

The Arab Pesticides & Veterinary Drugs Mfg. Co.

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

31 March 2022

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

	<u>Pages</u>
- Report on review of condensed interim consolidated financial statements	2
- Interim consolidated statement of financial position	3
- Interim consolidated statement of profit or loss	4
- Interim consolidated statement of comprehensive income	5
- Interim consolidated statement of changes in equity	6
- Interim consolidated statement of cash flows	7
- Notes to the condensed interim consolidated financial statements	8 - 10



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 31 March 2022 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 three-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 (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 April 2022
Amman - Jordan




Arab Professionals
Amin Samara
License No. (481)

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 31 March 2022
(In Jordanian Dinar)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non - current assets			
Property, plant and equipment		6,919,414	6,682,334
Investment in associates		332,308	559,673
Financial assets at fair value through other comprehensive income		237,090	237,090
Checks under collection – long term		50,500	58,000
Total non – current assets		<u>7,539,312</u>	<u>7,537,097</u>
Current assets			
Inventories		12,734,122	11,921,696
Other current assets		659,068	813,304
Accounts receivable		10,541,862	9,477,738
Checks under collection		1,871,099	1,953,044
Cash and cash equivalents		4,016,973	3,725,670
Total current assets		<u>29,823,124</u>	<u>27,891,452</u>
Total assets		<u><u>37,362,436</u></u>	<u><u>35,428,549</u></u>
Equity and liabilities			
Equity			
Paid - in capital		15,000,000	15,000,000
Statutory reserve		3,375,858	3,375,858
Voluntary reserve		1,705,064	1,705,064
Changes in foreign exchange rate		(2,643,190)	(2,507,710)
Retained earnings	4	<u>7,956,822</u>	<u>6,805,387</u>
Total Shareholder's Equity		25,394,554	24,378,599
Non-controlling interest		<u>5,532,008</u>	<u>5,417,135</u>
Total equity		<u>30,926,562</u>	<u>29,795,734</u>
Liabilities			
Non - current liabilities			
Notes payable – long term		274,158	318,817
Bank facilities – long term		<u>1,179,647</u>	<u>1,290,764</u>
Total non - current liabilities		<u>1,453,805</u>	<u>1,609,581</u>
Current liabilities			
Accounts payable		1,898,870	874,271
Bank facilities		1,326,492	1,163,914
Notes payable		171,228	171,228
Postdated checks		49,042	161,551
Other liabilities		<u>1,536,437</u>	<u>1,652,270</u>
Total current liabilities		<u>4,982,069</u>	<u>4,023,234</u>
Total liabilities		<u>6,435,874</u>	<u>5,632,815</u>
Total equity and liabilities		<u><u>37,362,436</u></u>	<u><u>35,428,549</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
Consolidated Statement of Profit or Loss
For the three months ended at 31 March 2022

(In Jordanian Dinar)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Net sales	5,595,379	6,436,963
Cost of sales	(3,486,699)	(4,406,006)
Gross profit	2,108,680	2,030,957
Share of profit from the associate company	59,283	94,291
Selling and distribution expenses	(193,427)	(182,800)
Administrative expenses	(394,734)	(457,113)
Financing cost	(46,501)	(66,585)
Other income	-	8,517
Provision for expected credit loss	(100,000)	(100,000)
Profit for the period before tax	1,433,301	1,327,267
Income and National Contribution tax for the period	(111,418)	(94,391)
Profit for the period	1,321,883	1,232,876
Attributable to:		
Shareholders of the company	1,151,435	1,006,122
Non-controlling interest	170,448	226,754
	1,321,883	1,232,876
 Basic and diluted earnings per share	 0.077	 0.067

"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
Consolidated Statement of Comprehensive Income
For the three months ended at 31 March 2022

(In Jordanian Dinar)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit for the period	1,321,883	1,232,876
Other comprehensive income items:		
Changes in foreign exchange rate	<u>(135,480)</u>	<u>(173,448)</u>
Total comprehensive income for the period	<u>1,186,403</u>	<u>1,059,428</u>
 Attributable to:		
Shareholders of the company	1,015,955	832,674
Non-controlling interest	<u>170,448</u>	<u>226,754</u>
	<u>1,186,403</u>	<u>1,059,428</u>

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The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity for the three months ended at 31 March 2022 (Unaudited)
(In Jordanian Dinar)

	<u>Paid - in Capital</u>	<u>Reserves</u> <u>Statutory</u>	<u>Voluntary</u>	<u>Changes in Foreign Currency Exchange Rate</u>	<u>Retained Earnings</u>	<u>Total shareholder's Equity</u>	<u>Non- Controlling Interest</u>	<u>Total Equity</u>
Balance at 1 January 2022	15,000,000	3,375,858	1,705,064	(2,507,710)	6,805,387	24,378,599	5,417,135	29,795,734
Total comprehensive income for the period	-	-	-	(135,480)	1,151,435	1,015,955	170,448	1,186,403
Non-controlling interest dividends	-	-	-	-	-	-	(55,575)	(55,575)
Balance at 31 March 2022	<u>15,000,000</u>	<u>3,375,858</u>	<u>1,705,064</u>	<u>(2,643,190)</u>	<u>7,956,822</u>	<u>25,394,554</u>	<u>5,532,008</u>	<u>30,926,562</u>
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	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Total comprehensive income for the period	-	-	-	(173,448)	1,006,122	832,674	226,754	1,059,428
Non-controlling interest dividends	-	-	-	-	-	-	(154,835)	(154,835)
Balance at 31 March 2021	<u>12,000,000</u>	<u>3,000,000</u>	<u>2,329,206</u>	<u>(2,522,806)</u>	<u>7,015,888</u>	<u>21,822,288</u>	<u>4,839,083</u>	<u>26,661,371</u>

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The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Cash Flows
For the three months ended at 31 March 2022

(In Jordanian Dinar)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Operating activities		
Profit for the period before tax	1,433,301	1,327,267
Depreciation	112,900	130,505
Share of profit from the associate company	(59,283)	(94,291)
Provision for expected credit losses	100,000	100,000
Changes in working capital		
Checks under collection	89,445	(356,441)
Accounts receivable	(1,012,956)	(1,377,163)
Inventories	(812,426)	100,706
Other current assets	154,236	278,663
Postdated checks	(112,509)	18,310
Accounts payable	1,024,599	1,157,717
Other liabilities	(166,251)	(43,116)
Income tax paid	(61,000)	(252,358)
Net cash flows from operating activities	<u>690,056</u>	<u>989,799</u>
Investing activities		
Property, plant and equipment	(349,980)	(460,450)
Investments in associates	-	(14,200)
Net cash flows used in investing activities	<u>(349,980)</u>	<u>(474,650)</u>
Financing activities		
Notes payable	(44,659)	(382,802)
Bank facilities	51,461	(195,353)
Non-controlling interest	(55,575)	(154,835)
Net cash flows used in financing activities	<u>(48,773)</u>	<u>(732,990)</u>
Net changes in cash and cash equivalents	291,303	(217,841)
Cash and cash equivalents, at beginning of year	3,725,670	3,021,060
Cash and cash equivalents, at end of period	<u><u>4,016,973</u></u>	<u><u>2,803,219</u></u>

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The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
31 March 2022
(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's changed its form 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 interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 27 April 2022.

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 2021.

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 period.

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 subsidiary is transferred to the Company. The results of operation of the disposed subsidiary 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 subsidiary.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Endmaj for Medical and Chemical Manufacturing Company	50,000	100%	Manufacturing	Jordan
Delta Sudia Manufacturing Company	3,800,000	55%	Manufacturing	KSA

Use of Estimates

The preparation of the condensed interim 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.
- 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).
- 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.

3 . Income Tax

- The Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019, 2020 and 2021 have 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 three months ended at 31 March 2022 was calculated in accordance with the Income Tax Law.

4 . Dividends

The General Assembly has resolved in its ordinary meeting held on 14/04/2022 to distribute 8% cash dividends to shareholders.

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 condensed 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.

<u>31 March 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>237,090</u>	<u>237,090</u>
<u>31 December 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>237,090</u>	<u>237,090</u>

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.