

**Arab Center For Pharmaceutical
& Chemical Industries Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Interim Condensed Financial Statements
and Independent Auditor's Report
for the nine months ended September 30, 2024**

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, 2024, 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".

Material Uncertainty

Without qualifying our conclusion, we would like to refer to note (5) of the financial statements that the company's accumulated losses amounted to JD 8,414,446 which represents 168% of its capital as at the statement of financial position date; and also, the company's total current liabilities exceeded its current assets by an amount of JD 2,697,903, 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 as follows:

- It was agreed to amortize part of the accumulated losses amounted of JD 7,309,528 as on December 31, 2021 by decreasing the company's capital with an amount of JD 4,500,000 so the company's capital become JD 500,000, then use the whole statutory reserve which is amounted to JD 1,138,105 as on December 31, 2021 to amortize part of the accumulated losses.
- It was agreed to 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.

Upon completing of the procedures above, the accumulated losses will represent 53% of the company's capital, the decision of the extra ordinary general assembly meeting was not executed until the date of the financial statements.





Report on review of interim condensed financial information for the nine months ended September 30, 2023

Emphasis of matter

- We would like to state that there are restrains on the lands, buildings, vehicles, machinery and current accounts at banks 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 and Supply 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 24, 2024.

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, 2024 – (Reviewed and unaudited)

		September 30,2024	December 31,2023
	Notes	(Reviewed and unaudited)	(Audited)
		JD	JD
ASSETS			
Non-current Assets			
Property, plant and equipment	3	4,450,994	4,468,546
Investment in an associate	4	-	-
Investment in financial asset at fair value through other comprehensive income		1	1
Due from related party		399,906	401,754
Total Non-Current Assets		4,850,901	4,870,301
Current Assets			
Inventory		99,636	89,863
Other debit balances		75,497	68,042
Trade receivables		9,080	1,803
Cash and cash equivalents		30,862	17,623
Total Current Assets		215,075	177,331
TOTAL ASSETS		5,065,976	5,047,632
EQUITY AND LIABILITIES			
Equity			
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	(8,414,446)	(8,401,920)
Deficit in Equity		(2,391,798)	(2,379,272)
Liabilities			
Non Current Liabilities			
Shareholders payable		4,544,796	4,544,396
Total Non-Current Liabilities		4,544,796	4,544,396
Current Liabilities			
Other credit balances		900,771	866,303
Trade payables		413,798	418,913
Due to related parties		1,598,409	1,597,292
Total Current Liabilities		2,912,978	2,882,508
Total Liabilities		7,457,774	7,426,904
TOTAL EQUITY AND LIABILITIES		5,065,976	5,047,632

The accompanying notes constitute an integral part of these financial statements

Arab Center For Pharmaceutical
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**Interim condensed statement of comprehensive income for the nine months ended September 30, 2024 –
(Reviewed and unaudited)**

	For the nine months ended on September 30,		For the three months ended on September 30,	
	2024	2023	2024	2023
	JD	JD	JD	JD
Sales	138,719	138,614	34,897	54,725
Cost of sales	(126,463)	(103,490)	(22,880)	(48,736)
Gross profit	12,256	35,124	12,017	5,989
Other income, net	15,747	6,663	5,456	3,763
Loss of investement in an associate	-	(891,104)	-	(891,104)
Administrative expenses	(40,529)	(45,679)	(9,987)	(11,885)
Loss	(12,526)	(894,996)	7,486	(893,237)
Weighted average number of shares	5,000,000	5,000,000		
Loss per share	JD (0/0025)	JD (0/18)		

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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, 2024 - (Reviewed and unaudited)

	Change in fair value of investments in financial assets at fair value through other comprehensive income				Accumulated losses	Deficit
	Capital	Statutory reserve	JD	JD	JD	JD
For the nine months ended September 30 2024	JD	JD				
Balance as at January 1, 2024	5,000,000	1,138,105		(115,457)	(8,401,920)	(2,379,272)
Loss	-	-		-	(12,526)	(12,526)
Balance as at September 30, 2024	5,000,000	1,138,105		(115,457)	(8,414,446)	(2,391,798)
For the nine months ended September 30, 2023						
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)
Balance as at September 30, 2023	5,000,000	1,138,105		(115,457)	(8,300,825)	(2,278,177)

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Arab Center for Pharmaceutical
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Interim condensed statement of cash flows for the nine months ended September 30, 2024 –
(Reviewed and unaudited)

	September 30, 2024	September 30, 2023
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(12,526)	(894,996)
Adjustments for :		
Depreciation	17,552	17,522
Loss of investement in an associate	-	891,104
Change in operating assets and liabilities:		
Inventory	(9,773)	(46,627)
Other debit balances	(7,455)	(10,648)
Trade receivables	(7,277)	(554)
Other credit balances	34,468	25,040
Trade payables	(5,115)	17,223
Net cash from operating activities	<u>9,874</u>	<u>(1,936)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholders payable	400	400
Related parties	2,965	290
Net cash from financing activities	<u>3,365</u>	<u>690</u>
Net change in cash and cash equvilents	13,239	(1,246)
Cash and cash equivalents - beginning of period	17,623	19,609
Cash and cash equivalents - end of period	<u><u>30,862</u></u>	<u><u>18,363</u></u>

The accompanying notes constitute an integral part of these financial statements

Arab Center for Pharmaceutical & Chemical Industries Co
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Notes to the interim condensed financial statements

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 23, 2024.

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, 2023.

Notes to the interim condensed financial statements for the nine months ended September 30, 2024

3. Property, plant and equipment

	September 30, 2024										Total
	Lands (*)	Buildings (*)	Furniture and decorations	Devices and machines	Software and computers	Electrical devices and condition units	Tools and equipment	Vehicles and machinery (*)	Projects under construction (**)		
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Beginning of period balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240	9,145,301	
End of period balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240	9,145,301	
Accumulated depreciation											
Beginning of period balance	-	732,262	207,771	3,358,133	200,598	114,410	27,002	36,579	-	4,676,755	
Depreciation	-	17,494	58	-	-	-	-	-	-	17,552	
End of period balance	-	749,756	207,829	3,358,133	200,598	114,410	27,002	36,579	-	4,694,307	
Net	322,476	466,967	426	699	107	71	5	3	3,660,240	4,450,994	
Cost											
Beginning of year balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240	9,145,301	
End of year balance	322,476	1,216,723	208,255	3,358,832	200,705	114,481	27,007	36,582	3,660,240	9,145,301	
Accumulated depreciation											
Beginning of year balance	-	708,958	207,704	3,358,106	200,598	114,410	27,002	36,579	-	4,653,357	
Depreciation	-	23,304	67	27	-	-	-	-	-	23,398	
End of year balance	-	732,262	207,771	3,358,133	200,598	114,410	27,002	36,579	-	4,676,755	
Net	322,476	484,461	484	699	107	71	5	3	3,660,240	4,468,546	

(*) Lands, buildings, vehicles and machinery are seized against legal cases held at related courts, and is still outstanding as of the date of the financial statements.

(**) Projects under construction represent the company's building and facilities development and improvement, in addition to buying machinery and equipment in order to increase the production capacity to replace certain production lines, and to change the factory infrastructure and renovate buildings to bring the factory into line with conditions of the drug production process that has been it's started on March 2013.

Notes to the interim condensed financial statements for the nine months ended September 30, 2024

4. Investment in an associate

Company	Country of incorporation	Legal entity	Ownership %	Total assets JD	Total liabilities JD	Loss JD	Accumulated losses JD
Middle East Pharmaceutical and chemical Industries and Medical Appliances Company	Jordan	P.L.C	12,85	7,531,320	12,606,848	851,222	6,480,297

(*) Movement of investment through the period was as the follows:

	September 30, 2024 JD	December 31, 2023 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 8,414,446 which represents 168% of its capital as at September 30, 2024, 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, 2023 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 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.
 - 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 (JD)
Hamzeh Tantash	2,612,914
Tantash Investment Group Co.	1,529,542
Mazen Tantash	357,544
Total	4,500,000

- The extraordinary meeting of the general assembly decisions has not been executed until the date of the financial statements.

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.