

التاريخ: 2019/ 10 / 31

الرقم: FNSAL-10-2019-001

للمصاح

بإحضار

السيد محمد  
السيد خالد

السادة / هيئة الأوراق المالية المحترمين.  
فاكس رقم ( 5686830 ).

الموضوع :- البيانات المالية المرحلية الموحدة كما بتاريخ 30 أيلول 2019

تحية طيبة وبعد ،،  
نرفق لكم بطيه البيانات المالية المرحلية الموحدة لشركة الشرق الأوسط للصناعات  
الدوائية والكيمائية والمستلزمات الطبية م.ع.م ، وتقرير المراجعة لمدققي الحسابات  
السادة / شركة طلال أبوغزالة وشركاه الدولية ، عن الفترة المالية المنتهية في  
30 أيلول 2019 .

وتفضلوا بقبول فائق الاحترام والتقدير

المدير المالي والإداري  
محمود زاهر



نسخة من البيانات المالية كما بتاريخ 30 أيلول 2019 باللغة العربية واللغة الانجليزية .

**Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan**

**Consolidated Interim Condensed Financial Statements  
and Review Report  
for the nine months ended September 30, 2019**

**Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company**  
**Public Shareholding Company**  
**Amman - The Hashemite Kingdom of Jordan**

Index

	<u>Page</u>
Report on review of consolidated interim condensed financial information	-
Consolidated interim condensed statement of financial position as at September 30, 2019 - (Reviewed and unaudited)	1
Consolidated interim condensed statement of comprehensive income for the nine months ended September 30, 2019 - (Reviewed and unaudited)	2
Consolidated interim condensed statement of changes in equity for the nine months ended September 30, 2019 - (Reviewed and unaudited)	3
Consolidated interim condensed statement of cash flows for the nine months ended September 30, 2019 - (Reviewed and unaudited)	4
Notes to the consolidated interim condensed financial information for the nine months ended September 30, 2019	5-8

105181288

Report on review of consolidated interim condensed financial information

To Messrs. Shareholders  
Middle East Pharmaceutical and Chemical Industries  
and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the consolidated interim condensed statement of financial position of Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company and its Subsidiary (Public Shareholding Company), as at September 30, 2019, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and fair presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard no. (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


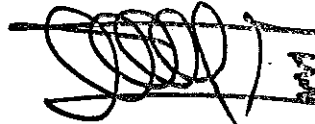
We would like to refer to note (3) of the financial statements, whereas the accumulated losses for the company amounted to JD 13,376,006 representing 214% of the company's capital, also the company's total current liabilities exceed its current assets by an amount of JD 5,814,169 in addition to existing payables which were not paid till the date of the financial statements. These matters cast significant doubt on the company ability to continue as a going concern, for the company to continue its activities in a normal way and to have proper funding to pay its liabilities and to succeed in its future operation, the company's management has provided a full plan to maintain its activities and one of the first steps was to invite the company's general assembly to an extraordinary meeting dated July 31, 2017 and the following decisions were made:

- Quenching the accumulated losses amounting to JD 8,619,000 in capital as at December 31, 2017, the authorized capital of the company will become JD 6,250,583 and the paid-in capital will become JD 1,250,583, and the legal requirements were completed on January 31, 2019.
- Cover the authorized capital increase amount of JD 5,000,000 that was decided in the extraordinary general assembly meeting that was held on April 19, 2016 through capitalization part of the company due debts instead of private subscription to company's shareholders, and the legal requirements were completed on April 14, 2019.

### Emphasis of matter

We would like to refer to the existence of restrains on the company's land, building and means of transportation in addition to a restrain on the company as shown in the capital certificate at the Ministry of Industry and Trade - Company's Control Department.

Talal Abu-Ghazaleh & Co. International



Mohammad Al-Azraq  
(License # 1000)

Amman -October 29, 2019

**Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company**  
**Public Shareholding Company**  
**Amman - The Hashemite Kingdom of Jordan**

**Consolidated interim condensed statement of financial position as at September 30, 2019**  
**- (Reviewed and unaudited)**

	Notes	September 30, 2019	December 31, 2018
		(Reviewed and unaudited)	(Audited)
		JD	JD
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property and equipment	3	6,824,700	7,299,614
Intangible assets		190,148	198,374
<b>Total Non-Current Assets</b>		<b>7,014,848</b>	<b>7,497,988</b>
<b>Current Assets</b>			
Inventory		2,794,708	3,058,999
Investment in financial asset at fair value through profit and loss		9,411	13,409
Other debit balances		360,047	522,114
Trade receivables	4	1,702,397	1,026,176
Cash and cash equivalents		12,174	12,320
<b>Total Current Assets</b>		<b>4,878,737</b>	<b>4,633,018</b>
<b>TOTAL ASSETS</b>		<b>11,893,585</b>	<b>12,131,006</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorized capital		6,250,583	14,869,583
Authorize and paid-in capital	5	6,250,583	9,869,583
Statutory reserve		271,045	271,015
Foreign currency translation differences		87,580	84,035
Accumulated losses	5	(13,376,006)	(21,187,698)
<b>Deficit in Equity</b>		<b>(6,766,798)</b>	<b>(10,963,035)</b>
<b>Liabilities</b>			
<b>Non - Current Liabilities</b>			
Payments on capital increase		-	5,000,000
Shareholders payable		7,967,477	7,844,169
<b>Total Non - Current Liabilities</b>		<b>7,967,477</b>	<b>12,844,169</b>
<b>Current Liabilities</b>			
Other credit balances		2,706,832	2,546,614
Trade payables		2,139,154	1,825,350
Due to related parties		5,183,166	5,214,154
Loans	6	663,754	663,754
<b>Total Current Liabilities</b>		<b>10,692,906</b>	<b>10,249,872</b>
<b>Total Liabilities</b>		<b>18,660,383</b>	<b>23,094,041</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,893,585</b>	<b>12,131,006</b>

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

**Consolidated interim condensed statement of comprehensive income for the nine months ended September 30, 2019 - (Reviewed and unaudited)**

	For the nine months ended		For the three months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	JD	JD	JD	JD
Sales	2,226,255	422,719	1,101,751	59,324
Cost of sales	(2,045,005)	(1,607,317)	(889,181)	(609,044)
Gross profit (loss)	181,250	(1,184,598)	212,570	(549,720)
Other revenues, net	118,585	72,214	118,265	46,509
Change in fair value of financial asset at fair value through profit and loss	(3,998)	(1,881)	(1,881)	(939)
Selling and marketing expenses	(434,833)	(255,728)	(169,105)	(130,142)
Administrative expenses	(661,750)	(667,359)	(276,708)	(228,547)
Finance cost	(6,562)	(70,051)	(142)	24,531
Loss	(807,308)	(2,107,403)	(117,001)	(838,308)
Weighted average number of shares	5,743,479	9,869,583		
Loss per share	JD (-/141)	JD (-/214)		

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

**Consolidated interim condensed statement of changes in equity for the nine months ended September 30, 2019 - (Reviewed and unaudited)**

	Capital		Statutory reserve		Foreign currency translation differences		Accumulated losses		Total	
	JD		JD		JD		JD		JD	
<b>For the nine months ended September 30, 2019</b>										
Balance as at January 1, 2019	9,869,583		271,045		84,035		(21,187,698)		(10,963,035)	
Quench of accumulated loss - Note (3)	(8,619,000)		-		-		8,619,000		-	
Increase of capital - Note (3)	5,000,000		-		-		-		5,000,000	
Loss	-		-		-		(807,308)		(807,308)	
Foreign currency translation differences	-		-		3,545		-		3,545	
Balance as at September 30, 2019	<u>6,250,583</u>		<u>271,045</u>		<u>87,580</u>		<u>(13,376,006)</u>		<u>(6,766,798)</u>	
<b>For the nine months ended September 30, 2018</b>										
Balance at January 1, 2018	9,869,583		271,045		-		(17,698,417)		(7,557,789)	
Loss	-		-		-		(2,107,403)		(2,107,403)	
Foreign currency translation differences	-		-		120,501		-		120,501	
Balance as at September 30, 2018	<u>9,869,583</u>		<u>271,045</u>		<u>120,501</u>		<u>(19,805,820)</u>		<u>(9,544,691)</u>	



Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Consolidated interim condensed statement of cash flows for the nine months ended September 30, 2019  
- (Reviewed and unaudited)

	September 30, 2019	September 30, 2018
	JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss	(807,308)	(2,107,403)
Adjustments for :		
Depreciation and amortization	492,473	502,177
Change in fair value of financial asset at fair value through profit and loss	3,998	1,883
Change in operating assets and liabilities:		
Inventory	264,291	83,328
Due from related parties	-	52,758
Other debit balances	162,067	(519,686)
Trade receivables	(676,221)	130,251
Deferred checks	-	(640,303)
Other credit balances	160,218	(1,759,710)
Trade payables	313,804	(586,399)
Net cash from operating activities	<u>(86,678)</u>	<u>(4,843,104)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(9,333)	(119,528)
Net cash from investing activities	<u>(9,333)</u>	<u>(119,528)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans	-	(1,480,385)
Bank overdraft	-	(3,003,220)
Payments on capital increase	(5,000,000)	-
Shareholders payable	123,308	-
Due to related parties	(30,988)	9,265,735
Increase of capital	5,000,000	-
Net cash from financing activities	<u>92,320</u>	<u>4,782,130</u>
Net change in cash and cash equivalents	<u>(3,691)</u>	<u>(180,502)</u>
Cash and cash equivalents - beginning of period	12,320	109,179
Foreign currency translation differences	3,545	120,501
Cash and cash equivalents - end of period	<u>12,174</u>	<u>49,178</u>

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Notes to the consolidated interim condensed financial information for the nine months ended  
September 30, 2019

**1. Legal status and activity**

- Middle East Pharmaceutical and Chemical Industries and Medical Appliances Co. was established on October 25, 1993 and registered as a public shareholding company with the Ministry of Industry and Trade under the number (231).
- The main Company's activities are as follows:
  - Medical and laboratory testing equipment and solutions
  - Human liquid medication manufacturing
  - Human pills medication manufacturing
  - Human anal 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 October 28, 2019

**2. Financial statements preparation framework and significant accounting policies**

- The interim condensed consolidated 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 consolidated financial statement are consistent with those policies used in preparing the financial statements for the year ended December 31, 2018.

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
Public Shareholding Company  
Amman - The Hashemite Kingdom of Jordan

Notes to the consolidated interim condensed financial information for the nine months ended September 30, 2019

3. Property, plant and equipment

	September 30, 2019		Machines and equipment		Transportation vehicles (*)		Factory equipment		Communication systems and programs		Electrical equipment		Furnitures		Artesian well		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost																				
Beginning of period balance	200,606	6,912,919	3,385,751	726,157	5,712,914	266,504	406,495	386,364	50,785	51,044	18,099,539									
Additions	-	-	9,333	-	-	-	-	-	-	-	9,333									
End of year balance	200,606	6,912,919	3,395,084	726,157	5,712,914	266,504	406,495	386,364	50,785	51,044	18,108,872									
Accumulated depreciation																				
Beginning of year balance	-	2,710,917	2,756,006	676,889	3,646,909	247,004	364,626	333,342	48,702	15,530	10,799,975									
Depreciation	-	104,076	139,307	11,154	198,217	8,181	9,513	12,578	184	1,237	484,247									
End of year balance	-	2,814,993	2,895,313	688,043	3,845,126	255,185	374,139	345,720	48,886	16,767	11,284,172									
Net	200,606	4,097,926	499,771	38,114	1,867,788	11,319	32,356	40,644	1,899	34,277	6,824,700									
December 31, 2018																				
Cost																				
Beginning of year balance	200,606	6,895,633	3,355,054	726,157	5,618,969	264,424	405,795	386,104	50,785	26,652	17,930,179									
Additions	-	17,286	30,697	-	93,945	2,080	700	260	-	24,392	169,360									
End of year balance	200,606	6,912,919	3,385,751	726,157	5,712,914	266,504	406,495	386,364	50,785	51,044	18,099,539									
Accumulated depreciation																				
Beginning of year balance	-	2,572,562	2,574,610	661,947	3,376,299	225,195	350,115	316,379	46,622	14,391	10,137,308									
Depreciation	-	138,565	131,396	14,942	270,610	21,309	14,510	16,963	2,080	1,139	662,017									
End of year balance	-	2,710,917	2,706,006	676,889	3,646,909	247,004	364,626	345,720	48,702	15,530	10,799,975									
Net	200,606	4,202,002	679,745	49,268	2,066,005	19,310	41,369	55,022	2,083	35,514	7,299,614									

(\*) Land, building and transportation vehicles mentioned above are seized against judicial reservations.

Notes to the consolidated interim condensed financial information for the nine months ended September 30, 2019

4. Trade receivables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	JD	JD
Trade receivables	2,902,540	2,465,099
Checks under collections	235,862	110,520
Less: expected credit losses allowance (*)	<u>(1,436,005)</u>	<u>(1,549,443)</u>
Total	<u><u>1,702,397</u></u>	<u><u>1,026,176</u></u>

(\*) Expected credit losses allowance movement during the year:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	JD	JD
Beginning of year/period balance	1,549,443	1,498,970
Effect of applying IFRS (9)	-	775,803
Provided	160,987	-
Recovery of allowance	(118,153)	-
Bad debts	<u>(156,272)</u>	<u>(725,330)</u>
End of year/period balance	<u><u>1,436,005</u></u>	<u><u>1,549,443</u></u>

5. Accumulated losses

- The company's accumulated losses amounted to JD 13,376,006, which represents 214% of its capital.
- As it is stated in the consolidated financial statements the company's current liabilities exceeded its current assets by an amount of JD 5,814,169 which affects the company's going concern and also requires it to abide to article no. (266) of the Jordanian Companies Law.
- An extraordinary meeting dated July 31, 2017 was held and the following decisions were made:
  - Quenching the accumulated losses amounting to JD 8,619,000 in capital as at December 31, 2017, the authorized capital of the company will become JD 6,250,583 and the paid-in capital will become JD 1,250,583, and the legal requirements were completed on January 31, 2019.
  - Cover the authorized capital increase amount of JD 5,000,000 that was decided in the extraordinary general assembly meeting that was held on April 19, 2016 through capitalization part of the company due debts instead of private subscription to company's shareholders, and the legal requirements were completed on April 14, 2019.

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company  
 Public Shareholding Company  
 Amman - The Hashemite Kingdom of Jordan

Notes to the consolidated interim condensed financial information for the nine months ended September 30, 2019

6. Loans

Lenders	September 30, 2019			December 31, 2018
	Current portion	Non-Current portion	Total	Total
	JD	JD	JD	JD
Bank of Jordan (*)	452,239	-	452,239	452,239
Housing bank (*)	211,515	-	211,515	211,515
<b>Total</b>	<b>663,754</b>	<b>-</b>	<b>663,754</b>	<b>663,754</b>

(\*) As mentioned in the lawyer letter, there are legal cases held by Banks against the company.

7. Subsidiary company

The consolidated interim condensed statements include the subsidiary's financial statements as at September 30, 2019 as follows:

Company name	Legal status	Paid-in capital	Ownership	Total assets	Total liabilities	(Accumulated losses)
		JD	%	JD	JD	JD
Middle East Pharmaceutical & Chemical Industries Co - Algeria	LLC	5,850	100	121,266	379,879	(261,160)