

Arab Center For Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Condensed Financial Statements
and Independent Auditor's Report
for the nine months ended September 30, 2022

Arab Center For Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Index

	<u>Page</u>
Report on review of interim condensed financial information	-
Interim condensed statement of financial position as at September 30, 2022 (reviewed and unaudited)	1
Interim condensed statement of comprehensive income for the nine months ended September 30, 2022 (reviewed and unaudited)	2
Interim condensed statement of changes in equity for the nine months ended September 30, 2022 (reviewed and unaudited)	3
Interim condensed statement of cash flows for the nine months ended September 30, 2022 (reviewed and unaudited)	4
Notes to the interim condensed financial information for the nine months ended September 30, 2022	5-7

105181287

Report on review of interim condensed financial information

To Messrs. Shareholders
Arab Center for Pharmaceutical & Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the interim condensed statement of financial position of Arab Center for Pharmaceutical & Chemical Industries Co. (Public Shareholding Company) as at September 30, 2022, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the nine months then ended. Management is responsible for the preparation and fair representation of this interim financial information in accordance with International Accounting Standard IAS (34) "Interim financial reporting". Our responsibility is to express a conclusion about this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement no. (2410) "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standard no. (34) "Interim Financial Reporting".

Going concern

We would like to refer to note (5) of the financial statements that the company's accumulated losses amounted to JD 7,372,919 which represents 147% of its capital as at that date, the company's total current liabilities exceeded its current assets by an amount of JD 2,587,512. These matters cast significant doubt on the company's 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.

Arab Center For Pharmaceutical & Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

شركة أبو غزالة وشركاه الدولية
Talal Abu-Ghazaleh & Co. International



Report on review of interim condensed financial information for the nine months ended September 30, 2022

Emphasis of matter

- We would like to state that there are restrains on the lands, buildings, vehicles and machinery owned by the company, in addition to, a restrain on the company's registration as shown in the company's registration certificate issued by the Ministry of Industry and Trade Companies Control Department against outstanding judicial claims at courts.
- We would like to refer to note (3) about the project under construction which started on March 2013 still has not been completed, noting that the dispute with the contractor still with the arbitration committee to adjudicate upon the dispute.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman, October 27, 2022

Arab Center For Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed statement of financial position as at September 30, 2022 - (Reviewed and unaudited)

		September 30, 2022	December 31, 2021
	Notes	(Reviewed and unaudited)	(Audited)
ASSETS		JD	JD
Non-current Assets			
Property, plant and equipment	3	4,498,346	4,517,551
Investment in an associate	4	-	-
Investment in financial asset at fair value through other comprehensive income		1	1
Due from related parties		1,282,690	1,283,039
Total Non-Current Assets		5,781,037	5,800,591
Current Assets			
Inventory		119,990	106,095
Other debit balances		51,725	48,318
Trade receivables		16,013	14,295
Cash and cash equivalents		4,733	2,291
Total Current Assets		192,461	170,999
TOTAL ASSETS		5,973,498	5,971,590
EQUITY AND LIABILITIES			
Equity			
Capital		5,000,000	5,000,000
Statutory reserve		1,138,105	1,138,105
Change in fair value of investments in financial assets at fair value through other comprehensive income		(115,457)	(115,457)
Accumulated losses	5	(7,372,919)	(7,309,528)
Deficit in Equity		(1,350,271)	(1,286,880)
Liabilities			
Non Current Liabilities			
Shareholders payable		4,543,796	4,543,395
Total Non-Current Liabilities		4,543,796	4,543,395
Current Liabilities			
Other credit balances		769,738	731,107
Trade payables		416,648	391,981
Due to related parties		1,593,587	1,591,987
Total Current Liabilities		2,779,973	2,715,075
Total Liabilities		7,323,769	7,258,470
TOTAL EQUITY AND LIABILITIES		5,973,498	5,971,590

The accompanying notes constitute an integral part of these financial statements

**Arab Center For Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Interim condensed statement of comprehensive income for the nine months ended September 30, 2022 -
(Reviewed and unaudited)**

	For the nine months ended on September 30,		For the three months ended on September 30,	
	2022	2021	2022	2021
	JD	JD	JD	JD
Sales	110,080	116,083	58,679	32,835
Cost of sales	(100,034)	(110,259)	(52,187)	(35,318)
Gross profit	10,046	5,824	6,492	(2,483)
Other revenues, net	4,199	2,650	1,599	1,300
Administrative expenses	(77,636)	(43,566)	(12,366)	(12,294)
Loss	(63,391)	(35,092)	(4,275)	(13,477)
Weighted average number of shares	5,000,000	5,000,000		
Loss per share	JD (0/013)	JD (0/007)		

The accompanying notes constitute an integral part of these financial statements

Arab Center for Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed statement of changes in equity for the nine months ended September 30, 2022 - (Reviewed and unaudited)

	Capital	Statutory reserve	Change in fair value of investments in financial assets at fair value through other comprehensive income	Accumulated losses	Total
<u>For the nine months ended September 30, 2022</u>	JD	JD	JD	JD	JD
Balance as at January 1, 2022	5,000,000	1,138,105	(115,457)	(7,309,528)	(1,286,880)
Loss	-	-	-	(63,391)	(63,391)
Balance as at September 30, 2022	<u>5,000,000</u>	<u>1,138,105</u>	<u>(115,457)</u>	<u>(7,372,919)</u>	<u>(1,350,271)</u>
<u>For the nine months ended September 30, 2021</u>					
Balance as at January 1, 2021	5,000,000	1,138,105	115,457	(7,371,531)	(1,117,969)
Loss	-	-	-	(35,092)	(35,092)
Balance as at September 30, 2021	<u>5,000,000</u>	<u>1,138,105</u>	<u>115,457</u>	<u>(7,406,623)</u>	<u>(1,153,061)</u>

The accompanying notes constitute an integral part of these financial statements

Arab Center for Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed statement of cash flows for the nine months ended September 30, 2022 -
(Reviewed and unaudited)

	September 30, 2022	September 30, 2021
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(63,391)	(35,092)
Adjustments for :		
Depreciation	19,205	20,895
Change in operating assets and liabilities:		
Inventory	(13,895)	683
Other debit balances	(3,407)	510
Trade receivables	(1,718)	(1,991)
Other credit balances	38,631	16,253
Trade payables	24,667	(3,689)
Net cash from operating activities	<u>92</u>	<u>(2,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	401	30,400
Related parties	1,949	(26,293)
Net cash from financing activities	<u>2,350</u>	<u>4,107</u>
Net change in cash and cash equivalents	2,442	1,676
Cash and cash equivalents - beginning of period	<u>2,291</u>	<u>2,240</u>
Cash and cash equivalents - end of period	<u><u>4,733</u></u>	<u><u>3,916</u></u>

The accompanying notes constitute an integral part of these financial statements

**Arab Center for Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

Notes to the financial statements

1. Legal status and activity

- The Company was established on July 5, 1983 and registered as a public shareholding company with the Ministry of Industry and Trade under the number (185).
- The main Company's activities are as follows:
 - Human liquid medication manufacturing
 - Human pills medication manufacturing
 - Human Suppositories medication manufacturing
 - Veterinarian antibiotics manufacturing
 - Veterinarian antibacterial manufacturing
 - Veterinarian vitamins manufacturing
 - Gelatin capsules manufacturing
- The financial statements were approved by the Board of Directors in its meeting held on October 26, 2022.

2. Financial statements preparation framework and significant accounting policies

- The interim condensed financial information for the company were prepared according to the International Accounting Standard (34) "Interim Financial Reporting".
- Accounting policies used in preparing the interim condensed financial statement are consistent with those policies used in preparing the financial statements for the year ended December 31, 2021.

Notes to the financial statements for the nine months ended September 30, 2022

3. Property, plant and equipment

	Lands (*)	Buildings (*)	Equipment and tools	Vehicles (*)	Furniture and decorations	Software and computers	Devices and machines	Electrical devices and air condition units	Projects under construction (**)	Total
September 30, 2022	JD	JD	JD	JD	JD	JD	JD		JD	JD
Cost										
Beginning of period balance	322,476	1,216,723	27,007	36,582	208,255	200,705	3,358,832	114,481	3,660,240	9,145,301
End of period balance	322,476	1,216,723	27,007	36,582	208,255	200,705	3,358,832	114,481	3,660,240	9,145,301
Accumulated depreciation										
Beginning of period balance	-	685,493	27,002	36,579	207,669	200,594	3,356,003	114,410	-	4,627,750
Depreciation	-	17,591	-	-	31	6	1,577	-	-	19,205
End of period balance	-	703,084	27,002	36,579	207,700	200,600	3,357,580	114,410	-	4,646,955
Net	322,476	513,639	5	3	555	105	1,252	71	3,660,240	4,498,346
December 31, 2021										
Cost										
Beginning of year balance	322,476	1,216,723	27,007	36,582	208,255	200,705	3,358,832	114,481	3,660,240	9,145,301
End of year balance	322,476	1,216,723	27,007	36,582	208,255	200,705	3,358,832	114,481	3,660,240	9,145,301
Accumulated depreciation										
Beginning of year balance	-	660,124	27,002	36,579	207,437	200,557	3,353,899	114,408	-	4,600,006
Depreciation	-	25,369	-	-	232	37	2,104	2	-	27,744
End of year balance	-	685,493	27,002	36,579	207,669	200,594	3,356,003	114,410	-	4,627,750
Net	322,476	531,230	5	3	586	111	2,829	71	3,660,240	4,517,551

(*) Lands, buildings, vehicles and machinery are seized against legal cases held at related courts, and is still outstanding as of the date of the financial statements.

(**) Projects under construction represent the company's building and facilities development and improvement, in addition to buying machinery and equipment in order to increase the production capacity to replace certain production lines, and to change the factory infrastructure and renovate buildings to bring the factory into line with conditions of the drug production process that has been it's started on March 2013.

Notes to the financial statements for the nine months ended September 30, 2022

4. Investment in an associate

Company	Country of incorporation	Legal entity	Ownership	Total assets JD	Total liabilities JD	Loss JD	Accumulated losses JD
Middle East Pharmaceutical and chemical Industries and Medical Appliances Company	Jordan	P.L.C	12,85	9,487,732	22,848,169	(1,425,353)	(20,001,589)

(*) Movement of investment through the period was as the follows:

	September 30, 2022 JD	December 31, 2021 JD
Cost	51,573	51,573
Share of results of an associate	(51,573)	(51,573)
Net	-	-

5. Accumulated losses

The company's accumulated losses amounted to JD 7,372,919 which represents 147% of its capital, follows a summary of the company's plan:

- End the dispute with the contractor as soon as possible and proceed to complete the final stages of the expansion project and start actual production on the new lines, which will lead to the reestablishment of traditional markets in addition to the opening of new markets.
- The general assembly held an extraordinary meeting dated April 28, 2021 and the following decisions were made:
 - Decrease the company capital by quenching the amount of JD 4,500,000 from the accumulated losses as at December 31, 2020 in authorized capital and paid-in capital to become JD 500,000.
 - Increase the capital of the company by an amount of JD 4,500,000 to become JD 5,000,000, instead of JD 500,000 through special subscription and delegate the board of directors in this regard.
 - The legal requirements were not completed till the date of the financial statements report.

6. Covid-19 impact on a company's business

As a result of the outbreak of the new Corona Virus (COVID-19) in early 2020, its spread in several geographical areas around the world, including the Hashemite Kingdom of Jordan, and its impact on the world economy, the Jordanian Cabinet's decision of 17 March 2020 imposed a curfew law and suspended all business and economic activities in whole or in part until further notice, part of the Government's precautionary measures to combat the spread of the Corona Virus. Consequently, the majority of business activities in the Hashemite Kingdom of Jordan were affected by this decision. COVID-19 created uncertainty in the global economic environment.

In preparing the financial statements, management conducted an assessment of a company's viability as a continuous enterprise and of other risk management practices to manage potential disruptions to the business's operations and financial performance that may have been caused by an outbreak (COVID-19) by assessing the implications of the business's operations. As a result of the potential effects of the Corona virus, the management of the entity has taken forward information for at least the 12 months following the reporting period, both with regard to the negative effects of the virus on the functioning of the business process and the ability to repay its debts in the event that things return to normal within a reasonable period of time.

The entity examined the potential effects of current economic fluctuations in determining the amounts declared for the financial and non-financial assets of the entity, which represent the best management estimates based on observable information. Markets remain volatile and recorded amounts continue to be sensitive to market fluctuations.