

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

**Interim Condensed Financial Statements
and Independent Auditor's Report
for the three months ended March 31, 2022**

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

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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 March 31, 2022, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the three months then ended. Management is responsible for the preparation and fair representation 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 consolidated 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.

Qualified conclusion

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

Base of qualified Conclusion

The company did not record the difference required from the company in favor to social security, which amounted to JD 48,275, as of March 31, 2021.

Going concern

We would like to refer to the financial statements that the company's accumulated losses amounted to JD 7,311,827 which represents 146% of its capital as at that date, the company's total current liabilities exceeded its current assets by an amount of JD 2,539,715, these matters cast significant doubt on the company ability to continue as a going concern, company's plan is disclosed at note (5).



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

Emphasis of matter

- We would like to state that there are restrains on the lands, buildings, vehicles and current accounts at banks, 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.
- We would like to refer to note (3) the project under construction which started on March 2013 is still not complete till date, knowing that the disputes with contractor at arbitration committee to resolve it.

Talal Abu-Ghazaleh & Co. International



Mohammad Al-Azraq
(License # 1000)

Amman - April 28 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 March 31, 2022 - (Reviewed and unaudited)

		March 31,2022	December 31,2021
	Notes	(Reviewed and unaudited)	(Audited)
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	4,511,090	4,517,551
Investments in associate	4	-	-
Investment in financial asset at fair value through other comprehensive income		1	1
Due from related party		1,283,040	1,283,039
Total Non-Current Assets		5,794,131	5,800,591
Current Assets			
Inventory		116,222	106,095
Other debit balances		50,635	48,318
Trade receivables		10,815	14,295
Cash and cash equivalents		3,256	2,291
Total Current Assets		180,928	170,999
TOTAL ASSETS		5,975,059	5,971,590
EQUITY AND LIABILITIES			
Equity			
Declared and paid-in 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	(7,311,827)	(7,309,528)
Deficit in Equity		(1,289,179)	(1,286,880)
Liabilities			
Non Current Liabilities			
Shareholders payable		4,543,595	4,543,395
Current Liabilities			
Other credit balances		725,555	731,107
Trade payables		402,301	391,981
Due to related parties		1,592,787	1,591,987
Total Current Liabilities		2,720,643	2,715,075
Total Liabilities		7,264,238	7,258,470
TOTAL EQUITY AND LIABILITIES		5,975,059	5,971,590

The attached notes constitute an integral part of these Interim Condensed 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 three months ended March 31, 2022
– (Reviewed and unaudited)**

	March 31, 2022 JD	March 31, 2021 JD
Sales	41,716	45,464
Cost of sales	<u>(26,587)</u>	<u>(36,287)</u>
Gross profit	15,129	9,177
Other revenues, net	1,299	50
Administrative expenses	<u>(18,727)</u>	<u>(17,620)</u>
Loss	<u><u>(2,299)</u></u>	<u><u>(8,393)</u></u>
Weighted average number of shares	<u>5,000,000</u>	<u>5,000,000</u>
Loss per share	<u><u>JD (-/0005)</u></u>	<u><u>JD (-/002)</u></u>

The attached notes constitute an integral part of these Interim Condensed Financial Statements

Arab Center For Pharmaceutical
& Chemical Industries Co
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Amman – The Hashemite Kingdom of Jordan

Interim condensed statement of changes in equity for the three months ended March 31, 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
Balance as at March 31, 2022	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	-	-	-	(2,299)	(2,299)
Balance as at March 31, 2022	5,000,000	1,138,105	(115,457)	(7,311,827)	(1,289,179)
Balance as at March 31, 2021					
Balance at January 1, 2021	5,000,000	1,138,105	115,457	(7,371,531)	(1,117,969)
Loss	-	-	-	(8,393)	(8,393)
Balance as at March 31, 2021	5,000,000	1,138,105	115,457	(7,379,924)	(1,126,362)

The attached notes constitute an integral part of these Interim Condensed Financial Statements

Arab Center For Pharmaceutical
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Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(2,299)	(8,393)
Adjustments for :		
Depreciation	6,461	7,035
Change in operating assets and liabilities:		
Due from related party	(1)	1,039
Inventory	(10,127)	(2,983)
Other debit balances	(2,317)	-
Trade receivables	3,480	(6,627)
Other credit balances	(5,552)	6,324
Trade payables	10,320	3,990
Net cash from operating activities	(35)	385
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	200	200
Due to related parties	800	799
Net cash from financing activities	1,000	999
Net change in cash and cash equivalents	965	1,384
Cash and cash equivalents - beginning of period	2,291	2,240
Cash and cash equivalents - end of period	3,256	3,624

The attached notes constitute an integral part of these Interim Condensed 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 Company's board of directors in its session held on April 27, 2022.
- There is restrain on the company due to the existence of executive legal cases on the company.

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 interim condensed financial statements for the three months ended March 31, 2022

3. Property, plant and equipment

	March 31, 2021		Lands (*)	Buildings (*)		Equipment and tools	Vehicles and machinery (*)	Furniture and decorations	Software and computers	Devices and machines	Electrical devices and condition units	Projects under construction (**)		Total
	JD	JD		JD	JD							JD	JD	
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 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 year balance	-	685,493		27,002	36,579	207,669	200,594	3,356,003	114,410	-	4,627,750			
Depreciation	-	5,907		-	-	23	5	526	-	-	6,461			
End of period balance	-	691,400		27,002	36,579	207,692	200,599	3,356,529	114,410	-	4,634,211			
Net	322,476	525,323		5	3	563	106	2,303	71	3,660,240	4,511,090			
December 31, 2020														
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 efforts, in addition to buying machinery and equipment in order to increase the production capacity to replace certain production lines, and to improve the facility's infrastructure to match conditions of the drug production process as started in March 2013.

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

4. Investment in an associate

Company name	Country of incorporation	Legal entity	Ownership	Total assets	Total liabilities	Profit	Accumulated losses
			%	JD	JD	JD	
Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company	Jordan	P.L.C	12.85	10,621,604	9,369,113	14,641	(13,978,920)

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

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

5. Accumulated losses

The company's accumulated losses amounted to JD 7,311,827 which represents 146% of its capital, follows a summary of the company's plan:

- Completion of the final stages of the expansion project and the start of the actual production process on the new lines during 2020, and this leading to re-entry into the traditional markets and the opening new markets, there was a dispute with the contractor arose after a commitment to the agreed stages of delivery from him more than once led to the judicial process to resolve the dispute.
- 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 the authorized capital and the 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.
 - The legal requirements were not completed as of the date of the financial statements report.

6. Covid-19 Effects

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.