

**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 six months ended June 30, 2023**

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 June 30, 2023, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the six 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 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.

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".





Independent Auditor's Report for the six months ended June 30, 2023

Going concern

We would like to refer to note (5) of the Interim condensed financial statements where the accumulated losses for the company amounted to JD 7,407,588 as at June 30, 2023 representing 148% of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 2,603,233, 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 which requires it to comply with article no.(266) of the company's law, and its continuation depends on providing sufficient funds to meet its obligations and the success of its operations in the future. Based on the extraordinary meeting of the general assembly on March 29, 2023 the following decisions were taken to amortize the accumulated losses as follows:

- Agree to amortizing some of the accumulated losses amounted of JD 7,409,528 as on December 31, 2021 by decreasing the company's capital by an amount of JD 4,500,000 , to become the company's capital and the paid-in capital become JD 500,000 and the accumulated losses become JD 2,809,528 then use the whole statutory reserve balance of JD 1,138,105 as on December 31, 2021 to amortize part of the accumulated losses to its balance to become JD 1,671,423.
- Approval of increasing the capital of the company by an amount of JD 4,500,000 for the capital to become JD 5,000,000 instead of JD 500,000.

Upon completion of the above procedures the accumulated losses will be 35% of the company's capital, the extraordinary meeting of the general assembly decisions has not been executed until the date of the financial statements report.

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 against outstanding foreseeable before the courts .
- 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, July 27, 2023

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

Interim condensed statement of financial position as at June 30, 2023 – (Reviewed and unaudited)

	Notes	June 30,2023	December 31,2022
		(Reviewed and unaudited)	(Audited)
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	4,480,308	4,491,944
Investment in an associate	4	-	-
Investment in financial asset at fair value through other comprehensive income		1	1
Due from related parties		1,282,180	1,282,820
Total Non-Current Assets		5,762,489	5,774,765
Current Assets			
Inventory		138,913	92,221
Other debit balances		60,774	52,190
Trade receivables		13,505	12,244
Cash and cash equivalents		19,816	19,609
Total Current Assets		233,008	176,264
TOTAL ASSETS		5,995,497	5,951,029
EQUITY AND LIABILITIES			
Equity			
Declared and paid 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	(7,407,588)	(7,405,829)
Deficit in Equity		(1,384,940)	(1,383,181)
Liabilities			
Non Current Liabilities			
Shareholders' payable		4,544,196	4,543,896
Current Liabilities			
Other credit balances		802,301	787,774
Trade payables		437,448	407,148
Due to related parties		1,596,492	1,595,392
Total Current Liabilities		2,836,241	2,790,314
Total Liabilities		7,380,437	7,334,210
TOTAL EQUITY AND LIABILITIES		5,995,497	5,951,029

The accompanying notes constitute an integral part of these financial statements

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

**Interim condensed statement of comprehensive income for the six months ended June 30, 2023 -
(Reviewed and unaudited)**

	For the six months ended on June 30		For the three months ended on June 30	
	2023	2022	2023	2022
	JD	JD	JD	JD
Sales	83,889	51,401	45,447	9,685
Cost of sales	<u>(54,754)</u>	<u>(47,847)</u>	<u>(31,123)</u>	<u>(21,260)</u>
Gross profit (loss)	29,135	3,554	14,324	(11,575)
Other revenues, net	2,900	2,600	1,300	1,301
Administrative expenses	<u>(33,794)</u>	<u>(65,270)</u>	<u>(14,080)</u>	<u>(46,543)</u>
Loss	<u>(1,759)</u>	<u>(59,116)</u>	<u>1,544</u>	<u>(56,817)</u>
Weighted average number of shares	<u>5,000,000</u>	<u>5,000,000</u>		
Loss per share	<u>JD (0/0004)</u>	<u>JD (0/012)</u>		

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Arab Center for Pharmaceutical
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Interim condensed statement of changes in equity for the six months ended June 30, 2023 – (Reviewed and unaudited)

	Capital		Statutory reserve		Change in fair value of investments in financial assets at fair value through other comprehensive income		Accumulated losses		Deficit	
	JD		JD		JD		JD		JD	
For the six months ended June 30, 2023										
Balance as at January 1, 2023	5,000,000		1,138,105		(115,457)		(7,405,829)		(1,383,181)	
Loss	-		-		-		(1,759)		(1,759)	
Balance as at June 30, 2023	5,000,000		1,138,105		(115,457)		(7,407,588)		(1,384,940)	
For the six months ended June 30, 2022										
Balance as at January 1, 2022	5,000,000		1,138,105		(115,457)		(7,309,528)		(1,286,880)	
Loss	-		-		-		(59,116)		(59,116)	
Balance as at June 30, 2022	5,000,000		1,138,105		(115,457)		(7,368,644)		(1,345,996)	

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Arab Center for Pharmaceutical
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Interim condensed statement of cash flows for the six months ended June 30, 2023 –
(Reviewed and unaudited)

	June 30, 2023	June 30, 2022
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(1,759)	(59,116)
Adjustments for :		
Depreciation	11,636	12,803
Change in operating assets and liabilities:		
Inventory	(46,692)	(9,615)
Other debit balances	(8,584)	(2,974)
Trade receivables	(1,261)	2,651
Other credit balances	14,527	41,417
Trade payables	30,300	15,294
Net cash from operating activities	<u>(1,833)</u>	<u>460</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	300	300
Related parties receivables	1,740	1,550
Net cash from financing activities	<u>2,040</u>	<u>1,850</u>
Net change in cash and cash equivalents	207	2,310
Cash and cash equivalents - beginning of period	19,609	2,291
Cash and cash equivalents - end of period	<u><u>19,816</u></u>	<u><u>4,601</u></u>

The accompanying notes constitute an integral part of these financial statements

Arab Center For Pharmaceutical
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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. July 26, 2023.

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, 2022.

Notes to the financial statements for the six months ended June 30, 2023

3. Property, plant and equipment

June 30, 2023	Lands (*)		Buildings (**)		Furniture and decorations		Devices and machines		Software and computers		Electrical devices and condition units		Tools and equipment		Vehicles and machinery (*)		Projects under construction (**)		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Cost																			
Beginning of period balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240										9,145,301
End of period balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240										9,145,301
Accumulated depreciation																			
Beginning of period balance	-	708,958	207,704	3,358,106	200,598	114,410	27,002	36,579	-										4,653,357
Depreciation	-	11,557	62	17	-	-	-	-	-										11,636
End of period balance	-	720,515	207,766	3,358,123	200,598	114,410	27,002	36,579	-										4,664,993
Net	322,476	496,208	489	709	107	71	5	3	3,660,240										4,480,308
December 31, 2022																			
Cost																			
Beginning of year balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240										9,145,301
End of year balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240										9,145,301
Accumulated depreciation																			
Beginning of year balance	-	685,493	207,669	3,356,003	200,594	114,410	27,002	36,579	-										4,627,750
Depreciation	-	23,465	35	2,103	4	-	-	-	-										25,607
End of year balance	-	708,958	207,704	3,358,106	200,598	114,410	27,002	36,579	-										4,653,357
Net	322,476	507,765	551	726	107	71	5	3	3,660,240										4,491,944

(*) 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.

(**) Project 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's where started on March 2013.

Notes to the financial statements for the six months ended June 30, 2023

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	8,128,646	23,148,560	(578,679)	(21,409,010)

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

	June 30, 2023 JD	December 31, 2022 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 7,407,588 which represents 148% of its capital as at June 30, 2023, follows a summary of the company's plan:

- End the conflict with the contractor as soon as possible and then complete the final stages of the expansion project and the start of the actual production process on the new lines, and this leads to re-entry into the traditional markets and opening new markets.
- The general assembly held an extraordinary meeting on March 29, 2022 and the following decisions were made:
 - Agree to amortizing some of the accumulated losses amounted of JD 7,309,528 as on December 31, 2021 by decreasing the company's capital by quenching the amount of JD 4,500,000 so the capital and the paid-in capital become JD 500,000 and the accumulated losses become JD 2,809,528 then use the whole statutory reserve which is amounted to 1,138,105 as on December 31, 2021 to amortize part of the accumulated losses to become JD 1,671,423.
 - 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 by capitalizing part of the company's shareholders payables as follows:

Creditor	Capitalized amount (JD)
Hamzeh Tantash	2,612,914
Tantash Investment Group Co.	1,529,542
Mazen Tantash	357,544
Total	4,500,000

- The extraordinary meeting of the general assembly decisions has not been executed until the date of the financial statements report.

6. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.