

**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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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)**

|  | Notes | September 30,2023<br>(Reviewed and unaudited) | December 31,2022<br>(Audited) |
|--|-------|---|-------------------------------|
|  |       | JD  | JD                            |
| <b>ASSETS</b>  |       |   |                               |
| <b>Non-current Assets</b>  |       |   |                               |
| 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                     |
| <b>Total Non-Current Assets</b>  |       | <b>4,867,249</b>                              | <b>5,774,765</b>              |
| <b>Current Assets</b>  |       |   |                               |
| 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                        |
| <b>Total Current Assets</b>  |       | <b>232,847</b>                                | <b>176,264</b>                |
| <b>TOTAL ASSETS</b>  |       | <b>5,100,096</b>                              | <b>5,951,029</b>              |
| <b>EQUITY AND LIABILITIES</b>  |       |   |                               |
| <b>Equity</b>  |       |   |                               |
| 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)                   |
| <b>Deficit in Equity</b>   |       | <b>(2,278,177)</b>                            | <b>(1,383,181)</b>            |
| <b>Liabilities</b>   |       |   |                               |
| <b>Non Current Liabilities</b>   |       |   |                               |
| Shareholders payable   |       | 4,544,296                                     | 4,543,896                     |
| <b>Total Non-Current Liabilities</b>   |       | <b>4,544,296</b>                              | <b>4,543,896</b>              |
| <b>Current Liabilities</b>   |       |   |                               |
| Other credit balances  |       | 812,814                                       | 787,774                       |
| Trade payables   |       | 424,371                                       | 407,148                       |
| Due to related parties   |       | 1,596,792                                     | 1,595,392                     |
| <b>Total Current Liabilities</b>   |       | <b>2,833,977</b>                              | <b>2,790,314</b>              |
| <b>Total Liabilities</b>   |       | <b>7,378,273</b>                              | <b>7,334,210</b>              |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>5,100,096</b>                              | <b>5,951,029</b>              |

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)**

|                                   | <u>For the nine months ended on September 30,</u> |                   | <u>For the three months ended on September 30,</u> |                 |
|-----------------------------------|---|-------------------|--|-----------------|
|                                   | <u>2023</u>                                       | <u>2022</u>       | <u>2023</u>  | <u>2022</u>     |
|                                   | JD  | JD                | JD   | JD              |
| Sales                             | 138,614   | 110,080           | 54,725   | 58,679          |
| Cost of sales                     | <u>(103,490)</u>                                  | <u>(100,034)</u>  | <u>(48,736)</u>                                    | <u>(52,187)</u> |
| 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           | <u>(45,679)</u>                                   | <u>(77,636)</u>   | <u>(11,885)</u>                                    | <u>(12,366)</u> |
| Loss                              | <u>(894,996)</u>                                  | <u>(63,391)</u>   | <u>(893,237)</u>                                   | <u>(4,275)</u>  |
| Weighted average number of shares | <u>5,000,000</u>                                  | <u>5,000,000</u>  |  |                 |
| Loss per share                    | <u>JD (0/18)</u>                                  | <u>JD (0/013)</u> |  |                 |

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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                 |  |
| <b>For the nine months ended September 30, 2023</b> |                  |  |                   |  |  |  |                    |  |                    |  |
| 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)          |  |
| <b>Balance as at September 30, 2023</b>             | <b>5,000,000</b> |  | <b>1,138,105</b>  |  | <b>(115,457)</b>   |  | <b>(8,300,825)</b> |  | <b>(2,278,177)</b> |  |
| <b>For the nine months ended September 30, 2022</b> |                  |  |                   |  |  |  |                    |  |                    |  |
| 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)           |  |
| <b>Balance as at September 30, 2022</b>             | <b>5,000,000</b> |  | <b>1,138,105</b>  |  | <b>(115,457)</b>   |  | <b>(7,372,919)</b> |  | <b>(1,350,271)</b> |  |

The accompanying notes constitute an integral part of these financial statements

**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,<br>2023 | September 30,<br>2022 |
|--|-----------------------|-----------------------|
|  | JD                    | JD                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>        |                       |                       |
| Loss   | (894,996)             | (63,391)              |
| <b>Adjustments for :</b>                           |                       |                       |
| Depreciation                                       | 17,522                | 19,205                |
| Loss of investement in associate                   | 891,104               | -                     |
| <b>Change in operating assets and liabilities:</b> |                       |                       |
| 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                |
| <b>Net cash from operating activities</b>          | <b>(1,936)</b>        | <b>92</b>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>        |                       |                       |
| Shareholders payable                               | 400                   | 401                   |
| Related parties                                    | 290                   | 1,949                 |
| <b>Net cash from financing activities</b>          | <b>690</b>            | <b>2,350</b>          |
| <b>Net change in cash and cash equivilents</b>     | <b>(1,246)</b>        | <b>2,442</b>          |
| Cash and cash equivalents - beginning of period    | 19,609                | 2,291                 |
| <b>Cash and cash equivalents - end of period</b>   | <b>18,363</b>         | <b>4,733</b>          |

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**Notes to the financial statements**

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**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.



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<br>JD | Total liabilities<br>JD | Loss<br>JD  | Accumelated losses<br>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<br>JD | December 31, 2022<br>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<br>(JD) |
|------------------------------|----------------------------|
| Hamzeh Tantash               | 2,612,914                  |
| Tantash Investment Group Co. | 1,529,542                  |
| Mazen Tantash                | 357,544                    |
| <b>Total</b>                 | <b>4,500,000</b>           |

- 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.