

The Arab Pesticides & Veterinary Drugs Mfg. Co.

Public Shareholding Company

Consolidated Financial Statements

31 December 2021

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Irbid - Jordan

Opinion

We have audited the consolidated financial statements of The Arab Pesticides & Veterinary Drugs Mfg. Co. PLC which comprise the consolidated statement of financial position as at 31 December 2021, and consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Provision for Expected Credit Loss

Included in the accompanying consolidated financial statements at the end of the year 2021 financial assets totaling JOD (16,086,980), as the provision for the expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Cost of Finished Goods and Work in Progress

Included in the accompanying consolidated financial statements at the end of the year 2021 finished goods and work in progress totaling JOD (2,273,640) as determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in progress a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.


- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

7 March 2022
Amman – Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2021
(In Jordanian Dinar)

	Notes	2021	2020
Assets			
Non - current assets			
Property, plant and equipment	3	6,682,334	6,173,508
Investment in associates	4	559,673	429,616
Financial assets at fair value through other comprehensive income	5	237,090	237,090
Check under collection - long term		58,000	66,503
Total non - current assets		<u>7,537,097</u>	<u>6,906,717</u>
Current assets			
Inventories	6	11,921,696	11,855,413
Other current assets	7	813,304	1,047,512
Accounts receivable	8	9,477,738	9,247,591
Checks under collection		1,953,044	2,218,065
Cash and cash equivalents	9	3,725,670	3,021,060
Total current assets		<u>27,891,452</u>	<u>27,389,641</u>
Total assets		<u>35,428,549</u>	<u>34,296,358</u>
Equity and liabilities			
Equity	10		
Paid - in capital		15,000,000	12,000,000
Statutory reserve		3,375,858	3,000,000
Voluntary reserve		1,705,064	2,329,206
Changes in foreign exchange rate		(2,507,710)	(2,349,358)
Retained earnings		6,805,387	7,209,766
Total Shareholder's Equity		<u>24,378,599</u>	<u>22,189,614</u>
Non-controlling interest		5,417,135	4,767,164
Total equity		<u>29,795,734</u>	<u>26,956,778</u>
Liabilities			
Non - current liabilities			
Notes payable - long term	12	318,817	672,189
Bank facilities - long term	11	1,290,764	432,307
Total non - current liabilities		<u>1,609,581</u>	<u>1,104,496</u>
Current liabilities			
Accounts payable		874,271	1,708,431
Bank facilities	11	1,163,914	1,969,277
Notes payable	12	171,228	799,204
Postdated checks		161,551	53,007
Other liabilities	13	1,652,270	1,705,165
Total current liabilities		<u>4,023,234</u>	<u>6,235,084</u>
Total liabilities		<u>5,632,815</u>	<u>7,339,580</u>
Total equity and liabilities		<u>35,428,549</u>	<u>34,296,358</u>

"The accompanying notes from (1) to (25) are integral part of these consolidated financial statements"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Consolidated Statement of Profit or Loss
For the year ended 31 December 2021
(In Jordanian Dinar)

	Notes	2021	2020
Net sales	19	22,628,769	22,563,664
Cost of sales	14	(14,536,548)	(14,623,341)
Gross profit		8,092,221	7,940,323
Share of profit from the associate companies	4	316,804	200,708
Selling and distribution expenses	16	(764,793)	(977,638)
Administrative expenses	17	(1,996,482)	(1,627,671)
Financing cost		(283,592)	(238,077)
Provision for expected credit loss	8	(400,000)	(400,000)
Provision for slow moving and expired inventories	6	(100,000)	(100,000)
Other income		38,443	12,590
Board of Directors remuneration		(45,000)	(45,000)
Profit for the year before income tax		4,857,601	4,765,235
Income and National Contribution tax expense for the year	22	(403,793)	(376,251)
Profit for the year		4,453,808	4,388,984
Attributable to:			
Shareholders of the company		3,547,337	3,324,437
Non-controlling interest		906,471	1,064,547
		4,453,808	4,388,984
 Basic and diluted earnings per share	 18	 0.236	 0.222

"The accompanying notes from (1) to (25) are integral part of these consolidated financial statements"

**The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021**

(In Jordanian Dinar)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Profit for the year		4,453,808	4,388,984
Other comprehensive income items:			
Changes in foreign exchange rate	4	<u>(158,352)</u>	<u>(337,682)</u>
Total comprehensive income for the year		<u>4,295,456</u>	<u>4,051,302</u>
 Attributable to:			
Shareholders of the company		3,388,985	2,986,755
Non-controlling interest		<u>906,471</u>	<u>1,064,547</u>
		<u>4,295,456</u>	<u>4,051,302</u>

"The accompanying notes from (1) to (25) are integral part of these consolidated financial statements"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

(In Jordanian Dinar)

	Paid - in Capital	Reserves		Changes in Foreign Exchange Rate	Retained Earnings	Total Shareholder's Equity	Non- Controlling Interest	Total Equity
		Statutory	Voluntary					
Balance at 1 January 2021	12,000,000	3,000,000	2,329,206	(2,349,358)	7,209,766	22,189,614	4,767,164	26,956,778
Increase in capital (Note 10)	3,000,000	-	(1,000,000)	-	(2,000,000)	-	-	-
Cash dividends (Note 10)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	-	(256,500)	(256,500)
Total comprehensive income for the year	-	-	-	(158,352)	3,547,337	3,388,985	906,471	4,295,456
Reserves	-	375,858	375,858	-	(751,716)	-	-	-
Balance at 31 December 2021	15,000,000	3,375,858	1,705,064	(2,507,710)	6,805,387	24,378,599	5,417,135	29,795,734
Balance at 1 January 2020	12,000,000	3,000,000	1,977,465	(2,011,676)	5,437,070	20,402,859	3,855,720	24,258,579
Cash dividends	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Non-controlling interest dividends	-	-	-	-	-	-	(153,103)	(153,103)
Total comprehensive income for the year	-	-	-	(337,682)	3,324,437	2,986,755	1,064,547	4,051,302
Reserves	-	-	351,741	-	(351,741)	-	-	-
Balance at 31 December 2020	12,000,000	3,000,000	2,329,206	(2,349,358)	7,209,766	22,189,614	4,767,164	26,956,778

“The accompanying notes from (1) to (25) are an integral part of these consolidated financial statements”

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Consolidated Statement of Cash Flows
For the year ended 31 December 2021

(In Jordanian Dinar)

	2021	2020
Operating activities		
Profit for the year before tax	4,857,601	4,765,235
Depreciation	402,244	538,456
Share of profit from the associate companies	(316,804)	(200,708)
Provision for expected credit loss	400,000	400,000
Allowance for slow moving and expired inventories	100,000	100,000
Board of Directors remuneration	45,000	45,000
Changes in working capital		
Checks under collection	273,524	(86,168)
Accounts receivable	(630,147)	(1,716,876)
Inventories	(166,283)	(2,070,591)
Other current assets	234,208	(42,834)
Accounts payable	(834,160)	259,180
Other liabilities	(108,557)	21,999
Postdated checks	108,544	(95,069)
Paid income tax	(393,131)	(267,917)
Net cash flows from operating activities	<u>3,972,039</u>	<u>1,649,707</u>
Investing activities		
Property, plant and equipment	(911,070)	(530,055)
Dividends received from associate investment	28,395	85,199
Net cash flows used in investing activities	<u>(882,675)</u>	<u>(444,856)</u>
Financing activities		
Cash dividends	(1,200,000)	(1,200,000)
Non-controlling interest	(256,500)	(153,103)
Notes payable	(981,348)	(313,539)
Bank facilities	53,094	1,653,096
Net cash flows used in financing activities	<u>(2,384,754)</u>	<u>(13,546)</u>
Net changes in cash and cash equivalents	704,610	1,191,305
Cash and cash equivalents, beginning of year	3,021,060	1,829,755
Cash and cash equivalents, end of year	<u>3,725,670</u>	<u>3,021,060</u>

"The accompanying notes from (1) to (25) are integral part of these consolidated financial statements"

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Public Shareholding Company
Notes to the Consolidated Financial Statements
31 December 2021

(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 July 2005 the company changed its legal entity 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 consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 7 March 2022, and these consolidated financial statements require the approval of the General Assembly.

2 . Summary of Significant Accounting Policies

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on a historical cost basis.

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

Principles of Consolidation

The 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

Company	Capital	Ownership	Activity	Registration country
Endmaj Chemical and Specialized Medical Industries Company	50,000	100%	Manufacturing	Jordan
Delta Sudia for Chemical Industries Company	2,090,000	55%	Manufacturing	KSA

Adoption of new IFRS standards

The following standard have been published that are mandatory for accounting periods after 31 December 2021. Management anticipates that the adoption of new Standard will have no material impact on the consolidated financial statements of the Company.

Standard No.	Title of Standard	Effective Date
IFRS 17	Insurance Contracts	1 January 2023

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of the consolidated 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 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.

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 consolidated statement of profit or loss.

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

Buildings	2%
Machines and equipment	10-12%
Vehicles	15%
Other	10-20%

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.

Investments in Associate

Investments in associate undertakings are accounted for by the equity method of accounting. These are undertakings over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Unrealized gains and losses on transactions between the Company and its associate undertakings are eliminated to the extent of the Company's interest in the associate undertakings.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them- were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

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 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.

Inventories

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

Raw materials are stated at the lower of the cost or net realizable value, cost is determined by the weighted average method.

Accounts Receivable

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

Cash and Cash Equivalents

Cash and cash equivalents comprise of 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 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 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

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Dividends are recognized when it's declared by the General Assembly of the investee company.

Other revenues are recognized on the accrual basis.

Short-term-leases and leases of low-value assets

The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease terms of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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 consolidated statement of profit or loss.

Income tax

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the 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.

The Arab Pesticides & Veterinary Drugs Mfg. Co.
Notes to the Consolidated Financial Statements (Continued)
31 December 2021

3 . Property, plant and equipment

	Lands	Buildings	Machines & Equipment	Vehicles	Others	Total
Cost						
Balance at 1/1/2021	923,787	5,564,088	5,720,974	963,642	1,576,510	14,749,001
Additions	-	328,003	419,473	100,577	64,275	912,328
Disposals	-	-	-	(57,992)	-	(57,992)
Balance at 31/12/2021	<u>923,787</u>	<u>5,892,091</u>	<u>6,140,447</u>	<u>1,006,227</u>	<u>1,640,785</u>	15,603,337
Accumulated depreciation						
Balance at 1/1/2021	-	1,812,876	4,928,303	829,940	1,004,374	8,575,493
Depreciation	-	163,976	95,422	54,015	88,831	402,244
Disposals	-	-	-	(56,734)	-	(56,734)
Balance at 31/12/2021	-	<u>1,976,852</u>	<u>5,023,725</u>	<u>827,221</u>	<u>1,093,205</u>	8,921,003
Net book value at 31/12/2021	923,787	3,915,239	1,116,722	179,006	547,580	6,682,334
Cost						
Balance at 1/1/2020	923,787	5,438,585	5,448,942	920,931	1,502,701	14,234,946
Additions	-	125,503	272,032	58,711	73,809	530,055
Disposals	-	-	-	(16,000)	-	(16,000)
Balance at 31/12/2020	<u>923,787</u>	<u>5,564,088</u>	<u>5,720,974</u>	<u>963,642</u>	<u>1,576,510</u>	14,749,001
Accumulated depreciation						
Balance at 1/1/2020	-	1,659,562	4,751,562	829,224	812,689	8,053,037
Transfers	-	-	-	(106,660)	106,660	-
Depreciation	-	153,314	176,741	123,376	85,025	538,456
Disposals	-	-	-	(16,000)	-	(16,000)
Balance at 31/12/2020	-	<u>1,812,876</u>	<u>4,928,303</u>	<u>829,940</u>	<u>1,004,374</u>	8,575,493
Net book value at 31/12/2020	923,787	3,751,212	792,671	133,702	572,136	6,173,508

Some of the Company's lands are mortgaged against bank facilities granted to the Company.

4 . Investment in associates

The following table summarizes the movements over the Company's investments in associates:

Company	Beginning Balance	Cash Dividends	Share of Income	Foreign Exchange	Ending Balance	Market Value
Syrian Arabian Company for Pesticides and Veterinary LLC	411,866	(28,395)	316,804	(158,352)	541,923	Not listed
Asia Vet LLC *	17,750	-	-	-	17,750	Not listed
	<u>429,616</u>	<u>(28,395)</u>	<u>316,804</u>	<u>(158,352)</u>	<u>559,673</u>	

* The Company was established during 2015 in the Islamic Republic of Mauritania, with no operations till date.

The following table summarizes key financial information of the associates:

Company	Activity	Country	Ownership	Assets	Liabilities	Revenues
Syrian Arabian Company for Pesticides and Veterinary LLC	Manufacturing	Syria	44.4%	1,262,874	42,327	2,019,261
Asia Vet LLC	Manufacturing	Mauritania	49%	36,255	-	-

5 . Financial assets at fair value through other comprehensive income

	2021	2020
Unquoted shares	<u>237,090</u>	<u>237,090</u>

This item represents the cost of company's investment of 9.6% of (Delta Investment Company LLC - Jordan) capital.

6 . Inventories

	2021	2020
Raw materials and packaging materials	10,058,477	9,202,401
Finished goods	2,100,954	2,674,840
Work in progress	172,686	288,593
Provision for damaged and expired inventory items	<u>(410,421)</u>	<u>(310,421)</u>
	<u>11,921,696</u>	<u>11,855,413</u>

The movement on the provision for damaged and expired inventory items is as follows:

	2021	2020
Balance at beginning of the year	310,421	216,101
Additions	100,000	100,000
Write-off during the year	<u>-</u>	<u>(5,680)</u>
	<u>410,421</u>	<u>310,421</u>

7 . Other current assets

	2021	2020
Prepaid expenses	307,019	483,335
Letters of credit	147,875	223,757
Advance payment on establishing investments	143,420	143,420
Employees receivables	122,240	97,071
Guarantees deposits	66,356	74,844
Refundable deposits	18,607	21,088
Sales tax withholdings	<u>7,787</u>	<u>3,997</u>
	<u>813,304</u>	<u>1,047,512</u>

8 . Accounts receivable

	2021	2020
Accounts receivables	11,438,461	11,833,959
Provision for expected credit loss	(1,960,723)	(2,586,368)
	<u>9,477,738</u>	<u>9,247,591</u>

Movement on the provision for expected credit loss is as follows:

	2021	2020
Balance at beginning of the year	2,586,368	2,186,368
Additions	400,000	400,000
Write off depts.	(1,025,645)	-
	<u>1,960,723</u>	<u>2,586,368</u>

The age of receivables past due but not impaired is as follows:

	2021	2020
Receivables past due for less than one year	9,477,738	9,247,591
Receivables past due for more than one year	-	-
	<u>9,477,738</u>	<u>9,247,591</u>

9 . Cash and cash equivalents

	2021	2020
Cash and checks on hand	25,765	141,653
Current bank accounts	1,184,670	1,312,231
Bank deposits	2,515,235	1,567,176
	<u>3,725,670</u>	<u>3,021,060</u>

10 . Equity

Paid - in capital

The authorized, and paid - in capital is JOD (15) million divided equally into (15) million shares with par value of JOD (1) for each share as at 31 December 2021.

The authorized, and paid - in capital is JOD (12) million divided equally into (12) million shares with par value of JOD (1) for each share as at 31 December 2020.

The General Assembly agreed in its meeting held in 2021 to distribute cash dividends to shareholders at a rate of 10% of the old capital amounting to (12) million dinar/share, and to increase the company's capital from (12) million dinar/share to (15) million Dinar/shares, by capitalizing (1) million dinar from the voluntary reserves and (2) million dinars from retained earnings.

Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. This statutory reserve is not available for distribution to shareholders.

Voluntary reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to shareholders.

Non - controlling interest

This presents the non - controlling interest of the Company from the subsidiaries shareholders equity, and the non - controlling interest is presented as a separate account into the consolidated statements of financial position, consolidated statements of profit or loss and consolidated statements of other comprehensive income.

Proposed dividends

The board of directors will propose to the general assembly to distribute (8%) as cash dividends to the shareholders from the current capital.

11 . Bank Facilities

Credit Type	Currency	Interest Rate	Maturity date	Credit Limit	Outstanding Balance
Revolving loan	JOD	5.5%	2022	1,200,000	343,500
Over Draft	JOD	7%-7.25%	2022	1,650,000	375,958
Loan	JOD	3%-3.25%	2022-2025	2,000,000	1,735,220
					<u>2,454,678</u>

The above facilities are granted to the Company against mortgage of some lands.

12 . Notes payables

	2021	2020
Murabaha financing from Islamic banks	<u>490,045</u>	<u>1,471,393</u>

The above facilities are granted to the Company against checks under collections and mortgage of some lands.

13 . Other liabilities

	2021	2020
Accrued expenses	318,911	372,464
Provision for Income and National Contribution tax (Note 22)	353,457	342,795
Provision for end of services indemnity	371,711	309,765
Provision for agents and salesmen commissions	77,313	222,271
Shareholders deposits	138,982	159,861
Provision for employees bonus	87,500	66,500
Sales tax withholdings	113,019	58,704
Board of Directors' remunerations	42,750	42,750
Employees payables	27,834	27,673
Miscellaneous	120,793	102,382
	<u>1,652,270</u>	<u>1,705,165</u>

14 . Cost of sales

	2021	2020
Raw material and packaging inventory beginning balance	9,202,401	7,332,769
Purchases during the year	11,550,720	13,632,194
Raw material and packaging inventory ending balance (Note 6)	<u>(10,058,477)</u>	<u>(9,202,401)</u>
Raw material and packaging inventory used in production	10,694,644	11,762,562
Manufacturing expenses (Note 15)	3,152,111	3,056,058
Work in progress inventory beginning balance	288,593	140,483
Work in progress inventory ending balance (Note 6)	<u>(172,686)</u>	<u>(288,593)</u>
Manufacturing cost	13,962,662	14,670,510
Finished goods inventory beginning balance	2,674,840	2,627,671
Finished goods inventory ending balance (Note 6)	<u>(2,100,954)</u>	<u>(2,674,840)</u>
Cost of sales	<u>14,536,548</u>	<u>14,623,341</u>

15 . Manufacturing expenses

	2021	2020
Salaries, wages and other benefits	1,522,360	1,406,945
Social security	127,974	107,754
Depreciation	291,739	360,304
Transportation	208,508	177,571
Insurance	164,478	159,413
Maintenance and spare parts	155,334	126,484
Utilities	121,112	107,423
Fuel	109,508	107,241
Rents	95,728	83,848
Registration expenses	75,101	98,162
Lab expenses	55,213	90,337
Safety expenses	27,920	46,883
Employees' provident fund	23,937	23,368
Cleaning	10,525	9,354
Hospitality	1,465	850
Miscellaneous	161,209	150,121
	3,152,111	3,056,058

16 . Selling and distribution expenses

	2021	2020
Salaries, wages and other benefits	300,795	315,638
Social securities	17,234	13,753
Sales commissions	117,284	202,576
Depreciation	38,717	117,012
Vehicles expenses	81,322	77,755
Shipping expenses	49,627	43,245
Rents	45,007	38,207
Legalization fees	24,901	25,968
Bank interests and commissions	2,219	18,000
Telecommunications	11,884	15,108
Travel and transportation	15,109	12,536
Free samples	2,732	5,947
Employees' provident fund	3,199	3,330
Material transfers	575	1,276
Showrooms	2,169	1,167
Tenders fees	1,617	681
Miscellaneous	50,402	85,439
	764,793	977,638

17 . Administrative expenses

	2021	2020
Salaries, wages and other benefits	1,161,147	895,522
Social securities	110,408	83,061
Registration and Governmental fees	197,533	207,308
Rents	85,146	65,280
Depreciation	71,788	61,140
Telecommunications	37,841	46,317
Professional fees	42,659	40,089
Board of Directors transportation	32,400	32,400
Vehicles expenses	20,637	24,078
End of services benefits	62,798	20,303
Insurance	26,884	18,894
Employees' provident fund	16,260	16,278
Hospitality	14,513	13,798
Stationary	11,382	9,270
Travel and transportation	15,348	8,554
Maintenance	7,341	5,414
Utilities	3,677	3,513
Miscellaneous	78,720	76,452
	1,996,482	1,627,671

18 . Basic and diluted earnings per share

	2021	2020
Profit for the year attributed to shareholders	3,547,337	3,324,437
Weighted average number of shares	15,000,000	15,000,000
	0.236	0.222

19 . Segment reporting

	2021	2020
Local Sales	5,194,890	4,902,918
Foreign Sales	17,433,879	17,660,746
	22,628,769	22,563,664

20 . Executive management salaries and remunerations

The remuneration of executive management during the years 2021 and 2020 amounted to JOD (329,110) and JOD (292,597) respectively.

21 . Contingent liabilities

As at the consolidated financial statements date, the Company was contingently liable against the followings:

	2021
Letters of credits	105,209
Bank guarantees	53,584

22 . Income tax status

The movement on provision for the income tax provision during the year is as follows:

	2021	2020
Balance at beginning of the year	342,795	234,461
Income and National Contribution tax expense for the year	403,793	376,251
Income tax paid	(393,131)	(267,917)
Balance at end of the year (Note 13)	353,457	342,795

Income and National Contribution tax expense for the year in the statement of profit or loss consists of the following:

	2021	2020
Income tax expense for the year	376,086	351,542
National Contribution tax for the year	27,707	24,709
	403,793	376,251

- The Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019 and 2020 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 2021 was calculated in accordance with the Income Tax Law.

23 . Fair Value of Financial instruments

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

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 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.

2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090
2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	237,090	237,090

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.

24 . Financial Risk Management

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.

The balance of the Company's most significant customer represents amount of JOD (461,210) from the total accounts receivable balance as at 31 December 2021, compared to JOD (468,756) as at 31 December 2020.

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.

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

2021	Less than one year	More than one year	Total
Accounts payable	874,271	-	874,271
Bank facilities	1,163,914	1,290,764	2,454,678
Notes payable	171,228	318,817	490,045
Postdated checks	161,551	-	161,551
Other liabilities	1,652,270	-	1,652,270
	4,023,234	1,609,581	5,632,815
2020	Less than one year	More than one year	Total
Accounts payable	1,708,431	-	1,708,431
Bank facilities	1,969,277	432,307	2,401,584
Notes payable	799,204	672,189	1,471,393
Postdated checks	53,007	-	53,007
Other liabilities	1,705,165	-	1,705,165
	6,235,084	1,104,496	7,339,580

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, Saudi Riyal or US Dollar. As the Jordanian Dinar is pegged to the Saudi Riyal and US Dollar, balances in Saudi Riyal and US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

25 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between debt and shareholders' equity.

The table below shows the debt to equity ratio:

	2021	2020
Total Debt	2,944,723	3,872,977
Total Equity	29,795,734	26,956,778
Debt to Equity ratio	10%	14%