

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Condensed Interim Consolidated Financial Statements (Unaudited)
30 September 2021

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company

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Report on Review of Condensed Interim Consolidated Financial Statements

To The Board of Directors
The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Irbid - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of The Arab Pesticides & Veterinary Drugs Mfg. Co. PLC, comprising the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended and the notes about condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of this condensed interim consolidated financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of Review


We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated financial statement 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 statement is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

27 October 2021
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)



The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Financial Position
As at 30 September 2021
(In Jordanian Dinar)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Non - current assets			
Property, plant and equipment		6,702,354	6,173,508
Investment in associates		523,337	429,616
Financial assets at fair value through other comprehensive income		237,090	237,090
Check under collection – long term		44,243	66,503
Total non – current assets		<u>7,507,024</u>	<u>6,906,717</u>
Current assets			
Inventories		12,002,076	11,855,413
Other current assets		620,331	1,047,512
Accounts receivable		9,593,824	9,247,591
Checks under collection		1,999,883	2,218,065
Cash and cash equivalents		3,595,893	3,021,060
Total current assets		<u>27,812,007</u>	<u>27,389,641</u>
Total assets		<u>35,319,031</u>	<u>34,296,358</u>
Equity and liabilities			
Equity			
Paid - in capital		15,000,000	12,000,000
Statutory reserve		3,000,000	3,000,000
Voluntary reserve		1,329,206	2,329,206
Cumulative changes in foreign exchange rate		(2,507,710)	(2,349,358)
Retained earnings	3	7,189,759	7,209,766
Total Shareholder's Equity		<u>24,011,255</u>	<u>22,189,614</u>
Non-controlling interest		5,100,629	4,767,164
Total equity		<u>29,111,884</u>	<u>26,956,778</u>
Liabilities			
Non - current liabilities			
Notes payable – long term		280,752	672,189
Bank facilities – long term		1,277,716	432,307
Total non - current liabilities		<u>1,558,468</u>	<u>1,104,496</u>
Current liabilities			
Accounts payable		1,592,153	1,708,431
Bank facilities - short term		1,389,259	1,969,277
Notes payable – short term		259,028	799,204
Postdated checks		35,959	53,007
Other liabilities		1,372,280	1,705,165
Total current liabilities		<u>4,648,679</u>	<u>6,235,084</u>
Total liabilities		<u>6,207,147</u>	<u>7,339,580</u>
Total equity and liabilities		<u>35,319,031</u>	<u>34,296,358</u>

“The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report”

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Profit or Loss
For the Nine Months Ended at 30 September 2021 (Unaudited)

(In Jordanian Dinar)

		For the three months ended		For the nine months ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales		5,185,297	5,475,975	17,691,790	18,109,716
Cost of sales		(3,317,983)	(3,322,130)	(11,606,941)	(12,059,312)
Gross profit		1,867,314	2,153,845	6,084,849	6,050,404
Share of profit from the associate company		124,132	44,941	280,468	148,572
Selling and distribution expenses		(149,262)	(246,088)	(507,342)	(599,487)
Administrative expenses		(402,675)	(369,557)	(1,292,551)	(1,148,086)
Financing cost		(102,688)	(80,146)	(234,090)	(166,173)
Allowance for expected credit loss		-	(100,000)	(200,000)	(200,000)
Allowance for expired inventories		(100,000)	(100,000)	(100,000)	(100,000)
Other income		19,392	1,060	39,324	6,066
Profit before income tax		1,256,213	1,304,055	4,070,658	3,991,296
Income tax for the period		(89,756)	(95,302)	(274,333)	(266,320)
National contribution tax for the period		(8,451)	(7,660)	(26,367)	(19,064)
Profit for the period		1,158,006	1,201,093	3,769,958	3,705,912
Attributable to:					
Shareholders of the company	4	1,005,392	914,869	3,179,993	2,776,531
Non-controlling interest	4	152,614	286,224	589,965	929,381
		1,158,006	1,201,093	3,769,958	3,705,912
 Basic and diluted earnings per share		 0.067	 0.061	 0.212	 0.185

“The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report”

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Comprehensive Income
For the Nine Months Ended at 30 September 2021

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Profit for the period	1,158,006	1,201,093	3,769,958	3,705,912
Other comprehensive income:				
Changes in foreign currency exchange rate	-	(43,314)	(158,352)	(352,496)
Total comprehensive income for the period	1,158,006	1,157,779	3,611,606	3,353,416
Attributable to:				
Shareholders of the company	1,005,392	871,555	3,021,641	2,424,035
Non-controlling interest	152,614	286,224	589,965	929,381
	1,158,006	1,157,779	3,611,606	3,353,416

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity for the Nine Months Ended at 30 September 2021 (Unaudited)
(In Jordanian Dinar)

	Paid - in Capital	Reserves		Changes in Foreign currency Exchange Rate	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Equity
		Statutory	Voluntary					
Balance at 1 January 2021	12,000,000	3,000,000	2,329,206	(2,349,358)	7,209,766	22,189,614	4,767,164	26,956,778
Cash dividends (Note 3)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Capital increase (Note 3)	3,000,000	-	(1,000,000)	-	(2,000,000)	-	-	-
Non-controlling interest dividends	-	-	-	-	-	-	(256,500)	(256,500)
Total comprehensive income for the period	-	-	-	(158,352)	3,179,993	3,021,641	589,965	3,611,606
Balance at 30 September 2021	15,000,000	3,000,000	1,329,206	(2,507,710)	7,189,759	24,011,255	5,100,629	29,111,884
Balance at 1 January 2020	12,000,000	3,000,000	1,977,465	(2,011,676)	5,437,070	20,402,859	3,855,720	24,258,579
Cash dividends	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	-	(84,645)	(84,645)
Total comprehensive income for the period	-	-	-	(352,496)	2,776,531	2,424,035	929,381	3,353,416
Balance at 30 September 2020	12,000,000	3,000,000	1,977,465	(2,364,172)	7,013,601	21,626,894	4,700,456	26,327,350

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Cash Flows
For the Nine Months Ended at 30 September 2021

(In Jordanian Dinar)

	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Operating activities		
Profit for the period	4,070,658	3,991,296
Depreciation	291,788	457,942
Share of profit from the associate company	(280,468)	(148,572)
Allowance for expected credit loss	200,000	200,000
Allowance for expired inventories	100,000	100,000
Changes in working capital		
Checks under collection	240,442	(184,194)
Accounts receivable	(546,233)	(2,375,017)
Inventories	(246,663)	(1,281,357)
Other current assets	427,181	6,161
Accounts payable	(116,278)	198,002
Postdated checks	(17,048)	(16,275)
Other liabilities	(338,276)	(71,564)
Income tax paid	(295,310)	(265,980)
Net cash flows from operating activities	<u>3,489,793</u>	<u>610,442</u>
Investing activities		
Property, plant and equipment	(820,634)	(225,664)
Investments in associates	28,396	-
Net cash flows used in investing activities	<u>(792,238)</u>	<u>(225,664)</u>
Financing activities		
Bank facilities	265,391	1,285,758
Notes payable	(931,613)	63,252
Non-controlling interest dividends	(256,500)	(84,645)
Cash dividends	(1,200,000)	(1,200,000)
Net cash flows (used in) from financing activities	<u>(2,122,722)</u>	<u>64,365</u>
Net changes in cash and cash equivalents	574,833	449,143
Cash and cash equivalents, at beginning of year	<u>3,021,060</u>	<u>1,829,755</u>
Cash and cash equivalents, at end of period	<u><u>3,595,893</u></u>	<u><u>2,278,898</u></u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
30 September 2021

(In Jordanian Dinar)

1 . General

The Arab Pesticides & Veterinary Drugs Mfg. Co. was established as a limited liability Company on 17 October 1991 and on 31/7/2005 the company changed to a public shareholding company, and registered in the Hashemite Kingdom of Jordan under number (366), with the main objective of manufacturing of pesticides and veterinary medicines.

The Company shares are listed in Amman Stock Exchange – Jordan.

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 27 October 2021.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2020.

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the year.

Principles of Consolidation

The condensed interim consolidated financial statements comprise of the financial statements of the parent and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are included in the interim consolidated statement of comprehensive income from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are included in the interim consolidated statement of comprehensive income to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Endmaj for Manufacturing Company L.L.C.	50,000	100%	Manufacturing	Jordan
Delta Sudia for Manufacturing Company L.L.C.	2,090,000	55%	Manufacturing	KSA

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of the financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions. Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Dividends

The General Assembly approved in its meeting held in 2021 to distribute 10% cash dividends to the shareholders and to increase the authorized capital of the Company from JOD (12) million/share to JOD (15) million/share, by (1) million from voluntary reserve and (2) million from retained earnings, and distribute it to shareholders as bonus shares.

4 . Income Tax

The movement on provision for the income tax provision is as follows:

	30 September 2021	31 December 2020
Balance at beginning of the year	342,795	234,461
Income tax expense for the period / year	300,700	376,251
Income tax paid	(295,310)	(267,917)
Balance at end of the period / year	348,185	342,795

Income and National Contribution tax expense for the period in the interim consolidated statement of profit or loss consists of the following:

	30 September 2021
Income tax expense for the period	274,333
National Contribution tax for the period	26,367
	300,700

- The Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019 and 2020 has been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The Income and National Contribution tax provision for the nine months period ended at 30 September 2021 was computed in accordance with the Income Tax Law.

5 . Fair Value of Financial instruments

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the interim consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

30 September 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090
31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.