

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

**Condensed Financial Statements
and Independent Auditor's Report
for the nine months ended September 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 September 30, 2023, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the nine 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 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".

Going concern

We would like to refer to note (5) of the financial statements that the company's accumulated losses amounted to JD 8,300,825 which represents 166% of its capital as at that date, the company's total current liabilities exceeded its current assets by an amount of JD 2,601,130 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, based on the general assembly held an extraordinary meeting on March 29, 2023 and the following decisions were made to amortize the accumulated losses:

- 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.

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١٠٤ شارع مكة، أم أذينة، عمان، الأردن
هاتف: ٩٦٢ ٦ ٥١٠٠ ٩٠٠
فاكس: ٩٦٢ ٦ ٥١٠٠ ٦٠١
ص.ب: ٩٢١١٠٠ عمان ١١١٩٢، الأردن



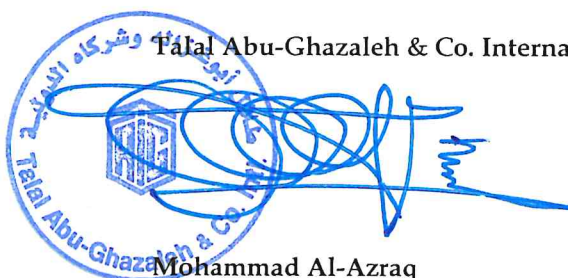
Report on review of interim condensed financial information for the nine months ended September 30, 2023

When executing the previous procedures the accumulated losses will present 53% of the company's capital, and 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 machinery owned by the company, 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 judicial claims at courts.
- We would like to refer to note (3) about the project under construction which started on March 2013 still has not been completed, noting that the dispute with the contractor still with the arbitration committee to adjudicate upon the dispute.

Talal Abu-Ghazaleh & Co. International



Mohammad Al-Azraq
(License # 1000)

Amman, October 26, 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 September 30, 2023 – (Reviewed and unaudited)

		September 30,2023	December 31,2022
	Notes	(Reviewed and unaudited)	(Audited)
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	4,474,422	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		392,826	1,282,820
Total Non-Current Assets		4,867,249	5,774,765
Current Assets			
Inventory		138,848	92,221
Other debit balances		62,838	52,190
Trade receivables		12,798	12,244
Cash and cash equivalents		18,363	19,609
Total Current Assets		232,847	176,264
TOTAL ASSETS		5,100,096	5,951,029
EQUITY AND LIABILITIES			
Equity			
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	(8,300,825)	(7,405,829)
Deficit in Equity		(2,278,177)	(1,383,181)
Liabilities			
Non Current Liabilities			
Shareholders payable		4,544,296	4,543,896
Total Non-Current Liabilities		4,544,296	4,543,896
Current Liabilities			
Other credit balances		812,814	787,774
Trade payables		424,371	407,148
Due to related parties		1,596,792	1,595,392
Total Current Liabilities		2,833,977	2,790,314
Total Liabilities		7,378,273	7,334,210
TOTAL EQUITY AND LIABILITIES		5,100,096	5,951,029

The accompanying notes constitute an integral part of these 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 nine months ended September 30, 2023 –
(Reviewed and unaudited)**

	For the nine months ended on September 30,		For the three months ended on September 30,	
	2023	2022	2023	2022
	JD	JD	JD	JD
Sales	138,614	110,080	54,725	58,679
Cost of sales	(103,490)	(100,034)	(48,736)	(52,187)
Gross profit	35,124	10,046	5,989	6,492
Other revenues, net	6,663	4,199	3,763	1,599
Loss of investement in associate	(891,104)	-	(891,104)	-
Administrative expenses	(45,679)	(77,636)	(11,885)	(12,366)
Loss	(894,996)	(63,391)	(893,237)	(4,275)
Weighted average number of shares	5,000,000	5,000,000		
Loss per share	JD (0/18)	JD (0/013)		

The accompanying notes constitute an integral part of these financial statements

Arab Center for Pharmaceutical
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Interim condensed statement of changes in equity for the nine months ended September 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 nine months ended September 30, 2023										
Balance as at January 1, 2023	5,000,000		1,138,105		(115,457)		(7,405,829)		(1,383,181)	
Loss	-		-		-		(894,996)		(894,996)	
Balance as at September 30, 2023	5,000,000		1,138,105		(115,457)		(8,300,825)		(2,278,177)	
For the nine months ended September 30, 2022										
Balance as at January 1, 2022	5,000,000		1,138,105		(115,457)		(7,309,528)		(1,286,880)	
Loss	-		-		-		(63,391)		(63,391)	
Balance as at September 30, 2022	5,000,000		1,138,105		(115,457)		(7,372,919)		(1,350,271)	

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

	September 30, 2023	September 30, 2022
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(894,996)	(63,391)
Adjustments for :		
Depreciation	17,522	19,205
Loss of investement in associate	891,104	-
Change in operating assets and liabilities:		
Inventory	(46,627)	(13,895)
Other debit balances	(10,648)	(3,407)
Trade receivables	(554)	(1,718)
Other credit balances	25,040	38,631
Trade payables	17,223	24,667
Net cash from operating activities	<u>(1,936)</u>	<u>92</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	400	401
Related parties	290	1,949
Net cash from financing activities	<u>690</u>	<u>2,350</u>
Net change in cash and cash equvilents	<u>(1,246)</u>	<u>2,442</u>
Cash and cash equivalents - beginning of period	<u>19,609</u>	<u>2,291</u>
Cash and cash equivalents - end of period	<u><u>18,363</u></u>	<u><u>4,733</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 October 25, 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.

Property, plant and equipment												
September 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
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	-	17,430	65		27	-	-	-	-		-	17,522
End of period balance	-	726,388	207,769		3,358,133	200,598	114,410	27,002	36,579		-	4,670,879
Net	322,476	490,335	486		699	107	71	5	3		3,660,240	4,474,422
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.

(*) 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, 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 has been it's started on March 2013.

Notes to the financial statements for the nine months ended September 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	8,569,745	12,740,481	(1,221,265)	(5,363,016)

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

	September 30, 2023 JD	December 31, 2022 JD
Cost	51,573	51,573
Share of results of an associate	(51,573)	(51,573)
Net	-	-

5. Accumulated losses

The company's accumulated losses amounted to JD 8,300,825 which represents 166% of its capital as at september 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.