

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

**Consolidated Interim Condensed Financial Statements  
and Review Report  
for the three months ended March 31, 2022**

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

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Report on review of consolidated interim condensed financial information for the three months ended March 31, 2022

**Significant doubt to continue as a going concern**

We would like to refer to note (5) of the consolidated financial statements where the accumulated losses for the company amounted to JD 19,127,711 as at the date of consolidated financial position representing 306% of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 9,526,571, 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:

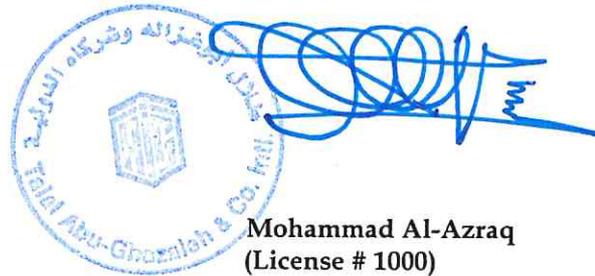
The company will conduct a capital structure as it will reduce and increase the capital as follows:

- 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**

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 issued by the Ministry of Industry and Trade - Company's Control Department.

Talal Abu-Ghazaleh & Co. International



Mohammad Al-Azraq  
(License # 1000)

Amman - April 26, 2022

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

**Consolidated interim condensed statement of financial position as at March 31, 2022**  
**- (Reviewed and unaudited)**

	Notes	March 31, 2022 (Reviewed and unaudited)	December 31, 2021 (Audited - after adjustment)	January 1, 2021 (Audited - after adjustment)
		JD	JD	
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property and equipment	3	5,666,166	5,778,411	6,095,317
Intangible assets		94,441	104,258	110,837
<b>Total Non-Current Assets</b>		<b>5,760,607</b>	<b>5,882,669</b>	<b>6,206,154</b>
<b>Current Assets</b>				
Inventory		2,911,904	1,820,681	2,152,979
Other debit balances		916,341	840,629	302,744
Trade receivables	4	1,239,934	1,291,708	1,611,026
Cash and cash equivalents		92,362	43,323	104,350
<b>Total Current Assets</b>		<b>5,160,541</b>	<b>3,996,341</b>	<b>4,171,099</b>
<b>TOTAL ASSETS</b>		<b>10,921,148</b>	<b>9,879,010</b>	<b>10,377,253</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Capital		6,250,583	6,250,583	6,250,583
Statutory reserve		293,953	293,953	271,045
Foreign currency translation differences		109,036	95,157	110,493
Accumulated losses	5	(19,127,711)	(18,576,236)	(18,688,670)
<b>Deficit in Equity</b>		<b>(12,474,139)</b>	<b>(11,936,543)</b>	<b>(12,056,549)</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Shareholder's payable		8,708,175	8,709,783	8,529,829
Deferred checks - non-current portion		-	229,097	-
<b>Total Non Current Liabilities</b>		<b>8,708,175</b>	<b>8,938,880</b>	<b>8,529,829</b>
<b>Current Liabilities</b>				
Other credit balances	6	6,991,183	6,817,482	6,613,272
Trade payables		1,376,249	1,896,361	1,929,606
Due to related parties		5,761,682	3,763,585	5,159,176
Loans		-	-	201,919
Deferred checks - current portion		557,998	399,245	-
<b>Total Current Liabilities</b>		<b>14,687,112</b>	<b>12,876,673</b>	<b>13,903,973</b>
<b>Total Liabilities</b>		<b>23,395,287</b>	<b>21,815,553</b>	<b>22,433,802</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,921,148</b>	<b>9,879,010</b>	<b>10,377,253</b>

The accompanying notes constitute an integral part of these financial statements

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

**Consolidated interim condensed statement of comprehensive income for the three months ended**  
**March 31, 2022 - (Reviewed and unaudited)**

	March 31, 2022	March 31, 2021
	JD	JD
Sales	404,995	1,439,575
Cost of sales	<u>(637,224)</u>	<u>(1,094,822)</u>
Gross (loss) profit	(232,229)	344,753
Other revenues, net	1,629	4,287
Selling and marketing expenses	(108,494)	(39,916)
Administrative expenses	<u>(212,381)</u>	<u>(199,849)</u>
(Loss) profit	<u>(551,475)</u>	<u>109,275</u>
Other comprehensive income		
Foreign currencies translation differences	<u>13,879</u>	<u>4,029</u>
Total comprehensive income	<u>(537,596)</u>	<u>113,304</u>
Weighted average number of shares	<u>6,250,583</u>	<u>6,250,583</u>
(Loss) Profit per share	<u>JD (-/088)</u>	<u>JD -/017</u>

The accompanying notes constitute an integral part of these financial statements

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

Consolidated interim condensed statement of changes in equity for the three months ended March 31, 2022 - (Reviewed and unaudited)

	Capital		Statutory reserve	Foreign currency translation differences		Accumulated losses		Total
	JD	JD		JD	JD	JD	JD	
<b>For the three months ended March 31, 2022</b>								
Balance as at January 1, 2022	6,250,583		293,953	95,157	(18,576,236)		(11,936,543)	
Comprehensive income	-		-	13,879	(551,475)		(537,596)	
Balance as at March 31, 2022	<u>6,250,583</u>		<u>293,953</u>	<u>109,036</u>	<u>(19,127,711)</u>		<u>(12,474,139)</u>	
<b>For the three months ended March 31, 2021</b>								
Balance as at January 1, 2021 - before adjusting	6,250,583		271,045	110,493	(14,371,410)		(7,739,289)	
Previous years adjustment note (6)	-		-	-	(4,317,260)		(4,317,260)	
Balance as at January 1, 2021 - after adjusting	<u>6,250,583</u>		<u>271,045</u>	<u>110,493</u>	<u>(18,688,670)</u>		<u>(12,056,549)</u>	
Comprehensive income	-		-	4,029	109,275		113,304	
Balance as at March 31, 2021	<u>12,501,166</u>		<u>542,090</u>	<u>225,015</u>	<u>(37,268,065)</u>		<u>(11,943,245)</u>	

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**Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company**  
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**Consolidated interim condensed statement of cash flows for the three months ended March 31, 2022**  
**- (Reviewed and unaudited)**

	March 31, 2022	March 31, 2021
	JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit	(551,475)	109,275
<b>Adjustments for :</b>		
Depreciation and amortization	157,687	159,532
<b>Change in operating assets and liabilities:</b>		
Inventory	(1,091,223)	89,030
Other debit balances	(75,712)	(68,143)
Trade receivables	51,774	(478,862)
Other credit balances	173,701	85,659
Trade payables	(520,112)	(75,041)
<b>Net cash from operating activities</b>	<b>(1,855,360)</b>	<b>(178,550)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(35,625)	(10,393)
<b>Net cash from investing activities</b>	<b>(35,625)</b>	<b>(10,393)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred checks - non-current portion	(1,608)	-
Deferred checks	(70,344)	-
Due to related parties	1,998,097	86,773
<b>Net cash from financing activities</b>	<b>1,926,145</b>	<b>86,773</b>
<b>Net change in cash and cash equivalents</b>	<b>35,160</b>	<b>(102,170)</b>
Cash and cash equivalents - beginning of period	43,324	104,350
Foreign currency translation differences	13,879	4,029
<b>Cash and cash equivalents - end of period</b>	<b>92,363</b>	<b>6,209</b>
<b>Informations about non-cash transactions</b>		
Transfer from property and equipment to employee receivable	-	2,409

**The accompanying notes constitute an integral part of these financial statements**

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Notes to the consolidated interim condensed financial information for the three months ended  
March 31, 2022

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**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:
  - Medical and laboratory testing equipment and solutions
  - Human medication liquid manufacturing
  - Human medication pills manufacturing
  - Human medication anal Suppositories manufacturing
  - Veterinarian antibiotics manufacturing
  - Veterinarian antibacterial manufacturing
  - Veterinarian vitamins manufacturing
  - Gelatin capsules manufacturing
  - Human medication tablets manufacturing
- 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 April 25, 2022.
- There is a restraint on the company's registration bond due to the existence of executive lawsuits held against the company.

**2. Financial statements preparation framework and significant accounting policies**

- The interim condensed consolidated 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 consolidated financial statement are consistent with those policies used in preparing the financial statements for the year ended December 31, 2021.

**Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company**  
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Notes to the consolidated interim condensed financial information for the three months ended March 31, 2022

**3. Property and Equipment**

March 31, 2022	Land (*)		Building (*)		Machines and equipment		Transportation vehicles (*)		Factory equipment		Communication systems and programs		Electrical equipment		Furnitures		Artesian well		Other		Total	
	JD		JD		JD		JD		JD		JD		JD		JD		JD		JD			JD
Cost																						
Beginning of period 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	-		3,685		550		-		28,869		-		1,802		719		-		-		-	35,625
Transfer	-		6,500		(6,500)		-		4,456		-		(4,456)		-		-		-		-	-
End of period balance	200,606		6,946,901		3,449,508		397,586		5,939,465		300,541		415,973		393,168		50,785		39,259			18,133,792
Accumulated depreciation																						
Beginning of period 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	-		34,737		43,953		2,266		63,612		319		1,645		1,338		-		-		-	147,870
End of period balance	-		3,161,956		3,338,749		388,023		4,487,331		263,462		394,200		366,824		50,785		16,296			12,467,626
Net	200,606		3,784,945		110,759		9,563		1,452,134		37,079		21,773		26,344		-		22,963			5,666,166
<b>December 31, 2021</b>																						
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		(1,315)	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 legal reservations. Note that the company did not license its vehicles from 2016 and 2017 until the date of the financial statements

#### 4. Trade receivables

	March 31, 2022	December 31, 2021
	JD	JD
Trade receivables	2,119,718	2,058,766
Checks on hand	699,065	670,087
Government receivables	-	184,704
Deduct: Expected credit loss allowance	(1,578,849)	(1,621,849)
<b>Net</b>	<b>1,239,934</b>	<b>1,291,708</b>

#### 5. Accumulated Losses

The company's accumulated losses amounted to JD 19,127,711 at the date of the statement of financial position which comprises %306 of the company's capital, also, the company's current liabilities exceeded its current assets by amount of JD 9,526,571 which might effects the company's ability to continue and requires it to comply with article no.(266) of the company's law.

- 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.

#### 6. Previous years adjustment

The financial statements for previous years were adjusted to meet IAS 8, which allows for the modification of financial statements in the event of errors from previous periods as a result of the lack of information available to the company's management at the time concerning issues settled in subsequent periods.

- The table below shows the effect of the restatement on financial statements as of January 1, 2022:

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

#### 7. Subsidiary

The interim condensed consolidated statements include the subsidiary's financial statements for the three months ended March 31, 2022 as follows:

Company name	Legal status	Paid-in Capital	Ownership	Total Assets	Total liabilities	Accumulated losses
		JD	%	JD	JD	JD
Middle East Pharmaceutical & Chemical Industries Co- Algeria	LLC	5,350	100	105,354	484,898	(415,174)

**8. 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.

Some vital sectors are excluded from this decision, such as health, telecommunications, water, and electricity. Accordingly, the company continued its operations without interruption during the quarantine period.

