



الشركة العربية لصناعة المبيدات والأدوية البيطرية



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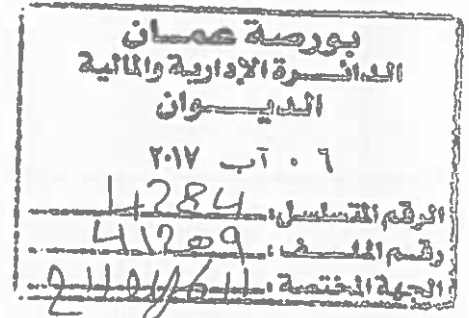
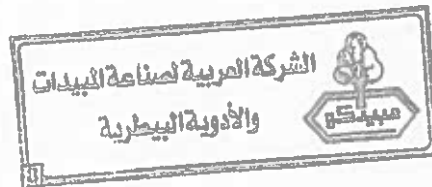
السادة هيئة الاورق المالية المحترمين
السادة/ دائرة الاصدار والافصاح المحترمين

تحية واحترام،،،

عملا بتعليمات الافصاح نرفق طيا البيانات المالية المرحلية
المختصرة الموحدة للشركة باللغة الانجليزية كما في 30 حزيران من
العام 2017.

وتفضلوا بقبول فائق الاحترام والتقدير ، ، ،

الشركة العربية لصناعة المبيدات والادوية البيطرية



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

Condensed Interim Consolidated Financial Statements (Not Audited)
30 June 2017

Arab Professionals

(Member firm within of Grant Thornton International Ltd)

**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 June 2017 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 six-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 as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

26 July 2017
Amman - Jordan


Arab Professionals
Ibrahim Hammoudeh
(License No. 606)



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Grant Thornton

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 30 June 2017
(In Jordanian Dinar)

	30 June 2017	31 December 2016
Assets		
Non - current assets		
Property, plant and equipment	5,618,768	5,848,170
Investment in associates	1,089,001	1,187,454
Financial assets at fair value through other comprehensive income	237,090	237,090
Total non - current assets	<u>6,944,859</u>	<u>7,272,714</u>
Current assets		
Inventories	8,491,612	9,756,489
Other current assets	901,230	886,490
Accounts receivable	8,190,880	9,028,653
Checks under collection	1,281,799	1,296,871
Cash and cash equivalents	1,837,587	679,671
Total current assets	<u>20,703,108</u>	<u>21,648,174</u>
Total assets	<u>27,647,967</u>	<u>28,920,888</u>
Equity and liabilities		
Equity		
Paid - in capital	12,000,000	12,000,000
Statutory reserve	2,752,583	2,752,583
Voluntary reserve	1,293,197	1,293,197
Changes in foreign exchange rate	(973,524)	(824,221)
Retained earnings	3,810,336	3,741,738
Total shareholder's equity	<u>18,882,592</u>	<u>18,963,297</u>
Non-controlling interest	2,685,292	2,641,347
Total equity	<u>21,567,884</u>	<u>21,604,644</u>
Liabilities		
Non - current liabilities		
Notes payable - long term	<u>379,200</u>	<u>398,024</u>
Current liabilities		
Accounts payable	2,284,898	2,720,662
Bank facilities	1,698,231	2,155,970
Notes payable - short term	502,028	655,802
Postdated checks	159,049	194,430
Other liabilities	1,056,677	1,191,356
Total current liabilities	<u>5,700,883</u>	<u>6,918,220</u>
Total liabilities	<u>6,080,083</u>	<u>7,316,244</u>
Total equity and liabilities	<u>27,647,967</u>	<u>28,920,888</u>

"The accompanying notes from (1) to (6) 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 six months ended at 30 June 2017

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net sales	4,298,464	6,157,118	8,639,997	10,796,221
Cost of sales	(3,004,453)	(4,576,434)	(5,754,592)	(7,855,657)
Gross profit	1,294,011	1,580,684	2,885,405	2,940,564
Share of profit from the associate companies	136,977	18,989	192,850	139,171
Selling and distribution expenses	(177,061)	18,982	(339,906)	(229,123)
Administrative expenses	(360,348)	(512,465)	(757,954)	(793,212)
Financing cost	(46,604)	(66,010)	(103,458)	(132,278)
Allowance for doubtful accounts	(73,632)	(95,000)	(73,632)	(95,000)
Other income	17,153	14,761	34,684	25,205
Profit before income tax	790,496	959,941	1,837,989	1,855,327
Income tax	(24,025)	(88,472)	(97,346)	(158,342)
Profit for the period	766,471	871,469	1,740,643	1,696,985
Attributable to:				
Shareholders of the company	679,463	758,050	1,508,598	1,455,316
Non-controlling interest	87,008	113,419	232,045	241,669
	766,471	871,469	1,740,643	1,696,985
 Basic and diluted earnings per share	 0.057	 0.063	 0.126	 0.121

"The accompanying notes from (1) to (6) 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 six months ended at 30 June 2017

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Profit for the period	766,471	871,469	1,740,643	1,696,985
Other comprehensive income:				
Changes in foreign exchange rate	(149,303)	58,171	(149,303)	58,171
Total comprehensive income for the period	617,168	929,640	1,591,340	1,755,156
Attributable to:				
Shareholders of the company	530,160	816,221	1,359,295	1,513,487
Non-controlling interest	87,008	113,419	232,045	241,669
	617,168	929,640	1,591,340	1,755,156

"The accompanying notes from (1) to (6) 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 six months ended at 30 June 2017

(In Jordanian Dinar)

	Paid - in Capital	Reserves	Changes in Foreign Exchange Rate	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Equity
		Statutory	Voluntary				
Balance at 1 January 2017	12,000,000	2,752,583	1,293,197	3,741,738	18,963,297	2,641,347	21,604,644
Cash dividends	-	-	-	(1,440,000)	(1,440,000)	-	(1,440,000)
Non-controlling interest dividends	-	-	-	-	-	(188,100)	(188,100)
Total comprehensive income for the period	-	-	-	1,508,598	1,359,295	232,045	1,591,340
Balance at 30 June 2017	12,000,000	2,752,583	1,293,197	3,810,336	18,882,592	2,685,292	21,567,884
Balance at 1 January 2016	12,000,000	2,515,562	1,056,176	3,178,986	17,868,448	2,271,368	20,139,816
Cash dividends	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	(188,100)	(188,100)
Total comprehensive income for the period	-	-	-	1,455,316	1,513,487	241,669	1,755,156
Balance at 30 June 2016	12,000,000	2,515,562	1,056,176	3,434,302	18,181,935	2,324,937	20,506,872

"The accompanying notes from (1) to (6) 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 six months ended at 30 June 2017

(In Jordanian Dinar)

	30 June 2017	30 June 2016
Operating activities		
Profit for the period	1,740,643	1,696,985
Depreciation	355,953	314,661
Share of profit from the associate companies	(192,850)	(139,171)
Allowance for doubtful accounts	73,632	95,000
Changes in working capital		
Checks under collection	15,072	(101,569)
Accounts receivable	764,141	(1,907,340)
Inventories	1,264,877	(42,981)
Other current assets	(14,740)	349,694
Postdated checks	(35,381)	(194,830)
Accounts payable	(435,764)	877,515
Amounts due to related parties	-	(38,970)
Other liabilities	(134,679)	(106,636)
Net cash flows from operating activities	<u>3,400,904</u>	<u>802,358</u>
Investing activities		
Property, plant and equipment	(126,552)	(228,035)
Investments in associates	142,000	127,800
Net cash flows from (used in) investing activities	<u>15,448</u>	<u>(100,235)</u>
Financing activities		
Bank facilities	(457,739)	637,675
Notes payable	(172,597)	(598,396)
Non-controlling interest	(188,100)	(188,100)
Cash dividends	(1,440,000)	(1,200,000)
Net cash flows used in financing activities	<u>(2,258,436)</u>	<u>(1,348,821)</u>
Net change in cash and cash equivalents	1,157,916	(646,698)
Cash and cash equivalents at beginning of the year	679,671	1,451,741
Cash and cash equivalents at end of the period	<u>1,837,587</u>	<u>805,043</u>

"The accompanying notes from (1) to (6) 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 (Not Audited)
30 June 2017

(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 26 July 2017.

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 2017.

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.

Principles of Consolidation

The condensed interim consolidated financial statements comprise of the financial statements of the parent and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary 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 subsidiary are eliminated.

Subsidiary 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 subsidiary 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 Arab Pesticides & Veterinary Drugs Mfg. Co. PLC
Notes to the Condensed Interim Consolidated Financial Statements (Not Audited)
30 June 2017

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Indimaj for Chemical & Pharmaceutical Ind.	25,000	100%	Manufacturing	Jordan
Saudi Delta Company for Chemical Ind.	2,090,000	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 consolidated 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.
- Management reviews periodically its financial assets, which presented by cost to estimate any impairment in its value, and an impairment of loss (if founded) is accrued in 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation (except lands) and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the interim consolidated statement of profit or loss.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Machines, equipment & pumps	10-12%
Vehicles	15%
Other	10-20%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Investments in Associate

Investments in associate undertakings are accounted for by the equity method of accounting. These are undertakings over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Unrealized gains and losses on transactions between the Company and its associate undertakings are eliminated to the extent of the Company's interest in the associate undertakings.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the interim consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets - or part of them- were sold, the resultant gain or loss is recorded in the interim consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the interim consolidated statement of comprehensive income.

These assets are not subject to impairment testing.

Dividends are recorded in the interim consolidated statement of profit or loss on a separate line item.

Fair Value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on interim consolidated statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads.

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short term deposits with the original maturity of three months or less.

Payables and Accruals

Accounts payable and accrued expenses are recognized when goods are received and services are rendered.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the condensed interim consolidated financial statements date and are adjusted based on recent available information.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

Revenue Recognition

Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

Dividends are recognized when it's declared by the General Assembly of the investee company.

Other revenues are recognized on the accrual basis.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the interim consolidated statement of comprehensive income.

Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the condensed interim consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

3. Income Tax

- The Company has settled its tax liability with the Income Tax Department up to 2014.
- The income tax returns for the years 2015 and 2016 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 tax provision for the six-months ended at 30 June 2017 was computed in accordance with the Jordanian Income Tax Law.

4. Dividends

The General Assembly has resolved in its meeting held on 22 April 2017 to distribute 12% cash dividends to the shareholders.

5. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, and account receivables. Financial liabilities of the Company include notes payable, accounts payable, bank facilities and postdated checks.

Fair Value

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 June 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of comprehensive income	-	-	237,090	237,090
<hr/>				
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of 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.

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Currency risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in Jordanian Dinar therefore, the Company has not a significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the interim consolidated financial position to the contractual maturity date:

30 June 2017	Less than one year	More than one year	Total
Accounts payable	2,284,898	-	2,284,898
Bank facilities	1,698,231	-	1,698,231
Notes payable	502,028	379,200	881,228
Postdated checks	159,049	-	159,049
Other liabilities	1,056,677	-	1,056,677
	<u>5,700,883</u>	<u>379,200</u>	<u>6,080,083</u>
31 December 2016	Less than one year	More than one year	Total
Accounts payable	2,720,662	-	2,720,662
Bank facilities	2,155,970	-	2,155,970
Notes payable	655,802	398,024	1,053,826
Postdated checks	194,430	-	194,430
Other liabilities	1,191,356	-	1,191,356
	<u>6,918,220</u>	<u>398,024</u>	<u>7,316,244</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

6. Capital Management

The Board of Directors manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders, by keeping a balance between shareholders equity and total debt.

	30 June 2017	31 December 2016
Total Debt	2,579,459	3,209,796
Total Equity	21,567,884	21,604,644
Debt to Equity ratio	12%	15%