199,354	229,097	-
Total Non-current Liabilities		11,607,530	8,938,880	8,529,829
Current Liabilities				
Other credit balances	11, 16	4,360,828	6,802,022	6,613,272
Trade payables		1,325,535	1,896,361	1,929,606
Due to related parties	10	5,682,153	3,845,759	5,159,176
Loans		-	-	201,919
Postponded checks - current		206,568	399,245	-
Total current Liabilities		11,575,084	12,943,387	13,903,973
Total Liabilities		23,182,614	21,882,267	22,433,802
TOTAL EQUITY AND LIABILITIES		9,017,983	9,945,724	10,377,253

The attached notes constitute an integral part of these financial statements

Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Consolidated statement of comprehensive income for the year ended December 31, 2022

	Notes	2022	2021
		JD	JD
Sales	12	2,327,030	5,073,896
Cost of sales	13	(3,018,965)	(3,922,141)
Gross (loss) profit		**(691,935)**	**1,151,755**
Other revenues , net		3,494	520,642
Selling and marketing expenses	14	(577,838)	(439,699)
Administrative expenses	15	(987,816)	(814,192)
Expected credit losses allowance	6 & 7	-	(211,224)
Damaged and expired goods provision	5	-	(71,940)
(Loss) profit		**(2,254,095)**	**135,342**
Other Comprehensive Income			
Currency translation differences		26,007	(15,336)
Net comprehensive income		**(2,228,088)**	**120,006**
Weighted average number of shares		6,250,583	6,250,583
(Loss) profit per share		(0/361) JD	JD 0/022

The attached notes constitute an integral part of these financial statements

Consolidated statement of changes in equity for the year ended December 31, 2022

	Capital	Statutory reserve	Translation differences	Accumulated losses	Deficit in equity
	JD	JD	JD	JD	JD
Balance as at January 1, 2021 - Before adjustment	6,250,583	271,045	110,493	(14,371,410)	(7,739,289)
Previous year adjustment - Note 16	-	-	-	(4,317,260)	(4,317,260)
Balance as at January 1, 2021 - After adjustment	6,250,583	271,045	110,493	(18,688,670)	(12,056,549)
Comprehensive income	-	-	(15,336)	135,342	120,006
Transfer to statutory reserve	-	22,908	-	(22,908)	-
Balance as at December 31, 2021 - After Adjustment	6,250,583	293,953	95,157	(18,576,236)	(11,936,543)
Comprehensive income	-	-	26,007	(2,254,095)	(2,228,088)
Balance as at December 31, 2022	6,250,583	293,953	121,164	(20,830,331)	(14,164,631)

The attached notes constitute an integral part of these financial statements

Middle East Pharmaceutical, Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Consolidated statement of cash flows for the year ended December 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	JD	JD
(Loss) profit	(2,254,095)	135,342
Adjustments for:		
Depreciations and amortizations	604,277	628,687
Loss on disposal of property, plant and equipment	-	28,772
Expected credit losses allowance	-	211,224
Inventory impairment provision	-	71,940
Change in operating assets and liabilities:		
Inventory	(374,449)	260,358
Other debit balances	482,922	(523,685)
Trade receivables	846,409	93,894
Other credit balances	(2,441,194)	204,210
Trade payables	(570,826)	(33,245)
Net cash from operating activities	(3,706,956)	1,077,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(671,405)	(308,250)
Intangable asstes	-	(25,724)
Net cash from investing activities	(671,405)	(333,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	1,836,394	(1,395,591)
Shareholders payable	2,698,393	179,954
Post dated checks	(222,420)	628,342
Loans	-	(201,919)
Net cash from financing activities	4,312,367	(789,214)
Effect of currency differences on cash and cash equivalents	26,007	(15,336)
Net change in cash and cash equvilents	(39,987)	(61,027)
Cash and cash equivalents - beginning of year	43,323	104,350
Cash and cash equivalents - end of year	3,336	43,323

The attached notes constitute an integral part of these financial statements

1. Legal status and activity

- Middle East Pharmaceutical and Chemical Industries and Medical Appliances Co. was established on October 25, 1993 and registered as a public shareholding company with the Ministry of Industry and Trade under the number (231).
- The main Company's activities are as follows:
  - Manufacturing of reagents and medical and laboratory solutions.
  - Manufacturing of human drug fluids.
  - Manufacturing of human drug tablets.
  - Manufacturing of human drug supplications.
  - Manufacturing veterinary antibiotics.
  - Manufacturing veterinary antibacterial..
  - Manufacturing gelatin capsules.
  - Manufacturing veterinary vitamins
- The Middle East Pharmaceutical– Algeria was established as a limited liability company under the number 607/2008 on October 11, 2008.
- The financial statements were approved by the Company's board of directors in its session held on Feburary 27, 2023 and these financial statements require the approval of the general assembly.
- There is a restraint on the company's registration bond due to the existence of executive lawsuits held against the company.

2. Basis for preparation of financial statements and significant accountant policies

2-1 Basis for financial statement preparation

- Financial statements preparation framework

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Board.

- Measurement bases used in preparing the financial statements

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- Functional and presentation currency

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
  For example, estimates may be required for expected credit losses, inventory obsolescence, useful lives of depreciable assets, provisions, and any legal cases against the entity.

2-3 Standards and Interpretations issued that became effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS (1) Subsidiary First-time Adoption of International Financial Reporting Standards	Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	January 1,2022
Amendments to IFRS (3) Business Combinations	Minor amendments were made to IFRS (3) to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS (37) Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1,2022
IFRS (9) Financial Instruments	Annual Improvements to IFRS (9), for year 2018 - 2020	June 1,2022
Amendments to IFRS (16) Covid-19-related Rent Concessions.	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases, which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The relief was originally limited to reduction in lease payments that were due on or before June 30, 2021. However, the IASB subsequently extended this date to June 30, 2022.	January April 1,2020 1,2021
Amendments to IAS (16) Property, Plant and Equipment	The amendments prohibit an entity 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 recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1,2022
Amendments to IAS (37) Provisions Contingent Liabilities and contingent Assets	The amendment to clarifies that the direct costs of fulfilling a onerous contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling onerous contracts.	January 1,2022

Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
IFRS (16) Leases	The amendment clarifies how a seller – lessee subsequently measures sale and lease back transaction.	January 1,2024
IFRS (17) Insurance Contracts	IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.	January 1,2023 (deferred from January 1,2021)
Amendments to IAS (1)	The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.	January 1, 2024 (Deferred from January 1, 2022).
Amendments to IAS (1) and IFRS Practice Statement 2	The amendments to IAS (1) require entities to disclose their material rather than their significant accounting policies. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2024 (deferred from January 1, 2022)
Amendments to IAS (8)	The amendment to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors The distinction between accounting policies and changes in accounting estimates is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023.

2-4 Summary of significant accounting policies

- Basis of consolidation (deemed appropriate)

-The consolidated financial statements comprise the financial statements of the parent (Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company) and the subsidiary which is controlled by it :

Name of subsidiary	Ownership
	%
Middle East Pharmaceutical and Chemical Industries and Medical Appliances - Algeria	100

-Control is presumed to exist when the parent is exposed, or has rights, to variable returns from its involvement through its power over the investee, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
-Intergroup balances, transactions, income and expenses shall be eliminated in full.
-Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent.
-If a parent loses a control of a subsidiary, the parent derecognize the assets and liabilities of the subsidiary and non-controlling interests and other equities, recognize any profit or loss resulted from loss of control in the statement of comprehensive income, recognize any investment retained after loss of control at its fair value.

- Property, plant and equipment

- Property, plant and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property, plant and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- the depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Buildings	2
Machines & equipment	5-10
Transportation means	10-20
Factory equipment	8
Communication systems and programs	9
Electrical equipment	5-10
Furniture	8
Artesian well	5-15
Others	2-20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

- The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent derecognition (sale or retirement) of the property, plant and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- Other intangible assets

  - Intangible assets are identifiable non-monetary assets without physical substance.
  - Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses.
  - Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use.
  - Amortization charge is recognized as loss, on a straight-line basis over the following useful lives of intangible assets:

Category	Useful Life
	%
Bioequivalence studies	20-25
Drugs registration fees	20-25

  - The estimated useful lives are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.
  - The carrying values of intangible assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment loss is calculated in accordance with impairment of assets policy.
  - Expenditure on research activities is recognized as an expense in the period in which it is incurred.
  - An internally-generated intangible asset arising from development is recognized when the entity demonstrates the following:
    - The technical feasibility of completing the intangible asset so that it will be available for use or sale;
    - The intention to complete the intangible asset and use or sell it;
    - The ability to use or sell the intangible asset;
    - How the intangible asset will generate probable future economic benefits;
    - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
    - The ability to measure reliably the expenditure attributable to the intangible asset during its development.
  - The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Cost of internally-generated intangible assets comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Where no internally-generated intangible asset can be recognized, development expenditure is charged as expense in the period in which it is incurred.
  - Subsequent to initial recognition, internally-generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the intangible assets' estimated useful lives. The estimated useful lives are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

- The carrying values of intangible assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment loss calculated in accordance with impairment of assets policy.

– Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

– Inventories

- Inventories are measured at the lower of cost and net realizable value.
- Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- The cost of inventory is assigned by using weighted-average cost formula.

– Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

– Financial assets

- A financial asset is any asset that is:
  (a) Cash;
  (b) An equity instrument of another entity;
  (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
  (d) A contract that will or may be settled in the entity's own equity instruments.
- Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.
- Financial assets are classified to three categories as follows:
  - Amortized cost.
  - Fair value through other comprehensive income.
  - Fair value through profit or loss.

Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:
- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

- Financial liabilities
  - A financial liability is any liability that is:
    (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
    (b) A contract that will or may be settled in the entity's own equity instruments.
  - Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
  - After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method. Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

- Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

- Trade receivables
  - Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
  - Trade receivables are stated at invoices amount net of allowance for expected credit losses which represents the collective impairment of receivables.

- Impairment of financial assets
  - At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit – impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
  - The entity recognizers loss allowance for expected credit loss (ECL) on:
    - Financial assets measured at amortized cost.
    - Debt investments measured at FVOCI.
    - Contract assets.
  - The entity measures loss allowances at an amount equal to lifetime ECLs.

- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entitys historical experience and forward looking information.
- The entity considers a financial asset to be in default when:
  - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
  - The financial asset is more than 360 days past due.
- Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
- A financial assets is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

- <u>Provisions</u>
  - Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
  - Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
  - If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
  - In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
  - Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.

- <u>Related parties</u>
  - Transactions with related parties represent transfer of resources, services, or obligations between related parties.
  - Terms and conditions relating to related party transactions are approved by management.

- <u>Basic earnings per share</u>

  Basic earnings per share is calculated by dividing profit or loss, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

- <u>Revenue recognition</u>
  - The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
  - Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
  - Revenue is reduced for amount of any trade discounts and volume rebates allowed by the entity.

- **Borrowing costs**

  - Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
  - Borrowing costs are expensed in the period in which they are incurred.

- **Income tax**

  Income tax is calculated in accordance with Jordanian laws and regulations.

- **Foreign currencies**

  - In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
  - Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

- **Contingent liabilities**

  - Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.
  - Contingent liabilities are not recognized in the financial statements.

3. Property, plant and equipment

	Land (*)	Building (*)	Machines and equipment	Transportation means (*)	Factory equipment	Communication systems and programs	Electrical equipment	Furnitures	Solar energy system	Artesian well	Other	Total
2022	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost												
Beginning of year balance	200,606	6,936,716	3,455,458	397,586	5,906,140	300,541	418,627	392,449	-	50,785	39,259	18,098,167
Additions	-	10,185	64,052	-	33,622	3,000	2,060	720	526,420	-	31,346	671,405
End of year balance	200,606	6,946,901	3,519,510	397,586	5,939,762	303,541	420,687	393,169	526,420	50,785	70,605	18,769,572
Accumulated depreciation												
Beginning of year balance	-	3,127,219	3,294,796	385,757	4,423,719	263,143	392,555	365,486	-	50,785	16,296	12,319,756
Depreciation (**)	-	139,237	110,891	9,065	252,638	855	6,256	5,284	5,264	-	30,374	559,864
End of year balance	-	3,266,456	3,405,687	394,822	4,676,357	263,998	398,811	370,770	5,264	50,785	46,670	12,879,620
Net	200,606	3,680,445	113,823	2,764	1,263,405	39,543	21,876	22,399	521,156	-	23,935	5,889,952
2021												
Cost												
Beginning of year balance	200,606	6,912,919	3,398,714	397,586	5,727,730	266,504	409,450	386,364	-	50,785	69,346	17,820,004
Additions	-	23,797	56,744	-	178,410	34,037	9,177	6,085	-	-	-	308,250
Disposals	-								-		(30,087)	(30,087)
End of year balance	200,606	6,936,716	3,455,458	397,586	5,906,140	300,541	418,627	392,449	-	50,785	39,259	18,098,167
Accumulated depreciation									-			
Beginning of year balance	-	2,988,452	3,119,115	374,607	4,170,297	261,605	385,267	359,068	-	49,192	17,084	11,724,687
Depreciation (**)	-	138,767	175,681	11,150	253,422	1,538	7,288	6,418	-	1,593	527	596,384
Disposals	-	-	-	-	-	-	-	-	-	-	(1,315)	(1,315)
End of year balance	-	3,127,219	3,294,796	385,757	4,423,719	263,143	392,555	365,486	-	50,785	16,296	12,319,756
Net	200,606	3,809,497	160,662	11,829	1,482,421	37,398	26,072	26,963	-	-	22,963	5,778,411

(*) Land, building and transportation vehicles mentioned above are seized against judicial reservations. Note that the company did not license its vehicles from 2016 and 2017 until the date of the financial statements.

(**) Depreciation was allocated on the statement of comprehensive income as follows:

	2022	2021
	JD	JD
Manufacturing expenses	490,231	554,371
Administrative expenses	69,633	42,013
Total	559,864	596,384

4. Intangible assets

2022	Bioequivalence studies	Drugs registration fees	Total
	JD	JD	JD
Cost			
Beginning of year balance	1,526,081	470,053	1,996,134
End of year balance	1,526,081	470,053	1,996,134
Accumulated amortization			
Beginning of year balance	1,447,547	444,329	1,891,876
Amortization	39,268	5,145	44,413
End of year balance	1,486,815	449,474	1,936,289
Net	39,266	20,579	59,845
2021			
Cost			
Beginning of year balance	1,526,081	444,329	1,970,410
Addtions	-	25,724	25,724
End of year balance	1,526,081	470,053	1,996,134
Accumulated amortization			
Beginning of year balance	1,415,244	444,329	1,859,573
Amortization	32,303	-	32,303
End of year balance	1,447,547	444,329	1,891,876
Net	78,534	25,724	104,258

5. Inventory

	2022	2021
	JD	JD
Packing materials	1,198,875	1,120,942
Raw materials	644,886	679,211
Finished goods	633,425	506,271
Spare parts	170,821	189,822
Goods in process	141,457	73,214
Other	20,888	20,603
Inventory impairment provision (*)	(677,742)	(831,902)
Net	2,132,610	1,758,161

(*) Inventory impairment provision movement during the year was as follows:

	2022	2021
	JD	JD
Beginning of year balance	831,902	759,962
Destruction of goods	(154,160)	-
Provided	-	71,940
End of year balance	677,742	831,902

6. Other debit balances

	2022	2021
	JD	JD
Refundable deposits	139,577	162,723
Employees receivable	72,959	71,774
Less: expected credit losses allowance (*)	(46,233)	(60,433)
Net	**166,303**	**174,064**
Advance to suppliers	218,733	598,257
Guarantees deposits	67,235	137,396
Prepaid expenses	17,946	35,610
Prepaid on sales tax	11,861	11,699
Other	4,863	7,837
Lawsuits advance	-	5,000
Total	486,941	969,863

(*) Allowance for expected credit losses movement during the year:

	2022	2021
	JD	JD
Beginning of year balance	60,433	46,233
Incurred losses	(14,200)	-
Provided	-	14,200
End of year balance	**46,233**	**60,433**

7. Trade receivables

	2022	2021
	JD	JD
Trade receivables (*)	1,823,385	2,058,766
Checks under collection	76,216	670,087
Government receivables	142,230	184,704
Less:Expected credit losses allowance (**)	(1,596,532)	(1,621,849)
Net	**445,299**	**1,291,708**

(*) Follows are the aging of trade receivables as at December 31, 2022:

	2022	2021
	JD	JD
1 - 30 days	60,551	379,345
31 - 60 days	158,234	7,747
61 - 180 days	-	92,825
181 - 360 days & above	1,604,600	1,578,849
Total	**1,823,385**	**2,058,766**

(**) Follows the movement of the expected credit losses allowance during the year:

	2022	2021
	JD	JD
Beginning of year balance	1,621,849	1,424,825
Incurred losses	(25,317)	-
Provided	-	197,024
End of year balance	**1,596,532**	**1,621,849**

8. Statutory reserve

- Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals one quarter of the Company's subscribed capital. However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution.
- For the general assembly after exhausting other reserves to decide in an extraordinary meeting to quench its losses from the accumulated amounts in statuary reserve, and to rebuild it in accordance with the provisions of the law.

9. Accumulated losses

- The company's accumulated losses amounted to JD 20,830,331 at the date of the statement of financial position which comprises 333% of the company's capital, also, the company's current liabilities exceeded its current assets by amount of JD 8,506,898 which might effects the company's ability to continue and requires it to comply with article no.(266).
- The company's plan summarized as the following:
  - The company will undertake a capital structure where it will reduce and increase capital as follows:
  - Amortized part of the accumulated losses of the company in the company's capital and amortized of the remaining part in the shareholder payables.
  - Increase the company's capital by capitalizing a portion of shareholders' payables.

10. Related parties

- Transactions with the related parties consist of transactions with shareholders and companies that the main shareholders have significant shares and subsidiary company.
- Shareholders payables consist of the following:

	2022	2021
	JD	JD
Hamzeh Ahmed Yousef Tantash	8,188,619	5,490,226
Miysar Ahmed Yousef Aklouk	2,414,675	2,414,675
Mazen Hamzeh Ahmed Tantash	804,882	804,882
Total	11,408,176	8,709,783

- Due to related parties consist of the following:

	2022	2021
	JD	JD
Tantash Group	4,301,051	2,526,595
Arab Center for Pharmacuticals & Chemical Industries	1,274,472	1,274,970
Jordan Investment & Tourism Transport Co.	94,726	39,654
Ideal Trading Group Co ITG	10,137	-
Tantash Travel Agency	1,070	4,540
Al-Mawqif For Trading Services	697	-
Total	5,682,153	3,845,759

- Transactions with the related parties are financing in nature.
- The significant transactions included in the statement of comprehensive income during the year are as follows:

	2022	2021
	JD	JD
Consulting fees - administrative expenses	200,000	198,000
Vehicle rentals - administrative expenses	27,784	18,300

11. Other credit balances

	2022	2021
	JD	JD
Received in advance from clients	1,227,171	687,081
Employees payables	1,096,481	316,247
Social security deposits	914,671	559,467
Legal suits provision	407,725	4,317,260
Accrued expenses	380,250	714,497
Shareholders deposits	118,736	118,736
Compensation goods provision	97,605	-
Refund of sold shares	47,637	47,637
Sales tax deposits	36,512	13,649
Income tax deposits	31,077	19,948
Board of directors transportation provision	2,963	7,500
Total	4,360,828	6,802,022

12. Sales

	2022	2021
	JD	JD
External sales	1,763,120	2,986,222
Local sales	563,910	2,087,674
Total	2,327,030	5,073,896

13. Cost of Sales

	2022	2021
	JD	JD
Raw materials and packing - Beginning of the year	1,800,153	1,808,641
Purchases	1,302,460	1,669,899
Raw materials and packing - end of the year	(1,843,761)	(1,800,153)
Raw materials and packing used in production	**1,258,852**	**1,678,387**
Manufacturing expenses (*)	1,955,510	2,003,572
Work in process - beginning of year	73,214	177,646
Work in process - end of year	(141,457)	(73,214)
Cost of good manufactured	**3,146,119**	**3,786,391**
Finished goods - beginning of year	506,271	642,021
Finished goods - end of year	(633,425)	(506,271)
Cost of goods sold	**3,018,965**	**3,922,141**

(*) The manufacturing expenses consist of the following:

	2022	2021
	JD	JD
Salaries and wages	726,983	762,521
Depreciation	490,231	554,372
Water and electricity	190,982	192,608
Maintenance	109,553	78,365
Company's contribution to social security	101,517	103,486
Lab and tests fees	58,861	59,086
Health insurance	43,377	28,592
Hospitality and cleaning	42,883	61,409
Transportation fees	42,454	32,608
Overtime	42,425	24,153
Training	18,200	28,372
Production consumables	15,787	15,353
Fuel	13,251	12,628
Shipping and clearing	10,576	4,109
Miscellaneous	9,937	13,496
Subscriptions	8,759	5,083
Insurance	8,754	6,307
Research and development	6,921	10,630
Water treatment	3,467	3,582
Stationary	3,102	4,409
Computers	2,711	796
Work permits	2,285	551
Travel and Transportation	1,406	-
Communication	1,088	1,056
Total	**1,955,510**	**2,003,572**

14. Selling and distribution expenses

	2022	2021
	JD	JD
Agents commissions	232,126	176,847
Salaries, wages and related benefits	126,163	62,554
Agents discount	87,751	20,650
Penalties	56,507	58,516
Certification and registration fees	14,124	20,318
Social security contributions	13,509	8,522
Miscellaneous	12,423	10,441
Clearence	8,613	4,697
Freight fees	8,310	17,416
Health insurance	4,300	1,463
Hospitality and cleaning	3,216	7,061
Water and electricity	3,193	5,095
Travel and transportation	2,452	22,736
Advertising and promotion	1,786	17,103
Communications	1,062	1,635
Bank charges	913	2,365
Insurance	821	847
Stationery	569	1,433
Total	577,838	439,699

15. Administrative expenses

	2022	2021
	JD	JD
Salaries, wages and related benefits	295,373	280,311
Consultations	268,337	281,501
Penalties	167,576	596
Depreciation	69,633	42,013
Amortization	44,413	32,303
Social security contribution	34,107	32,827
Rent cars and transportations	27,784	19,571
Health insurance	14,112	10,169
Cafeteria expenses	13,392	17,697
Professional fees	10,795	10,810
Subscriptions	10,134	11,235
Rent	5,562	1,456
Water and electricity	5,060	5,069
Hospitality and cleaning	3,323	1,163
Lawsuits and lawyers fees	3,313	49,475
Stationery and printings	3,252	2,994
Miscellaneous	2,685	2,886
Communications	2,285	2,367
Donations	2,254	4,461
Travel	2,157	534
Maintenance	1,515	1,503
Insurance	470	-
Governmental licenses and fees	284	42
Board of directors transportation	-	3,209
Total	987,816	814,192

16. Previous year adjustment

The financial statements have been adjusted for previous year to conform with International standard No (8) which allows adjustment of financial statements in case of discovering errors from previous periods as a result of lack of appropriate information ,related to law suit which was settled in subsequeat period.

- Following the effect on the financial statements as on December 31, 2021:

Description	January 1, 2021 (Before adjustment)	adjustment	January 1, 2021 (After adjustment)
JD	JD	JD	JD
Accumulated losses	(14,371,410)	(4,317,260)	(18,688,670)
Other credit balances	2,296,012	4,317,260	6,613,272

17. Financial statements of the subsidiary

This consolidated financial statements include the financial statements of the subsidiary company as at December 31, 2022 which is as follows:

Company	Establishment Country	Legal status	Investment percentage	Capital	Assets	Liabilities	Accumulated losses
			%	JD	JD	JD	JD
Middle East Medical	Algeria	LLC	100	5,150	110,252	562,847	(457,745)

(*) The accumulated losses for the company amounted to 8,888% of the capital as of December 31, 2022.

18. Lawsuits

As mentioned at the lawyers letters there are legal cases held by the company against others amounting to JD 635,464 in addition to other cases with undetermined amounts, there is a legal cases held against the company with an amount of JD 1,461,405 in addition to other legal cases with undetermined amounts which are still outstanding at related courts.

19. Tax status

Parent company

- Tax status for the company has been settled until 2021.
- Income tax returns have been filed for year 2021 within the legal period, and it was not settled with the income and tax department yet.
- In the opinion of the tax consultant, there is no need to provide a provision due to the existence of acceptable taxable losses.

Subsidiary company

The opinion of the company's management there is no need to provide an income tax provision because there is acceptable taxable losses.

20. Contingent liabilities

There are contingent liabilities amounting to JD 137,396 with a cash deposit of JD 67,235 at the date of the statement of financial position.

21. Risk management

a) Capital risk:

- Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.
- The accumulated losses for the company has reached an amount of JD 20,830,331 as on December 31, 2022 which represents 333% of the company's capital.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- The entity is not exposed to currency risk.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from borrowings and depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The company does not undergo interest risk

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. However, this risk is insignificant since no active trading on these investments is occurred.

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) **Liquidity risk:**

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

Description	Less than one year		1 year and above	
	2022	2021	2022	2021
	JD	JD	JD	JD
Assets				
Other debit balances	238,401	324,297	-	-
Trade receivables	445,299	1,291,708	-	-
Cash and cash equivalents	3,336	43,323	-	-
Total	687,036	1,659,328	-	-
Liabilities				
Shareholders payable	-	-	11,408,176	8,709,783
Postdated checks	206,568	399,245	199,354	229,097
Other credit balances	2,625,364	1,790,181	-	-
Trade payables	1,325,535	1,896,361	-	-
Due to related parties	5,682,153	3,845,759	-	-
Total	9,839,620	7,931,546	11,607,530	8,938,880

22. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.

Because of the potential effects of the Corona virus, the management of the entity has taken future information for the twelve months following the reporting period at least, whether related to the negative effects of the virus on the business process or the ability to pay its debts. The management of the entity has made a study of the potential effects of the current economic fluctuations to determine the declared amounts of the entity's financial and non-financial assets that represent management's best estimates based on observable information. Markets remain volatile and the amounts recorded remain sensitive to fluctuations in the market.

tag.global