

**Birzeit Pharmaceutical Company  
And its Subsidiaries  
Public Shareholding Company  
Ramallah - Palestine**

**Review report and condensed interim consolidated  
financial information**

**For the nine-months period ended September 30, 2023**

**Birzeit Pharmaceutical Company And its Subsidiaries**  
**Public Shareholding Company**  
**Ramallah - Palestine**

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## REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of  
Birzeit Pharmaceutical Company and its subsidiaries  
Public Shareholding Company  
Ramallah - Palestine

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **Birzeit Pharmaceutical Company** (the "Company") and its subsidiaries (together referred as the "Group"), as of September 30, 2023, and the related condensed interim consolidated statements of profit or loss, other comprehensive income, for three and nine-months period ended on September 30, 2023, and statement of changes in equity and cash flows for the nine-months period ended on September 30, 2023 and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (34): Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the 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 condensed interim consolidated financial information is not prepared, in all material respects in accordance with IAS (34).

### Other Matters

Prior year consolidated financial statements for the year ended December 31, 2022 were audited by another audit firm who issued their unqualified audit opinion dated March 26, 2023. Also, the condensed interim consolidated financial statements for the nine months period ended September 30, 2022 were reviewed by another audit firm who issued their unmodified conclusion dated November 10, 2022.

**HLB PS – License No. (201/2023)**  
**Ramallah - Palestine**



**Raed Abu El Etham – License Number (109/2002)**  
**November 22, 2023**


Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company

Condensed interim consolidated statement of financial position  
As of September 30, 2023

	Notes	September 30 2023 (Reviewed) USD	December 31 2022 (Audited) USD
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent	5	2,272,762	2,999,087
Fixed Deposits at Banks		1,200,000	-
Accounts Receivable, Net	6	32,062,805	37,472,987
Inventory	7	12,515,621	12,203,959
Financial Investments through Profit and Loss	8-a	13,162,952	13,626,925
Bonds at amortized costs		500,000	-
Other Debit Balances		2,478,500	1,918,462
<b>Total Current Assets</b>		<b>64,192,640</b>	<b>68,221,420</b>
<b>Non Current Assets</b>			
Checks under collection - Long Term Portion		57,842	52,273
Deferred Tax Assets		1,190,068	1,145,124
Financial Investments through Other Comprehensive Income	8-b	29,533,392	25,503,017
Investment Property	9	5,350,141	5,610,939
Property, Plant and Equipment, Net	10	24,208,333	22,470,489
<b>Total Non Current Assets</b>		<b>60,339,776</b>	<b>54,781,842</b>
<b>Total Assets</b>		<b>124,532,416</b>	<b>123,003,262</b>
<b>Owners' Equity and Liability</b>			
<b>Current Liabilities</b>			
Payables and other Credit Balances		5,399,312	7,154,527
Income Tax Provision	11	-	-
Bank Loans - Short Term Portion		-	416,664
<b>Total Current Liabilities</b>		<b>5,399,312</b>	<b>7,571,191</b>
<b>Non Current Liabilities</b>			
Reserve for Employees' End of Service	12	11,704,928	11,119,641
Bank Loans - Long Term Portion		-	798,622
<b>Total Liability</b>		<b>17,104,240</b>	<b>19,489,454</b>
<b>Owners' Equity</b>			
Share Capital	1	38,764,898	38,764,898
Treasury Stocks		(222,074)	(230,978)
		<b>38,542,824</b>	<b>38,533,920</b>
Statuary Reserve		7,547,939	6,753,213
None Compulsory Reserve		7,161,423	6,366,697
Special Reserve		30,000,000	30,000,000
Retained Earnings		14,451,166	15,024,412
Cumulative Change in Fair Value		9,030,960	5,765,026
Cash Flow Hedge Reserve		-	66,498
Financial Statements Currency Translation Variance		11,164	80,419
<b>Equity Attributable to Owners of the Parent Company</b>		<b>106,745,476</b>	<b>102,590,185</b>
Non Controlling Interests		682,700	923,623
<b>Total Equity</b>		<b>107,428,176</b>	<b>103,513,808</b>
<b>Total Equity and Liability</b>		<b>124,532,416</b>	<b>123,003,262</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

  
Mr. Talal Nassereddin  
Chairman

  
Mr. Firas Nassereddin  
Board Member



Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company


Condensed Interim consolidated statement of profit or loss  
For the nine months period ended September 30, 2023

	Notes	Three Months Period Ended September 30		Nine Months Period Ended September 30	
		2023	2022	2023	2022
		(Reviewed) USD	(Reviewed) USD	(Reviewed) USD	(Reviewed) USD
Sales		11,519,140	12,215,711	32,565,261	35,245,988
Cost of Goods Sold		(7,651,208)	(7,735,643)	(20,855,222)	(21,967,643)
<b>Gross profit</b>		<b>3,867,932</b>	<b>4,480,068</b>	<b>11,710,039</b>	<b>13,278,345</b>
Selling Expenses		(621,567)	(614,077)	(1,881,487)	(1,902,741)
Marketing Expenses		(281,933)	(270,990)	(930,135)	(891,386)
General and Administrative Expenses		(491,314)	(593,175)	(2,063,330)	(2,330,175)
Financing Expenses		(23,763)	(25,738)	(84,939)	(90,992)
Expected Credit Losses Provision		-	-	-	(213,904)
<b>Gross profit from operating activities</b>		<b>2,449,355</b>	<b>2,976,088</b>	<b>6,750,148</b>	<b>7,849,147</b>
(Loss) from Sale and Revaluation of Financial Assets		(341,025)	(359,041)	(113,391)	1,860,366
Gain from Sale of Investments Property		-	-	54,702	-
(Loss) on Difference of Currency		(566,916)	(653,518)	(1,309,133)	(1,931,109)
Other Income		73,681	62,321	194,472	185,311
<b>Net Profit Before Taxes</b>		<b>1,615,095</b>	<b>2,025,850</b>	<b>5,576,798</b>	<b>7,963,715</b>
Income Tax for the Period	11	(258,146)	(402,734)	(808,590)	(997,634)
Deferred Tax Benefits		(32,214)	-	44,944	34,335
<b>Net Profit After Taxes</b>		<b>1,324,735</b>	<b>1,623,116</b>	<b>4,813,152</b>	<b>7,000,416</b>
<b>Attributable to:</b>					
Owners of the Parent Company		1,305,353	1,599,771	4,759,744	6,881,875
Non Controlling Interests		19,382	23,345	53,408	118,541
		<b>1,324,735</b>	<b>1,623,116</b>	<b>4,813,152</b>	<b>7,000,416</b>
<b>Earnings Per Share for Parent Company</b>	13	<b>0.03</b>	<b>0.04</b>	<b>0.12</b>	<b>0.18</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.



Mr. Talal Nasserredin  
Chairman



Mr. Firas Nasserredin  
Board Member



Birzeit Pharmaceutical Company and Its Subsidiaries  
Public Shareholding Company

Condensed interim consolidated statement of other comprehensive income  
For the nine months period ended September 30, 2023

	Three Months Period Ended September 30		Nine Months Period Ended September 30	
	2023 (Reviewed) USD	2022 (Reviewed) USD	2023 (Reviewed) USD	2022 (Reviewed) USD
Net Profit for the Period	1,324,735	1,623,116	4,813,152	7,000,416
Other Comprehensive Income				
Items that will not be Re-classified Subsequently to Profit or Loss				
Change in Fair Value for Financial Assets	1,923,710	112,943	3,265,934	1,563,191
Items that may be Re-classified Subsequently to Profit or Loss				
Financial Statements Currency Translation Variance	(225,331)	22,452	(230,638)	(422,547)
Fair value gains on cash hedging contracts during the period	-	-	(66,498)	133,295
Other Comprehensive Income for the Period	1,698,379	135,395	2,968,798	1,273,939
Total Other Comprehensive Income for the Period	3,023,114	1,758,511	7,781,950	8,274,355
Attributable to:				
Owners of the Company	3,202,536	1,735,166	7,889,925	8,166,672
Non Controlling Interests	(179,422)	23,345	(107,975)	107,683
	3,023,114	1,758,511	7,781,950	8,274,355

The accompanying notes form an integral part of these condensed interim consolidated financial statements.



Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company

Condensed interim consolidated statement of changes in equity  
For the nine months period ended September 30, 2023

	Share Capital USD	Statutory Reserve USD	None Compulsory Reserve USD	Special Reserve USD	Retained Earnings USD	Cash Flow Hedge Reserve USD	Cumulative Change in Fair Value USD	Financial Statements Currency Translation Variance USD	Treasury Shares USD	Equity Attributable to Owners of the Company USD	Equity Attributable to the non controlling interest USD	Total Equity USD
Balance as of January 1, 2023 (Audited)	38,764,898	6,753,213	6,366,697	30,000,000	15,024,412	66,498	5,765,026	80,419	(230,978)	102,590,185	923,623	103,513,808
Prior Period Adjustments	-	-	-	-	132,948	-	-	-	-	132,948	(132,948)	-
Adjusted Balance as of January 1, 2023	38,764,898	6,753,213	6,366,697	30,000,000	15,157,360	66,498	5,765,026	80,419	(230,978)	102,723,133	790,675	103,513,808
Profit for the Period	-	-	-	-	4,759,744	-	-	-	-	4,759,744	53,408	4,813,152
Other Comprehensive Income	-	-	-	-	-	(66,498)	3,265,934	(69,255)	-	3,130,181	(161,383)	2,968,798
Total Other Comprehensive Income for the Period	-	-	-	-	4,759,744	(66,498)	3,265,934	(69,255)	-	7,889,925	(107,975)	7,781,950
Dividends paid	-	-	-	-	(3,876,486)	-	-	-	-	(3,876,486)	-	(3,876,486)
Transferred to reserves (note 19)	-	794,726	794,726	-	(1,589,452)	-	-	-	-	-	-	-
Change in Treasury Shares	-	-	-	-	-	-	-	-	8,904	8,904	-	8,904
Balance as of September 30, 2023 (Reviewed)	38,764,898	7,547,939	7,161,423	30,000,000	14,451,166	-	9,030,960	11,164	(222,074)	106,745,476	682,700	107,428,176
Balance as of January 1, 2022 (Audited)	19,382,449	4,750,600	5,158,810	30,000,000	30,480,617	(270,073)	1,977,537	532,856	(147,962)	91,864,834	929,602	92,794,436
Profit for the Period	-	-	-	-	6,881,875	-	-	-	-	6,881,875	18,541	7,000,416
Other Comprehensive Income	-	-	-	-	-	133,295	1,563,191	(411,689)	-	1,284,797	(10,858)	1,273,939
Total Other Comprehensive Income for the Period	-	-	-	-	6,881,875	133,295	1,563,191	(411,689)	-	8,166,672	107,683	8,274,355
Dividends paid (Note 19)	-	-	-	-	(1,938,245)	-	-	-	-	(1,938,245)	-	(1,938,245)
Increase in the Capital Share (Note 19)	19,382,449	-	-	-	(9,382,449)	-	-	-	-	-	-	-
Transferred to reserves (note 19)	-	1,207,887	1,207,887	-	(2,415,774)	-	-	-	-	-	-	-
Transferred to retained earnings from the Cumulative Change in Fair Value (Note 8-b)	-	-	-	-	1,127,731	-	(1,127,731)	-	-	-	-	-
Change in Treasury Shares	-	-	-	-	-	-	-	-	(205,576)	(205,576)	-	(205,576)
Balance as of September 30, 2022 (Reviewed)	38,764,898	5,958,487	6,366,697	30,000,000	14,753,755	(136,778)	2,412,997	121,167	(353,538)	97,887,685	1,037,285	98,924,970

The accompanying notes form an integral part of these condensed interim consolidated financial statements.



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Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company

Condensed Interim consolidated statement of cash flows  
For the nine months period ended September 30, 2023

	Nine Months Period Ended September 30	
	2023	2022
	(Reviewed) USD	(Reviewed) USD
<b>Operating Activities</b>		
Net profit Before Tax	5,576,798	7,963,715
<b>Adjustments:</b>		
Depreciation	1,135,781	1,239,872
Expected Credit losses	-	213,904
(Gain) from Sale of Investment Property	(54,702)	-
Loss (Gain) on Sale and Valuation of Financial Assets	1,294,246	(960,449)
(Gain) on sales of Property, plant, and equipment	-	(53,895)
Foreign Currency Difference	91,044	(15,432)
Provision for End of Service Indemnity	791,975	972,418
<b>Cash Flow Before Changes In Operating Assets and Liabilities</b>	<b>8,835,142</b>	<b>9,360,133</b>
Decrease (Increase) in Accounts Receivables	5,410,182	(3,168,125)
(Increase) Decrease in Checks under collection - Long Term Portion	(5,569)	419,643
(Increase) in Inventory	(311,662)	(1,163,234)
(Increase) in Other Debit Balances	(1,375,178)	(233,733)
(Decrease) in Other Credit Balances	(1,755,215)	(1,139,118)
<b>Cash Flow From Operating Activities</b>	<b>10,797,700</b>	<b>4,075,566</b>
Income Tax Paid	(59,948)	-
Employee's End of Service Benefits Paid	(178,159)	(824,452)
<b>Net Cash Flow Generated From Operating Activities</b>	<b>10,559,593</b>	<b>3,251,114</b>
<b>Investing Activities</b>		
Change in Financial Assets, Net	(2,707,569)	(3,064,977)
Proceeds from Sales of financial assets	493,282	6,927,293
(Increase) in Fixed Deposits at Banks	(1,200,000)	-
Proceeds from Sales of Investment Property	315,500	-
Change in non controlling interest	(161,383)	(10,858)
Proceeds from Sales of Property, Plant and Equipment	-	48,748
Purchase of Property, Plant and Equipment	(2,873,625)	(1,983,467)
<b>Net Cash Flow (Used In) Generated From Investing Activities</b>	<b>(6,133,795)</b>	<b>1,916,739</b>
<b>Financing Activities</b>		
Repayments From Bank Loans	(1,215,286)	(749,998)
Change in Treasury Shares	8,904	(205,576)
Dividends paid	(3,876,486)	(1,938,245)
<b>Net Cash Flow (Used In) Financing Activities</b>	<b>(5,082,868)</b>	<b>(2,893,819)</b>
<b>Net (Decrease) Increase In Cash and Cash Equivalent</b>	<b>(657,070)</b>	<b>2,274,034</b>
Financial Statements Currency Translation Variance	(69,255)	(411,689)
Cash and Cash Equivalent at the Beginning of the Period	2,999,087	1,135,243
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>2,272,762</b>	<b>2,997,588</b>
<b>Non Cash Transactions:</b>		
Clearance With The Ministry of Health on Income Tax And VAT	(953,790)	(1,206,565)
Cumulative Change in Fair Value Reserve Through Other Comprehensive Income	3,265,934	(1,563,191)
Transfer to Special Reserve	-	2,415,774
Change in cash flow hedge reserve	(66,498)	133,295
Stock Dividends	-	19,382,449
Income Tax Receivables Transferred to Other Debit Balances	1,070,534	807,990
	<b>3,316,180</b>	<b>19,969,752</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.



**Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company**

**Notes to the condensed interim consolidated financial information  
For the nine months period ended September 30, 2023**

**1. General Information**

Birzeit Pharmaceutical Company (Public Shareholding Company) operating its activities in Palestine and registered under registration number (562600122). It operates by manufacturing and trading in all types of medicines.

The Company carries out all its business within the framework of the laws, regulations and instructions related to the manufacture and sale of medicines in force in Palestine, through the company's headquarters located in the industrial zone in the city of Ramallah.

The Company's shares are listed in Palestine exchange market (PEX).

The Company's paid in capital as of September 30, 2023 is USD 38,764,898 divided into 38,764,898 shares at par value of USD 1 per share.

The condensed interim consolidated financial statements for the nine-months period ended September 30, 2023, were approved by the Board of Directors and authorized for issue on November 22, 2023.

**2. Summary of Significant Accounting Policies**

The condensed interim consolidated financial information of the Company is prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting and in accordance with applicable laws and regulations.

The condensed interim consolidated financial information is presented in US Dollars, which is the functional currency of the Parent Company.

The condensed interim consolidated financial statements have been prepared on the historical cost, except for property investments and financial assets that were measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The condensed interim consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended September 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

The Company did not deduct the statutory reserve according to Companies Law from the profits of the current period, as these statements are interim, and the deductions are made at the end of the financial year.

**Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company**

**Notes to the condensed interim consolidated financial information  
For the nine months period ended September 30, 2023**

**2. Summary of significant accounting policies (Continued)**

**2.1 New and revised IFRS applied with no material effect on the condensed interim consolidated financial statements.**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these condensed interim consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS No. (8) Accounting policies, Changes in accounting estimates and errors.
- Amendments to IAS No. (1) Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current; and
- IFRS No. (17) Insurance contracts.

**2.2 New and revised IFRSs in issue but not yet effective**

The Company has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<b>New and revised IFRS</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets from investors.	Effective date deferred indefinitely.
Amendment to IFRS 16 - Lease contracts	January 1, 2024
Amendment to IAS 1 - Noncurrent liabilities.	January 1, 2024

The Company anticipates that these new standards, interpretations, and amendments will be adopted in the Company's condensed interim consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim consolidated financial statements of the Company in the period of initial application.

**2.3 Basis for Consolidation**

The condensed interim consolidated financial statements of the Company incorporate the financial statements of Birzeit Pharmaceutical Company (Public Shareholding Company), and the financial statements of its subsidiaries, in which the company has right of control, (Palestine Printing and Publishing Company - Private Shareholding Company, Medix for Medical Supplies - Private Shareholding Company, and PetraPharm Company - Private Shareholding Company).

Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

**Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company**

**Notes to the condensed interim consolidated financial information  
For the nine months period ended September 30, 2023**

**2. Summary of Significant Accounting Policies (Continued)**

**2.3 Basis for Consolidation (Continued)**

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies.

All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between Parent and subsidiaries are eliminated in full consolidation.

The following are the details of the subsidiaries as of September 30, 2023:

Company name	Main activity	Capital (USD)	Country	Ownership %	
				September 30, 2023	December 31, 2022
Medix for Medical Supplies	Trade in medical and cosmetics products	565,000	Palestine	100%	100%
Palestine Printing and Publishing Company	Printing and publishing	573,500	Palestine	67%	67%
PetraPharm Company	Manufacturing of medicines and cosmetic products	156,715	Algeria	75%	75%

**Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company**

**Notes to the condensed interim consolidated financial information  
For the nine months period ended September 30, 2023**

**3. Financial Risk Management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended December 31, 2022.

**4. Critical Accounting Judgments and Key Sources of Estimation of Uncertainty**

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

**5. Cash and Cash Equivalent**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Cash on Hand	241,213	260,606
Cash at Banks:		
New Israeli Shekel (NIS)	863,207	1,426,487
Jordanian Dinars (JOD)	886,259	181,646
US Dollars (USD)	236,646	840,860
Other Currencies	45,437	289,488
	<u>2,272,762</u>	<u>2,999,087</u>

- Cash at banks includes amounts reserved as collateral in exchange for credit facilities amounting to USD 127,429 as on September 30, 2023 and 62,715 as on December 31, 2022.
- All cash at banks balances as at the date of the condensed interim consolidated financial statements were evaluated as account balances with low credit risk as they are kept with local banking institutions with high solvency and credit rating, and there has been no historical default for any of these balances. Therefore, the probability of default based on future factors and any loss potential is minimal and immaterial.

**Birzeit Pharmaceutical Company and its Subsidiaries  
Public Shareholding Company**

**Notes to the condensed interim consolidated financial information  
For the nine months period ended September 30, 2023**

**6. Accounts Receivable - Net**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Trade Receivables - Public Sector	23,818,159	24,046,601
Trade Receivables - Private Sector / Individuals and Companies	11,274,650	15,986,006
	<u>35,092,809</u>	<u>40,032,607</u>
Less: Provision for Expected Credit Losses	(5,124,412)	(5,124,412)
<b>Net Trade Receivables</b>	<u>29,968,397</u>	<u>34,908,195</u>
Due from Employees	2,094,408	2,564,792
	<u>32,062,805</u>	<u>37,472,987</u>

The average credit period is 90 days and no interest is charged on outstanding trade receivables.

Movement on provision for expected credit losses is as follows:

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Balance at the Beginning of the Period / year	5,124,412	5,164,849
Provision during the Period / Year	-	213,904
Written Off Receivables	-	(172,142)
Opening Balance Currency Differences	-	(82,199)
<b>Balance at the End of the Period / Year</b>	<u>5,124,412</u>	<u>5,124,412</u>

**7. Inventory**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Raw Materials	5,106,386	3,791,412
Packing Materials	2,298,292	2,255,902
Finished Goods	5,095,281	5,687,217
Work in Progress	15,662	469,428
	<u>12,515,621</u>	<u>12,203,959</u>

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**8. Financial Assets**

**a. Financial Investments through Profit & Loss**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Investments in listed companies	13,162,952	13,626,925
	<u>13,162,952</u>	<u>13,626,925</u>

**b. Financial Investments through Other Comprehensive Income**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Investments in listed companies *	20,792,755	16,762,380
Investments in unlisted companies **	8,740,637	8,740,637
	<u>29,533,392</u>	<u>25,503,017</u>

\* Includes USD 232,200 represents restricted shares against membership in the board of directors for one of the investee companies.

\*\* Investments in unlisted companies are evaluated based on the most recent financial statements of the investee companies.

**9. Investment Property**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Plots of land*	5,350,141	5,610,939
	<u>5,350,141</u>	<u>5,610,939</u>

- Investments in seven plots of land in Ain Trfidia area of Beitunia (plot number 7, an area of 6,962 square meters) with a value of USD 3,839,800 as on September 30, 2023, registered in the name of the Company.
- A plot of land in Abu Qash area in Ramallah (the Jourat Surur Plot 2, an area of 3,273 square meters) with a value of USD 1,238,689 as on September 30, 2023, registered in the name of other parties for the interest and benefit of the Company.
- A plot of land in Atara area of Ramallah (plot No. 6, with an area of 2,173 square meters, Plot No. 10, with an area of 192 square meters, and Plot No. 11, with an area of 1,352 square meters) with a total value of USD 271,652 as on September 30, 2023, registered in the name of other parties for the interest and benefit of the Company.

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**9. Investment Property (Continued)**

Movement on investment property is as follows:

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Balance at the Beginning of the Period / Year	5,610,939	5,610,939
Sale of Plots	<u>(260,798)</u>	<u>-</u>
<b>Balance at the End of the Period / Year</b>	<b><u>5,350,141</u></b>	<b><u>5,610,939</u></b>

Details of investment property and the fair value measurements as of September 30, 2023 are as follows:

	Level 1 USD	Level 2 USD	Level 3 USD	Fair value as of September 30, 2023 USD
Plots	<u>-</u>	<u>5,350,141</u>	<u>-</u>	<u>5,350,141</u>
	<u>-</u>	<u>5,350,141</u>	<u>-</u>	<u>5,350,141</u>

**10. Property, and Equipment, net**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Balance at the Beginning of the period / year	22,470,489	21,128,728
Additions during the period / year	2,873,625	3,588,255
Disposals during the period / year	-	(963,495)
Depreciation for the period / year	(1,135,781)	(1,389,705)
Currency Differences	<u>-</u>	<u>106,706</u>
	<b><u>24,208,333</u></b>	<b><u>22,470,489</u></b>

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**11. Income Tax Provision**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Balance at the beginning of the period / year	(406,025)	(599,059)
Income tax for the period / year	808,590	1,116,193
Paid during the period / year	(59,948)	-
Clearance with Ministry of Health during the period / year	(953,790)	(923,159)
Currency Differences	(71,600)	-
	<u>(682,773)</u>	<u>(406,025)</u>
Transferred to other debit balances	682,773	406,025
<b>Balance at the end of the period / year</b>	<u>-</u>	<u>-</u>

- The Company obtained final tax clearance from income tax department for the years up to December 31, 2018. It is currently discussing clearance with income tax department for the years 2019 to 2022.
- The Palestinian Investment Promotion Agency granted the company an investment confirmation certificate regarding the development of a pharmaceutical factory and granted it the following incentives:
  - The first stage: payment of income tax on taxable income at a rate of 5% for a period of five years for the development rate of 44%, starting from July 1, 2019 until June 30, 2024.
  - The second stage: payment of income tax on taxable income at a rate of 10% for a period of six years for the development rate of 44% starting from the end of the first phase from July 1, 2024, until June 30, 2027.

**12. Provision for Employees End of Service Benefits**

	September 30, 2023 (Reviewed) USD	December 31, 2022 (Audited) USD
Balance at the beginning of the period / year	11,119,641	10,825,060
Additions for the period / year	791,975	1,342,889
	<u>11,911,616</u>	<u>12,167,949</u>
Payment for the period / year	(178,159)	(841,802)
Currency differences	(28,529)	(206,506)
<b>Balance at the end of the period / year</b>	<u>11,704,928</u>	<u>11,119,641</u>



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**Notes to the condensed interim consolidated financial information  
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**13. Basic Earnings Per Share Attributable to the Owners of the Parent Company**

Basic earnings per share have been calculated on the basis of dividing the profit for the period by the weighted average number of common stock outstanding during the period as follows:

	Nine months period ended	
	2023	2022
	(Reviewed)	(Reviewed)
	USD	USD
Net income attributable to owners of the parent company	4,759,744	6,881,875
Weighted average number of common stocks	38,764,898	38,764,898
Less: Treasury Shares	<u>(52,376)</u>	<u>(52,376)</u>
	<u>38,712,522</u>	<u>38,712,522</u>
Basic earnings per share attributable to the owners of the parent company	<u>0.12</u>	<u>0.18</u>

**14. Related Party Transactions**

Related parties represent subsidiaries and affiliates, major shareholders and senior management. Prices and terms related to transactions with related parties are approved by the Company Board of Directors.

As at the end of the period, the amounts due (from/to) the related parties were included in the condensed interim consolidated statement of financial position as follows:

	September 30, 2023	December 31, 2022
	(Reviewed)	(Audited)
	USD	USD
Dividends payable due to shareholders	(938,015)	(821,777)
EOS – Top management	(1,290,982)	(1,204,428)

The condensed interim consolidated statement of profit or loss includes the following transactions with related parties:

	Nine months period ended	
	2023	2022
	(Reviewed)	(Reviewed)
	USD	USD
Salaries of senior and executive management	<u>1,102,610</u>	<u>1,063,966</u>

**Birzeit Pharmaceutical Company and its Subsidiaries**  
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**15. Fair Value Measurements**

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instrument.

*Fair value of financial assets that are measured at fair value on a recurring basis:*

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements that are derived from inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobserved inputs).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	Fair value as of		Fair value Level	valuation method and inputs used	Intangible Inputs	Relationship between Intangible Inputs and fair value
	September 30 2023 USD	December 31 2022 USD				
<b>Financial Investments through OCI</b>						
Investments in listed companies	20,792,755	16,762,380	Level 1	Quoted market prices in an active market	Not applicable	Not applicable
Investments in unlisted companies	8,740,637	8,740,637	Level 2	Compare it to the market value of a similar financial instrument	Not applicable	Not applicable
<b>Financial Investments through P&amp;L</b>						
Investments in listed companies	13,162,952	13,626,925	Level 1	Quoted market prices in an active market	Not applicable	Not applicable
<b>Total</b>	<b>42,696,344</b>	<b>39,129,942</b>				

There were no transfers between levels during the period. There are no financial liabilities that need to be measured at fair value, and accordingly, no notes have been made to the above table. There have been no changes to level 3 fair value.

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**16. Seasonal Results**

No income of seasonal nature was recorded in the condensed interim consolidated statement of profit or loss for the nine-months period ended September 30, 2023 and September 30, 2022, except for dividend income from financial investments.

**17. Contingent Liabilities**

The Company has contingent liabilities at the date of the condensed interim consolidated financial statements in the form of bank guarantees in the amount of USD 26,379.

There are two lawsuits filed against the Company with an amount of USD 89,100 for labor claims. In the opinion of the legal advisor to the Company, the Company will not incur any additional amounts due to the insurance coverage for such cases and therefore there is no need to make an allowance for these cases.

**18. Subsequent events**

No major subsequent events as of the balance sheet date have had an impact on the figures of the condensed interim consolidated financial statements for the nine months period ended September 30, 2023.

**19. Dividends Paid**

The Company's general assembly held its regular annual meeting on April 11, 2023 and approved the following:

- o Distributing cash dividends of 10% of the nominal value of the shares at an amount of USD 3,876,486 to the shareholders of the parent company, according to the shareholders' statement on the day of the general assembly meeting.
- o Transfer 10% of declared profits to statutory reserve and 10% to non-compulsory reserve.

The Company's general assembly held its regular annual and the extraordinary meeting on April 20, 2022 and approved the following:

- o Granting one stock dividend for each share held by Birzeit Pharmaceutical Company shareholders. The total share capital amounted to 38,764,898.
- o Distributing cash dividends of 10% of the nominal value of the shares at an amount of USD 1,938,245 to the shareholders of the parent company.
- o Authorized shares were modified to USD 40,000,000 allocated to 40,000,000 shares with nominal value of USD 1 per share.
- o Transferring 10% from the declared profits of 2021 to the non-compulsory reserve and 10% to statutory reserve.