

**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, 2023**

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

Index

	<u>Page</u>
Report on review of interim financial information	-
Interim condensed statement of financial position as at March 31, 2023 (reviewed and unaudited)	1
Interim condensed statement of comprehensive income for the three months ended March 31, 2023 (reviewed and unaudited)	2
Interim condensed statement of changes in equity for the three months ended March 31, 2023 – (reviewed and unaudited)	3
Interim condensed statement of cash flows for the three months ended March 31, 2023 - (reviewed and unaudited)	4
Notes to the interim condensed financial information for the three months ended March 31, 2023	5-7

105181287

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, 2023, 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 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 consolidated 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 emphasize what is in the financial statements where the company's accumulated losses amounted to JD 7,409,132 which represents 148% of its capital as at March 31, 2023, the company's total current liabilities exceeded its current assets by an amount of JD 2,611,981, these matters cast significant doubt on the company ability to continue as a going concern, and its continuance dependent on the provision of necessary funding it to pay its liabilities and its success in its operations in the future where the company submitted a integrated plan to the company's continuing..



Report on review of interim condensed financial information for the three months ended March 31, 2023

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 20, 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 March 31, 2023 – (Reviewed and unaudited)

		March 31,2023	December 31,2022
	Notes	(Reviewed and unaudited)	(Audited)
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	4,485,612	4,491,944
Investments in an associate	4	-	-
Investment in financial asset at fair value through other comprehensive income		1	1
Due from related party		1,283,980	1,282,820
Total Non-Current Assets		<u>5,769,593</u>	<u>5,774,765</u>
Current Assets			
Inventory		117,574	92,221
Other debit balances		46,846	52,190
Trade receivables		14,618	12,244
Cash and cash equivalents		20,095	19,609
Total Current Assets		<u>199,133</u>	<u>176,264</u>
TOTAL ASSETS		<u><u>5,968,726</u></u>	<u><u>5,951,029</u></u>
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	(7,409,132)	(7,405,829)
Deficit in Equity		<u>(1,386,484)</u>	<u>(1,383,181)</u>
Liabilities			
Non Current Liabilities			
Shareholders payable		4,544,096	4,543,896
Current Liabilities			
Other credit balances		790,181	787,774
Trade payables		424,741	407,148
Due to related parties		1,596,192	1,595,392
Total Current Liabilities		<u>2,811,114</u>	<u>2,790,314</u>
Total Liabilities		<u>7,355,210</u>	<u>7,334,210</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,968,726</u></u>	<u><u>5,951,029</u></u>

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, 2023
- (Reviewed and unaudited)

	March 31, 2023 JD	March 31, 2022 JD
Sales	38,442	41,716
Cost of sales	<u>(23,631)</u>	<u>(26,587)</u>
Gross profit	14,811	15,129
Other revenues, net	1,600	1,299
Administrative expenses	<u>(19,714)</u>	<u>(18,727)</u>
Loss	<u><u>(3,303)</u></u>	<u><u>(2,299)</u></u>
Weighted average number of shares	<u>5,000,000</u>	<u>5,000,000</u>
Loss per share	<u><u>JD (-/0007)</u></u>	<u><u>JD (-/0005)</u></u>

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 changes in equity for the three months ended March 31, 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	Total
	JD	JD	JD	JD	JD
Balance as at March 31, 2023					
Balance as at January 1, 2023	5,000,000	1,138,105	(115,457)	(7,405,829)	(1,383,181)
Loss	-	-	-	(3,303)	(3,303)
Balance as at March 31, 2023	5,000,000	1,138,105	(115,457)	(7,409,132)	(1,386,484)
Balance as at March 31, 2022					
Balance 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)

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 cash flows for the three months ended March 31, 2023
- (Reviewed and unaudited)

	March 31, 2023	March 31, 2022
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(3,303)	(2,299)
Adjustments for :		
Depreciation	6,332	6,461
Change in operating assets and liabilities:		
Due from related party	(1,160)	(1)
Inventory	(25,353)	(10,127)
Other debit balances	5,344	(2,317)
Trade receivables	(2,374)	3,480
Other credit balances	2,407	(5,552)
Trade payables	17,593	20,180
Net cash from operating activities	<u>(514)</u>	<u>9,825</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	200	200
Due to related parties	800	(9,060)
Net cash from financing activities	<u>1,000</u>	<u>(8,860)</u>
Net change in cash and cash equivalents	486	965
Cash and cash equivalents - beginning of period	19,609	2,291
Cash and cash equivalents - end of period	<u><u>20,095</u></u>	<u><u>3,256</u></u>

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

Notes to the 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 19, 2023.
- 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, 2022.

Notes to the interim condensed financial statements for the three months ended March 31, 2023

3. Property, plant and equipment

March 31, 2023	Lands (*)	Buildings (*)	Furniture and decorations	Devices and machines	Software and computers	Electrical devices and condition units	Equipment and tools	Vehicles and machinery (*)	Projects under construction (**)	Total
	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	-	5,746	60	526	-	-	-	-	-	6,332
End of period balance	-	714,704	207,764	3,358,632	200,598	114,410	27,002	36,579	-	4,659,689
Net	322,476	502,019	491	200	107	71	5	3	3,660,240	4,485,612
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.

(**) 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, 2023

4. Investment in an associate

Company name	Country of incorporation	Legal entity	Ownership %	Total Assets JD	Total Liabilities JD	Profit JD	Accumulated losses
Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company	Jordan	P.L.C	-				

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

	March 31, 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 7,409,132 which represents 148% of its capital as at March 31, 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 7,409,528 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 liabilities 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 interim condensed statements.

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.

Because of the potential effects of the Corona virus, the management of the entity has taken future information for the twelve months following the reporting period at least, whether related to the negative effects of the virus on the business process or the ability to pay its debts. The management of the entity has made a study of the potential effects of the current economic fluctuations to determine the declared amounts of the entity's financial and non-financial assets that represent management's best estimates based on observable information. Markets remain volatile and the amounts recorded remain sensitive to fluctuations in the market.