

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Condensed Interim Consolidated Financial Statements (Unaudited)
30 September 2023

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 30 September 2023 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 nine 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 number (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".

30 October 2023
Amman - Jordan




Arab Professionals
Amin Samara
License No. (481)

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Financial Position
As at 30 September 2023

(In Jordanian Dinar)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non - current assets			
Property, plant and equipment		7,669,602	7,665,319
Project under construction		1,889,635	80,813
Investment in associates		397,965	474,418
Financial assets at fair value through other comprehensive income		237,090	237,090
Check under collection – long term		157,800	20,000
Total non - current assets		<u>10,352,092</u>	<u>8,477,640</u>
Current assets			
Inventories		15,251,836	15,307,339
Other current assets		1,300,200	1,077,020
Accounts receivable		13,439,029	10,834,009
Checks under collection		2,225,178	1,887,232
Cash and cash equivalents		4,580,467	4,009,268
Total current assets		<u>36,796,710</u>	<u>33,114,868</u>
Total assets		<u>47,148,802</u>	<u>41,592,508</u>
Equity and liabilities			
Equity			
	4		
Paid - in capital		16,500,000	15,000,000
Additional paid in capital		1,500,000	-
Statutory reserve		3,750,000	3,750,000
Voluntary reserve		2,118,949	2,118,949
Changes in foreign exchange rate		(2,985,212)	(2,772,950)
Retained earnings		10,877,096	8,725,596
Total Shareholder's Equity		<u>31,760,833</u>	<u>26,821,595</u>
Non-controlling interest		7,077,660	6,312,602
Total equity		<u>38,838,493</u>	<u>33,134,197</u>
Liabilities			
Non - current liabilities			
Notes payable – long term		125,781	167,745
Bank facilities – long term		1,535,485	893,429
Postdated checks – long term		140,682	246,198
Total non - current liabilities		<u>1,801,948</u>	<u>1,307,372</u>
Current liabilities			
Accounts payable		2,916,845	2,291,075
Bank facilities – short term		1,457,059	1,976,761
Notes payable – short term		766,536	1,053,386
Postdated checks – short term		304,856	259,780
Other liabilities		1,063,065	1,569,937
Total current liabilities		<u>6,508,361</u>	<u>7,150,939</u>
Total liabilities		<u>8,310,309</u>	<u>8,458,311</u>
Total equity and liabilities		<u>47,148,802</u>	<u>41,592,508</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
Interim Consolidated Statement of Profit or Loss
For the Nine Months Ended at 30 September 2023 (Unaudited)

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Net sales	6,756,268	5,663,071	21,803,785	18,412,729
Cost of sales	(4,687,276)	(3,975,087)	(14,833,426)	(12,237,298)
Gross profit	2,068,992	1,687,984	6,970,359	6,175,431
Share of profit from the associate company	41,622	74,813	206,809	216,236
Selling and distribution expenses	(226,862)	(237,911)	(687,925)	(631,556)
Administrative expenses	(376,614)	(337,589)	(1,304,748)	(1,148,170)
Financing cost	(83,497)	(54,617)	(220,602)	(155,088)
Allowance for expected credit loss	(50,000)	-	(100,000)	(200,000)
Allowance for expired inventories	(50,000)	(100,000)	(50,000)	(100,000)
Other income	8,456	11,203	51,016	38,698
Profit before income tax for the period	1,332,097	1,043,883	4,864,909	4,195,551
Income tax for the period	(83,842)	(68,542)	(310,568)	(268,719)
National contribution tax for the period	(9,177)	(9,095)	(26,633)	(27,011)
Profit for the period	1,239,078	966,246	4,527,708	3,899,821
Attributable to:				
Shareholders of the company	1,043,387	736,278	3,651,500	3,260,627
Non-controlling interest	195,691	229,968	876,208	639,194
	1,239,078	966,246	4,527,708	3,899,821
Basic and diluted earnings per share	0.067	0.049	0.236	0.217

“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 Comprehensive Income
For the Nine Months Ended at 30 September 2023 (Unaudited)

(In Jordanian Dinar)

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>30 September 2023</u>	<u>30 September 2022</u>	<u>30 September 2023</u>	<u>30 September 2022</u>
Profit for the period	1,239,078	966,246	4,527,708	3,899,821
Other comprehensive income:				
Changes in foreign currency exchange rate	(189,201)	-	(212,262)	(135,480)
Total comprehensive income for the period	<u>1,049,877</u>	<u>966,246</u>	<u>4,315,446</u>	<u>3,764,341</u>
Attributable to:				
Shareholders of the company	854,186	736,278	3,439,238	3,125,147
Non-controlling interest	195,691	229,968	876,208	639,194
	<u>1,049,877</u>	<u>966,246</u>	<u>4,315,446</u>	<u>3,764,341</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
Interim Consolidated Statement of Changes in Equity for the Nine Months Ended at 30 September 2023 (Unaudited)
(In Jordanian Dinar)

	Paid - in Capital	Additional paid in capital	Reserves		Changes in Foreign currency Exchange Rate	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Equity
			Statutory	Voluntary					
Balance at 1 January 2023	15,000,000	-	3,750,000	2,118,949	(2,772,950)	8,725,596	26,821,595	6,312,602	33,134,197
Capital increase (Note 4)	1,500,000	1,500,000	-	-	-	-	3,000,000	-	3,000,000
Shareholders dividends (Note 4)	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Non-controlling interest dividends	-	-	-	-	-	-	-	(111,150)	(111,150)
Total comprehensive income for the period	-	-	-	-	(212,262)	3,651,500	3,439,238	876,208	4,315,446
Balance at 30 September 2023	16,500,000	1,500,000	3,750,000	2,118,949	(2,985,212)	10,877,096	31,760,833	7,077,660	38,838,493
Balance at 1 January 2022	15,000,000	-	3,375,858	1,705,064	(2,507,710)	6,805,387	24,378,599	5,417,135	29,795,734
Shareholders dividends	-	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	-	-	(55,575)	(55,575)
Total comprehensive income for the period	-	-	-	-	(135,480)	3,260,627	3,125,147	639,194	3,764,341
Balance at 30 September 2022	15,000,000	-	3,375,858	1,705,064	(2,643,190)	8,866,014	26,303,746	6,000,754	32,304,500

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The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Interim Consolidated Statement of Cash Flows
For the Nine Months Ended at 30 September 2023

(In Jordanian Dinar)

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Operating activities		
Profit for the period before income tax	4,864,909	4,195,551
Depreciation	351,628	315,452
Share of profit from the associate company	(206,809)	(216,236)
Allowance for expected credit loss	100,000	200,000
Allowance for expired inventories	50,000	100,000
Changes in working capital		
Checks under collection	(475,746)	(44,324)
Accounts receivable	(2,705,020)	(2,401,152)
Inventories	5,503	(3,065,435)
Other current assets	(223,180)	175,355
Accounts payable	625,770	1,803,349
Postdated checks	(60,440)	429,454
Other liabilities	(708,156)	(171,917)
Income tax paid	(135,917)	(272,181)
Net cash flows from operating activities	<u>1,482,542</u>	<u>1,047,916</u>
Investing activities		
Project under construction	(1,808,822)	-
Property, plant and equipment	(355,911)	(1,326,405)
Dividends paid by associate company	71,000	106,500
Net cash flows used in investing activities	<u>(2,093,733)</u>	<u>(1,219,905)</u>
Financing activities		
Bank facilities	122,354	591,220
Notes payable	(328,814)	342,369
Capital increase	3,000,000	-
Non-controlling interest dividends	(111,150)	(55,575)
Cash dividends	(1,500,000)	(1,200,000)
Net cash flows used in financing activities	<u>1,182,390</u>	<u>(321,986)</u>
Net changes in cash and cash equivalents	571,199	(493,975)
Cash and cash equivalents, at beginning of year	<u>4,009,268</u>	<u>3,725,670</u>
Cash and cash equivalents, at end of period	<u><u>4,580,467</u></u>	<u><u>3,231,695</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)
30 September 2023

(In Jordanian Dinar)

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 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 condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 29 October 2023.

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 2022.

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

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 subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries 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 subsidiaries.

The following subsidiaries have been consolidated:

<u>Company</u>	<u>Capital</u>	<u>Ownership</u>	<u>Activity</u>	<u>Registration country</u>
Endmaj for Manufacturing Company L.L.C.	50,000	100%	Manufacturing	Jordan
Delta Sudia for Manufacturing Company L.L.C.	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 Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019, 2020, 2021 and 2022 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 nine months ended at 30 September 2023 was calculated in accordance with the Income Tax Law.

4 . Equity

- The General Assembly approved in its meeting held in 2023 to distribute 10% cash dividends to its shareholders.
- The General Assembly approved to increase the Company's capital by JOD (1.5) million/share to become JOD (16.5) million/share through a private subscription at JOD (1) per share and with issuance premium of JOD (1) per share. The legal capital increase procedures has been completed with the Legal Authority.

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 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.

<u>30 September 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>237,090</u>	<u>237,090</u>
<u>31 December 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<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.