



شركة الشرق الأوسط للصناعات الدوائية والكيمياوية والمستلزمات الطبية م.ع.م
Middle East Pharmaceutical And Chemical industries & Medical Appliances P.L.C.

١- بورصة عمان
٢- شركة
٣- شركة

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هيئة الأوراق المالية
الدوائية والكيمياوية
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شركة الشرق الأوسط للصناعات الدوائية والكيمياوية والمستلزمات الطبية م.ع.م



To: Jordan Securities Commission
Amman Stock Exchange
Date:- 31/07/2017
Subject: Semi- Annual Report as of
30/06/2017

السادة هيئة الأوراق المالية
السادة بورصة عمان
التاريخ:- 31/07/2017
الموضوع : التقرير نصف السنوي كما هو في
2017/06/30

Attached the company's Semi- Annual
Report of (Middle East pharmaceutical
And Chemical Industries & Medical
Appliances P.L.C) As of 30/06/2017.

مرفق طيه نسخة من التقرير نصف السنوي
لشركة (الشرق الأوسط للصناعات الدوائية
والكيمياوية والمستلزمات الطبية م.ع.م) كما
هو بتاريخ 2017/06/30 م.

Kindly accept our highly appreciation
and respect

وتفضلوا بقبول فائق الاحترام،،،

Company's Name (Middle East
pharmaceutical And Chemical Industries &
Medical Appliances P.L.C

اسم الشركة (شركة الشرق الأوسط للصناعات
الدوائية والكيمياوية والمستلزمات الطبية
م.ع.م).

Signature

المدير المالي والإداري

Abdelfattah Samhouri

عبدالفتاح السهموري

Abdsam



**Middle East Pharmaceutical & Chemical
Industries & Medical Appliances
Public Shareholding Company**

**Condensed Interim Consolidated Financial Statements (Not Audited)
30 June 2017**

Arab Professionals

(Member firm within of Grant Thornton International Ltd)

**Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company**

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Report on Review of Condensed Interim Consolidated Financial Statements

To The Board of Directors
Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Al Balqa - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Middle East Pharmaceutical & Chemical Industries & Medical Appliances PLC, comprising the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-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 as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

Material Uncertainty Related to Going Concern

We draw attention to the condensed interim consolidated financial statements, which indicates that the Company's current liabilities exceeded its current assets by JOD (10.5) million, also the Company accumulated losses reached 1.45% of its capital, this is in additions to other liabilities not paid as at 30 June 2017, which requires the company to comply with the Article No. (266) of the Jordanian Companies Law. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, Its continuation depends on providing the necessary funds to meet its obligations and the success of its future operations and its ability to implement the future management plan as set in note (5).

25 July 2017
Amman - Jordan



Amin Samara
(License No. 481)
Arab Professionals

Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 30 June 2017
(In Jordanian Dinar)

	30 June 2017	31 December 2016
Assets		
Non - current assets		
Property, plant and equipment	8,037,978	8,352,332
Intangible assets	316,191	340,195
Total non - current assets	<u>8,354,169</u>	<u>8,692,527</u>
Current assets		
Inventories	3,305,061	3,155,723
Other current assets	476,798	639,668
Accounts receivable	2,814,089	2,677,057
Financial assets at fair value through statement of profit or loss	16,016	16,056
Amounts due from related parties	227,311	230,417
Checks under collection	693,442	1,023,442
Cash and cash equivalents	126,215	160,388
Total current assets	<u>7,658,932</u>	<u>7,902,751</u>
Total assets	<u>16,013,101</u>	<u>16,595,278</u>
Equity and liabilities		
Equity		
Paid - in capital	9,869,583	9,869,583
Statutory reserve	271,045	271,045
Accumulated losses	(14,314,103)	(12,707,532)
Deficit in equity	<u>(4,173,475)</u>	<u>(2,566,904)</u>
Liabilities		
Non - current liabilities		
Payments for capital increase	1,343,000	1,343,000
Bank facilities - long term	109,319	92,275
Postdated checks - long term	550,703	658,223
Total non - current liabilities	<u>2,003,022</u>	<u>2,093,498</u>
Current liabilities		
Bank facilities - short term	8,570,514	8,306,597
Postdated checks - short term	412,860	306,040
Accounts payable	2,647,097	2,912,388
Amounts due to shareholders	937,952	921,608
Notes payable	26,827	89,596
Amounts due to related parties	3,609,306	2,825,272
Other liabilities	1,978,998	1,707,183
Total current liabilities	<u>18,183,554</u>	<u>17,068,684</u>
Total liabilities	<u>20,186,576</u>	<u>19,162,182</u>
Total equity and liabilities	<u>16,013,101</u>	<u>16,595,278</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Interim Consolidated Statement of Comprehensive Income
For the six months ended at 30 June 2017

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net sales	39,099	719,841	445,915	1,112,802
Cost of sales	(491,496)	(850,116)	(1,197,027)	(1,516,097)
Gross loss	(452,397)	(130,275)	(751,112)	(403,295)
Selling and distribution expenses	(44,318)	(503,906)	(134,554)	(811,542)
Administrative expenses	(144,301)	(194,213)	(340,215)	(364,629)
Depreciation and amortization	(31,580)	(45,935)	(66,091)	(91,777)
Changes in fair value of financial assets through profit or loss	425	(1,857)	(39)	(1,162)
Net of other revenues	-	208	20,444	28,638
Financing cost	(151,842)	(159,284)	(335,004)	(376,397)
Total comprehensive loss for the period	(824,013)	(1,035,262)	(1,606,571)	(2,020,164)
Basic and diluted loss per share	(0.083)	(0.105)	(0.163)	(0.205)

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity
For the six months ended at 30 June 2017**

(In Jordanian Dinar)

	<u>Paid - in Capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Deficit in equity</u>
Balance at 1 January 2017	9,869,583	271,045	(12,707,532)	(2,566,904)
Total comprehensive loss for the period	-	-	(1,606,571)	(1,606,571)
Balance at 30 June 2017	<u>9,869,583</u>	<u>271,045</u>	<u>(14,314,103)</u>	<u>(4,173,475)</u>
Balance at 1 January 2016	9,869,583	271,045	(9,220,436)	920,192
Total comprehensive loss for the period	-	-	(2,020,164)	(2,020,164)
Balance at 30 June 2016	<u>9,869,583</u>	<u>271,045</u>	<u>(11,240,600)</u>	<u>(1,099,972)</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

**Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Interim Consolidated Statement of Cash Flows
For the six months ended at 30 June 2017**

(In Jordanian Dinar)

	30 June 2017	30 June 2016
Operating activities		
Loss for the period	(1,606,571)	(2,020,164)
Depreciation and amortization	369,634	389,761
Changes in fair value of financial assets through profit or loss	39	1,162
Financing cost	335,004	376,397
Changes in working capital		
Checks under collection	330,000	705,558
Accounts receivable	(137,032)	385,287
Inventories	(149,338)	(242,153)
Amounts due to/from related parties	162,870	41,202
Other current assets	(265,291)	(67,250)
Postdated checks	787,140	1,856,351
Accounts payable	(700)	889,956
Other liabilities	271,816	(804,320)
Net cash flows from operating activities	<u>97,571</u>	<u>1,511,787</u>
Investing activities		
Property, plant and equipment	(31,276)	(27,095)
Financing activities		
Bank facilities	280,961	(1,036,115)
Amounts due to shareholders	(62,769)	(2,758)
Notes payable	16,344	-
Financing cost paid	(335,004)	(376,397)
Net cash flows used in financing activities	<u>(100,468)</u>	<u>(1,415,270)</u>
Net change in cash and cash equivalents	(34,173)	69,422
Cash and cash equivalents at beginning of the year	160,388	85,619
Cash and cash equivalents at end of the period	<u>126,215</u>	<u>155,041</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

Middle East Pharmaceutical & Chemical Industries & Medical Appliances
Public Shareholding Company
Notes to the Condensed Interim Consolidated Financial Statements (Not Audited)
30 June 2017
(In Jordanian Dinar)

1. General

Middle East Pharmaceutical & Chemical Industries & Medical Appliances established as a public shareholding company on 10 July 1993 and registered in the Hashemite Kingdom of Jordan under number (231), with the main objective of manufacturing human and veterinary medicines.

The Company shares are listed in Amman Stock Exchange – Jordan.

The condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 25 July 2017.

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 2017.

The condensed interim consolidated financial statements have been prepared on a historical cost convention except for investment securities, which have been measured at fair value.

The condensed interim consolidated financial statements are presented in Jordanian Dinar "JOD" which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

Principles of Consolidation

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

Subsidiary 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 subsidiary 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 subsidiary has been consolidated:

Company	Capital	Ownership	Activity	Registration country
Middle East Pharmaceutical	11,857	100%	Manufacturing & marketing	Algeria

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 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 comprehensive income.
- Management reviews periodically its financial assets, which presented by cost to estimate any impairment in its value, and an impairment of loss (it founded) is accrued in the interim consolidated statement of comprehensive income.
- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable.
- 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation (except lands) and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the interim consolidated statement of comprehensive income.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2-15%
Machines and equipment	2-20% (depending on production capacity)
Vehicles	10-20%
Other	5-10%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets with definite lives are amortized over the economic useful lives using the straight line method during a period from the date of purchase and assessed for impairment when there is an indication that the intangible asset may be impaired. Intangible assets are reviewed for any indication of impairment on the date of the condensed interim consolidated financial statements. The estimated useful lives are reassessed and any adjustments are made in the subsequent periods.

Intangible assets with indefinite lives are not amortized; it is only tested for impairment in value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the FIFO method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads.

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Financial Assets at Fair Value through Statement of Profit or Loss

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the interim consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the interim consolidated statement of profit or loss.

Dividends and interests from these financial assets are recorded in the interim consolidated statement of profit or loss.

Trading and Settlement Date Accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Fair Value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on condensed interim consolidated statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short term deposits with the original maturity of three months or less.

Payables and Accruals

Accounts payable and accrued expenses are recognized when goods are received and services are rendered.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the condensed interim consolidated financial statements date and are adjusted based on recent available information.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

Revenue Recognition

Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

Interest is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis.

Research Costs

Research costs are expensed as incurred.

Development expenses

The development expenses are capitalized when the cost of the developing the products are identifiable and measurable reliably and there are economic benefit from sale or use of the product and the company provide the technical and financial resources necessary to complete the development operation. The recoverable value of the development expenses are reviewed periodically, in case of any impairment identified will included in the interim consolidated statement of the comprehensive income.

Grants and donations

Grants and donations are recognized when received at fair value as unearned revenue in the interim consolidated statement of comprehensive income in the same financial periods the related expenses are recognized, the donations related to a depreciable assets are recognized as revenue during the periods the donated asset are depreciated in line with the depreciation expense recognized for the year.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the interim consolidated statement of comprehensive income.

Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the condensed interim consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

3. Income Tax

- The Company has settled its tax liability with the Income Tax Department up to 2014.
- The income tax returns for the years 2015 and 2016 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision was calculated for the six-months ended at 30 June 2017, as the Company has no taxable income.

4. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, securities and account receivables. Financial liabilities of the Company include bank facilities, notes payable, accounts payable, amounts due to related parties and postdated checks.

Fair value

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.

Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rates and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Currency risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in Jordanian Dinar therefore, the Company has not a significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and financial investments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the interim consolidated statement of financial position date to the contractual maturity date.

30 June 2017	Less than one year	More than one year	Total
Payments for capital increase	-	1,343,000	1,343,000
Bank facilities	8,570,514	109,319	8,679,833
Postdated checks	412,860	550,703	963,563
Amount due to shareholders	937,952	-	937,952
Accounts payable	2,647,097	-	2,647,097
Notes payable	26,827	-	26,827
Amounts due to related parties	3,609,306	-	3,609,306
Other liabilities	1,978,998	-	1,978,998
	<u>18,183,554</u>	<u>2,003,022</u>	<u>20,186,576</u>
31 December 2016	Less than one year	More than one year	Total
Payments for capital increase	-	1,343,000	1,343,000
Bank facilities	8,306,597	92,275	8,398,872
Postdated checks	306,040	658,223	964,263
Amount due to shareholders	921,608	-	921,608
Accounts payable	2,912,388	-	2,912,388
Notes payable	89,596	-	89,596
Amounts due to related parties	2,825,272	-	2,825,272
Other liabilities	1,707,183	-	1,707,183
	<u>17,068,684</u>	<u>2,093,498</u>	<u>19,162,182</u>

Equity Price Risk

Equity price risk results from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the six-months ended at 30 June 2017 would have been reduced / increased by JOD (1,602) (2016: JOD 1,722).

5. Going Concern

We draw attention to the condensed interim consolidated financial statements, which indicates that the Company's current liabilities exceeded its current assets by JOD (10.5) million, also the Company accumulated losses reached 1.45% of its capital. These events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern; also it requires them to comply with the Article No. (266) of the Jordanian Companies Law.

The General Assembly has decided in its extraordinary meeting held on 20 April 2017 to extinguish JOD (9,369,583) of its accumulated losses as at 31 December 2016 by decreasing its current capital which is (9,869,583) JOD/shares, to become (500,000) JOD/shares and then increase the capital by (7) million shares through private subscription to become (7.5) million JOD/shares. The legal procedures have not been completed yet.