

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 three months ended March 31, 2022

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

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Report on review of consolidated interim condensed financial information for the three months ended March 31, 2022

Significant doubt to continue as a going concern

We would like to refer to note (5) of the consolidated financial statements where the accumulated losses for the company amounted to JD 19,127,711 as at the date of consolidated financial position representing 306% of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 9,526,571, in addition to the existence of accrued liabilities that were not paid to date. 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. The Company provided a complete plan to insure the company's continuation:

The company will conduct a capital structure as it will reduce and increase the capital as follows:

- Amortized part of the accumulated losses of the company in the company's capital and amortized the remaining part in the shareholder payables.
- Increase the company's capital by capitalizing a portion of shareholders' payables

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 issued by the Ministry of Industry and Trade – Company's Control Department.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman - April 26, 2022

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 March 31, 2022
- (Reviewed and unaudited)

		March 31, 2022	December 31, 2021	January 1, 2021
	Notes	(Reviewed and unaudited)	(Audited - after adjustment)	(Audited - after adjustment)
ASSETS		JD	JD	
Non-current Assets				
Property and equipment	3	5,666,166	5,778,411	6,095,317
Intangible assets		94,441	104,258	110,837
Total Non-Current Assets		5,760,607	5,882,669	6,206,154
Current Assets				
Inventory		2,911,904	1,820,681	2,152,979
Other debit balances		916,341	840,629	302,744
Trade receivables	4	1,239,934	1,291,708	1,611,026
Cash and cash equivalents		92,362	43,323	104,350
Total Current Assets		5,160,541	3,996,341	4,171,099
TOTAL ASSETS		10,921,148	9,879,010	10,377,253
EQUITY AND LIABILITIES				
Equity				
Capital		6,250,583	6,250,583	6,250,583
Statutory reserve		293,953	293,953	271,045
Foreign currency translation differences		109,036	95,157	110,493
Accumulated losses	5	(19,127,711)	(18,576,236)	(18,688,670)
Deficit in Equity		(12,474,139)	(11,936,543)	(12,056,549)
Liabilities				
Non-Current Liabilities				
Shareholder's payable		8,708,175	8,709,783	8,529,829
Deferred checks - non-current portion		-	229,097	-
Total Non Current Liabilities		8,708,175	8,938,880	8,529,829
Current Liabilities				
Other credit balances	6	6,991,183	6,817,482	6,613,272
Trade payables		1,376,249	1,896,361	1,929,606
Due to related parties		5,761,682	3,763,585	5,159,176
Loans		-	-	201,919
Deferred checks - current portion		557,998	399,245	-
Total Current Liabilities		14,687,112	12,876,673	13,903,973
Total Liabilities		23,395,287	21,815,553	22,433,802
TOTAL EQUITY AND LIABILITIES		10,921,148	9,879,010	10,377,253

The accompanying notes constitute an integral part of these financial statements

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 three months ended
March 31, 2022 - (Reviewed and unaudited)

	March 31, 2022 JD	March 31, 2021 JD
Sales	404,995	1,439,575
Cost of sales	<u>(637,224)</u>	<u>(1,094,822)</u>
Gross (loss) profit	(232,229)	344,753
Other revenues, net	1,629	4,287
Selling and marketing expenses	(108,494)	(39,916)
Administrative expenses	<u>(212,381)</u>	<u>(199,849)</u>
(Loss) profit	<u>(551,475)</u>	<u>109,275</u>
Other comprehensive income		
Foreign currencies translation differences	<u>13,879</u>	<u>4,029</u>
Total comprehensive income	<u>(537,596)</u>	<u>113,304</u>
Weighted average number of shares	<u>6,250,583</u>	<u>6,250,583</u>
(Loss) Profit per share	<u>JD (-/088)</u>	<u>JD -/017</u>

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Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
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Consolidated interim condensed statement of changes in equity for the three months ended March 31, 2022 - (Reviewed and unaudited)

	Capital	Statutory reserve	Foreign currency translation differences	Accumulated losses	Total
For the three months ended March 31, 2022	JD	JD	JD	JD	JD
Balance as at January 1, 2022	6,250,583	293,953	95,157	(18,576,236)	(11,936,543)
Comprehensive income	-	-	13,879	(551,475)	(537,596)
Balance as at March 31, 2022	6,250,583	293,953	109,036	(19,127,711)	(12,474,139)
For the three months ended March 31, 2021					
Balance as at January 1, 2021 - before adjusting	6,250,583	271,045	110,493	(14,371,410)	(7,739,289)
Previous years adjustment note (6)	-	-	-	(4,317,260)	(4,317,260)
Balance as at January 1, 2021 - after adjusting	6,250,583	271,045	110,493	(18,688,670)	(12,056,549)
Comprehensive income	-	-	4,029	109,275	113,304
Balance as at March 31, 2021	12,501,166	542,090	225,015	(37,268,065)	(11,943,245)

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Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
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Consolidated interim condensed statement of cash flows for the three months ended March 31, 2022
- (Reviewed and unaudited)

	March 31, 2022	March 31, 2021
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit	(551,475)	109,275
Adjustments for :		
Depreciation and amortization	157,687	159,532
Change in operating assets and liabilities:		
Inventory	(1,091,223)	89,030
Other debit balances	(75,712)	(68,143)
Trade receivables	51,774	(478,862)
Other credit balances	173,701	85,659
Trade payables	(520,112)	(75,041)
Net cash from operating activities	(1,855,360)	(178,550)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(35,625)	(10,393)
Net cash from investing activities	(35,625)	(10,393)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred checks - non-current portion	(1,608)	-
Deferred checks	(70,344)	.
Due to related parties	1,998,097	86,773
Net cash from financing activities	1,926,145	86,773
Net change in cash and cash equivalents	35,160	(102,170)
Cash and cash equivalents - beginning of period	43,324	104,350
Foreign currency translation differences	13,879	4,029
Cash and cash equivalents - end of period	92,363	6,209
Informations about non-cash transactions		
Transfer from property and equipment to employee receivable	-	2,409

The accompanying notes constitute an integral part of these financial statements

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 three months ended
March 31, 2022

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 medication liquid manufacturing
 - Human medication pills manufacturing
 - Human medication anal Suppositories manufacturing
 - Veterinarian antibiotics manufacturing
 - Veterinarian antibacterial manufacturing
 - Veterinarian vitamins manufacturing
 - Gelatin capsules manufacturing
 - Human medication tablets manufacturing
- The Middle East Pharmaceutical- Algeria was established as a limited liability company under the number 607/2008 on October 11, 2008.
- The financial statements were approved by the Company's board of directors in its session held on April 25, 2022.
- There is a restraint on the company's registration bond due to the existence of executive lawsuits held against the company.

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, 2021.

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
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Notes to the consolidated interim condensed financial information for the three months ended March 31, 2022

3. Property and Equipment

March 31, 2022	Land (*)	Building (*)	Machines and equipment	Transportation vehicles (*)	Factory equipment	Communication systems and programs	Electrical equipment	Furnitures	Artesian well	Other	Total
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning of period balance	200,606	6,936,716	3,455,458	397,586	5,906,140	300,541	418,627	392,449	50,785	39,259	18,098,167
Additions	-	3,685	550	-	28,869	-	1,802	719	-	-	35,625
Transfer	-	6,500	(6,500)	-	4,456	-	(4,456)	-	-	-	-
End of period balance	200,606	6,946,901	3,449,508	397,586	5,939,465	300,541	415,973	393,168	50,785	39,259	18,133,792
Accumulated depreciation											
Beginning of period balance	-	3,127,219	3,294,796	385,757	4,423,719	263,143	397,555	365,486	50,785	16,296	12,319,756
Depreciation	-	34,737	43,953	2,266	63,612	319	1,645	1,338	-	-	147,870
End of period balance	-	3,161,956	3,338,749	388,023	4,487,331	263,462	399,200	366,824	50,785	16,296	12,467,626
Net	200,606	3,784,945	110,759	9,563	1,452,134	37,079	21,773	26,344	-	22,963	5,666,166
December 31, 2021											
Cost											
Beginning of year balance	200,606	6,912,919	3,398,714	397,586	5,727,730	266,504	409,450	386,364	50,785	69,346	17,820,004
Additions	-	23,797	56,744	-	178,410	34,037	9,177	6,085	-	-	308,250
Disposals	-	-	-	-	-	-	-	-	-	(30,087)	(30,087)
End of year balance	200,606	6,936,716	3,455,458	397,586	5,906,140	300,541	418,627	392,449	50,785	39,259	18,098,167
Accumulated depreciation											
Beginning of year balance	-	2,988,452	3,119,115	374,607	4,170,297	261,605	385,267	359,068	49,192	17,084	11,724,687
Depreciation	-	138,767	175,681	11,150	253,422	1,538	7,288	6,418	1,593	527	596,384
Disposals	-	-	-	-	-	-	-	-	-	(1,315)	(1,315)
End of year balance	-	3,127,219	3,294,796	385,757	4,423,719	263,143	392,555	365,486	50,785	16,296	12,319,756
Net	200,606	3,809,497	160,662	11,829	1,482,421	37,398	26,072	26,963	-	22,963	5,778,411

(*) Land, building and transportation vehicles mentioned above are seized against legal reservations. Note that the company did not license its vehicles from 2016 and 2017 until the date of the financial statements

Notes to the consolidated interim condensed financial information for the three months ended March 31, 2022

4. Trade receivables

	March 31, 2022	December 31, 2021
	JD	JD
Trade receivables	2,119,718	2,058,766
Checks on hand	699,065	670,087
Government receivables	-	184,704
Deduct: Expected credit loss allowance	(1,578,849)	(1,621,849)
Net	1,239,934	1,291,708

5. Accumulated Losses

The company's accumulated losses amounted to JD 19,127,711 at the date of the statement of financial position which comprises %306 of the company's capital, also, the company's current liabilities exceeded its current assets by amount of JD 9,526,571 which might effects the company's ability to continue and requires it to comply with article no.(266) of the company's law.

- The company's plan summarized as the following:

The company will undertake a capital structure where it will reduce and increase capital as follows:

- Amortized part of the accumulated losses of the company in the company's capital and amortized of the remaining part in the shareholder payables.
- Increase the company's capital by capitalizing a portion of shareholders' payables.

6. Previous years adjustment

The financial statements for previous years were adjusted to meet IAS 8, which allows for the modification of financial statements in the event of errors from previous periods as a result of the lack of information available to the company's management at the time concerning issues settled in subsequent periods.

- The table below shows the effect of the restatement on financial statements as of January 1, 2022:

	January 1, 2021		January 1, 2021
Description	(before adjustment)	Adjustment	(after adjustment)
Accumulated losses	(14,371,410)	(4,317,260)	(18,688,670)
Other credit balances	2,296,012	4,317,260	6,613,272

7. Subsidiary

The interim condensed consolidated statements include the subsidiary's financial statements for the three months ended March 31, 2022 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	5,350	100	105,354	484,898	(415,174)

8. Covid-19 impact on a company's business

As a result of the outbreak of the new Corona Virus (COVID-19) in early 2020, its spread in several geographical areas around the world, including the Hashemite Kingdom of Jordan, and its impact on the world economy, the Jordanian Cabinet's decision of 17 March 2020 imposed a curfew law and suspended all business and economic activities in whole or in part until further notice, part of the Government's precautionary measures to combat the spread of the Corona Virus. Consequently, the majority of business activities in the Hashemite Kingdom of Jordan were affected by this decision. COVID-19 created uncertainty in the global economic environment.

In preparing the financial statements, management conducted an assessment of a company's viability as a continuous enterprise and of other risk management practices to manage potential disruptions to the business's operations and financial performance that may have been caused by an outbreak (COVID-19) by assessing the implications of the business's operations. As a result of the potential effects of the Corona virus, the management of the entity has taken forward information for at least the 12 months following the reporting period, both with regard to the negative effects of the virus on the functioning of the business process and the ability to repay its debts in the event that things return to normal within a reasonable period of time.

The entity examined the potential effects of current economic fluctuations in determining the amounts declared for the financial and non-financial assets of the entity, which represent the best management estimates based on observable information. Markets remain volatile and recorded amounts continue to be sensitive to market fluctuations.

Some vital sectors are excluded from this decision, such as health, telecommunications, water, and electricity. Accordingly, the company continued its operations without interruption during the quarantine period.

