

# **The Arab Pesticides & Veterinary Drugs Mfg. Co.**

**Public Shareholding Company**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

**31 March 2021**

**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 31 March 2021 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 three-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 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

27 April 2021  
Amman - Jordan



  
Arab Professionals  
Ibrahim Hammoudeh  
(License No. 606)

**The Arab Pesticides & Veterinary Drugs Mfg. Co.**  
**Public Shareholding Company**  
**Interim Consolidated Statement of Financial Position as at 31 March 2021**  
**(In Jordanian Dinar)**

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>Assets</b>			
<b>Non - current assets</b>			
Property, plant and equipment		6,503,453	6,173,508
Investment in associates		336,259	429,616
Financial assets at fair value through other comprehensive income		237,090	237,090
Check under collection – long term		185,750	66,503
<b>Total non - current assets</b>		<u>7,262,552</u>	<u>6,906,717</u>
<b>Current assets</b>			
Inventories		11,754,707	11,855,413
Other current assets		768,849	1,047,512
Accounts receivable		10,524,754	9,247,591
Checks under collection		2,455,259	2,218,065
Cash and cash equivalents		2,803,219	3,021,060
<b>Total current assets</b>		<u>28,306,788</u>	<u>27,389,641</u>
<b>Total assets</b>		<u><b>35,569,340</b></u>	<u><b>34,296,358</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid - in capital		12,000,000	12,000,000
Statutory reserve		3,000,000	3,000,000
Voluntary reserve		2,329,206	2,329,206
Changes in foreign exchange rate		(2,522,806)	(2,349,358)
Retained earnings	4	7,015,888	7,209,766
<b>Total Shareholder's Equity</b>		<u>21,822,288</u>	<u>22,189,614</u>
Non-controlling interest		4,839,083	4,767,164
<b>Total equity</b>		<u>26,661,371</u>	<u>26,956,778</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Notes payable – long term		635,189	672,189
Bank facilities – long term		740,994	432,307
<b>Total non - current liabilities</b>		<u>1,376,183</u>	<u>1,104,496</u>
<b>Current liabilities</b>			
Accounts payable		2,866,148	1,708,431
Bank facilities - short term		1,465,237	1,969,277
Notes payable – short term		453,402	799,204
Postdated checks		71,317	53,007
Other liabilities		2,675,682	1,705,165
<b>Total current liabilities</b>		<u>7,531,786</u>	<u>6,235,084</u>
<b>Total liabilities</b>		<u>8,907,969</u>	<u>7,339,580</u>
<b>Total equity and liabilities</b>		<u><b>35,569,340</b></u>	<u><b>34,296,358</b></u>

"The accompanying notes from (1) to (5) 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**  
**Consolidated Statement of Profit or Loss**  
**For the three months ended at 31 March 2021**

(In Jordanian Dinar)

	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net sales		6,436,963	5,487,674
Cost of sales		<u>(4,406,006)</u>	<u>(3,964,794)</u>
<b>Gross profit</b>		<b>2,030,957</b>	<b>1,522,880</b>
Share of profit from the associate company		94,291	101,586
Selling and distribution expenses		(182,800)	(188,685)
Administrative expenses		(457,113)	(381,429)
Financing cost		(66,585)	(37,352)
Other income		8,517	3,917
Provision for expected credit loss		<u>(100,000)</u>	<u>(100,000)</u>
<b>Profit before income tax</b>		<b>1,327,267</b>	<b>920,917</b>
Income and National Contribution tax for the period	3	<u>(94,391)</u>	<u>(82,948)</u>
<b>Profit for the period</b>		<b><u>1,232,876</u></b>	<b><u>837,969</u></b>
<b>Attributable to:</b>			
Shareholders of the company		1,006,122	644,243
Non-controlling interest		<u>226,754</u>	<u>193,726</u>
		<b><u>1,232,876</u></b>	<b><u>838,969</u></b>
 <b>Basic and diluted earnings per share</b>		 <b><u>0.084</u></b>	 <b><u>0.054</u></b>

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**The Arab Pesticides & Veterinary Drugs Mfg. Co.**  
**Public Shareholding Company**  
**Consolidated Statement of Comprehensive Income**  
**For the three months ended at 31 March 2021**

(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit for the period	1,232,876	837,969
<b>Other comprehensive income items:</b>		
Changes in foreign exchange rate	(173,448)	(164,802)
<b>Total comprehensive income for the period</b>	<b><u>1,059,428</u></b>	<b><u>673,167</u></b>
 <b>Attributable to:</b>		
Shareholders of the company	832,674	479,441
Non-controlling interest	<u>226,754</u>	<u>193,726</u>
	<b><u>1,059,428</u></b>	<b><u>673,167</u></b>

“The accompanying notes from (1) to (5) 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 three months ended at 31 March 2021 (Unaudited)  
(In Jordanian Dinar)

	Paid - in Capital	Reserves		Changes in Foreign Currency Exchange Rate	Retained Earnings	Total shareholder's Equity	Non- Controlling Interest	Total Equity
		Statutory	Voluntary					
<b>Balance at 1 January 2021</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>2,329,206</b>	<b>(2,349,358)</b>	<b>7,209,766</b>	<b>22,189,614</b>	<b>4,767,164</b>	<b>26,956,778</b>
Cash dividends (Note 4)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Total comprehensive income for the period	-	-	-	(173,448)	1,006,122	832,674	226,754	1,059,428
Non-controlling interest dividends	-	-	-	-	-	-	(154,835)	(154,835)
<b>Balance at 31 March 2021</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>2,329,206</b>	<b>(2,522,806)</b>	<b>7,015,888</b>	<b>21,822,288</b>	<b>4,839,083</b>	<b>26,661,371</b>
<b>Balance at 1 January 2020</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>1,977,465</b>	<b>(2,011,676)</b>	<b>5,437,070</b>	<b>20,402,859</b>	<b>3,855,720</b>	<b>24,258,579</b>
Total comprehensive income for the period	-	-	-	(164,802)	644,243	479,441	193,726	673,167
Non-controlling interest dividends	-	-	-	-	-	-	(47,025)	(47,025)
<b>Balance at 31 March 2020</b>	<b>12,000,000</b>	<b>3,000,000</b>	<b>1,977,465</b>	<b>(2,176,478)</b>	<b>6,081,313</b>	<b>20,882,300</b>	<b>4,002,421</b>	<b>24,884,721</b>

"The accompanying notes from (1) to (5) 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 three months ended at 31 March 2021**

(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
<b>Operating activities</b>		
Profit for the period	1,327,267	920,917
Depreciation	130,505	148,545
Share of profit from the associate company	(94,291)	(101,586)
Provision for expected credit losses	100,000	100,000
<b>Changes in working capital</b>		
Checks under collection	(356,441)	(15,360)
Accounts receivable	(1,377,163)	(1,223,013)
Inventories	100,706	156,863
Other current assets	278,663	(35,266)
Postdated checks	18,310	(55,214)
Accounts payable	1,157,717	(27,184)
Other liabilities	(43,116)	(166,418)
Income tax paid	(252,358)	(13,836)
<b>Net cash flows from (used in) operating activities</b>	<u>989,799</u>	<u>(311,552)</u>
<b>Investing activities</b>		
Property, plant and equipment	(460,450)	(92,504)
Investments in associates	(14,200)	-
<b>Net cash flows used in investing activities</b>	<u>(474,650)</u>	<u>(92,504)</u>
<b>Financing activities</b>		
Notes payable	(382,802)	650,204
Bank facilities	(195,353)	(38,659)
Non-controlling interest	(154,835)	(47,025)
<b>Net cash flows (used in) from financing activities</b>	<u>(732,990)</u>	<u>564,520</u>
<b>Net changes in cash and cash equivalents</b>	(217,841)	160,464
Cash and cash equivalents, at beginning of year	3,021,060	1,829,755
<b>Cash and cash equivalents, at end of period</b>	<u><u>2,803,219</u></u>	<u><u>1,990,219</u></u>

"The accompanying notes from (1) to (5) 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 (Unaudited)**  
**31 March 2021**  
**(In Jordanian Dinar)**

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**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's 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 interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 27 April 2021.

**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 2020.

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 year, except for the adoption of new and amended standards effective as at the beginning of the period.

**Principles of Consolidation**

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

Subsidiaries 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 subsidiaries 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 following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Endmaj for Medical and Chemical Manufacturing Company	50,000	100%	Manufacturing	Jordan
Delta Sudia Manufacturing Company	3,800,000	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 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.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).
- 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.

### 3 . Income Tax

The movement on provision for the income tax provision is as follows:

	31 March 2021	31 December 2020
Balance at beginning of the period/ year	342,795	234,461
Income tax expense for the period /year	94,391	376,251
Income tax paid	(252,358)	(267,917)
<b>Balance at end of the period / year</b>	<b>184,828</b>	<b>342,795</b>

Income and National Contribution tax expense for the period in the statement of profit or loss consists of the following:

	31 March 2021
Income tax expense for the period	86,575
National Contribution tax for the period	7,816
	<b>94,391</b>

- The Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019 and 2020 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 and National Contribution tax provision for the three months ended at 31 March 2021 was calculated in accordance with the Income Tax Law.

#### 4 . Dividends

The General Assembly approved in its meeting held in 2021 to distribute 10% cash dividends and to increase the authorized capital of the Company from JOD (12) million/share to JOD (15) million/share from the retained earnings, and distribute it to existing shareholders as bonus shares.

#### 5 . Fair Value of Financial instruments

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 condensed 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.

31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090
	<u>-</u>	<u>-</u>	<u>237,090</u>	<u>237,090</u>
31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090
	<u>-</u>	<u>-</u>	<u>237,090</u>	<u>237,090</u>

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.