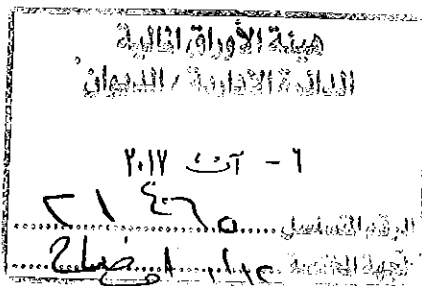


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The Arab Financial Investment Co.
الشركة العربية للاستثمارات المالية

تقرير نصف السنوي  The Arab Financial Investment Co. الشركة العربية للاستثمارات المالية	
To: Jordan Securities Commission Amman Stock Exchange Securities Depository Center Date : 06-08-2017 <u>Subject: Semi- Annual Report as of 30/06/2017 in English</u>	السادة هيئة الأوراق المالية السادة بورصة عمان السادة مركز الايداع الاوراق المالية التاريخ:- 2017-08-06 صادر :- 114/ص/ر ت/2017 الموضوع : التقرير نصف السنوي كما هو في 2017-06-30 باللغة الانجليزية
Attached the company's Semi- Annual Report of (The Arab Financial Investment Company) As of 30/06/20 17	مرفق طيه نسخة من التقرير نصف السنوي للشركة العربية للاستثمارات المالية كما هو بتاريخ 2017/06/30م
Kindly accept our highly appreciation and respect Company's Name : The Arab Financial Investment Company CEO's Signature : Tariq Khater	ونفضلوا بقبول فائق الاحترام،،، اسم الشركة : العربية للاستثمارات المالية توقيع الرئيس التنفيذي طارق خاطر

THE ARAB FINANCIAL INVESTMENTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2017



Building a better
working world

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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF THE ARAB FINANCIAL INVESTMENTS COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of THE ARAB FINANCIAL INVESTMENTS COMPANY (the "Company") as at 30 June 2017, comprising of the interim statement of financial position as at 30 June 2017 and the related interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for the 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 statements are not prepared, in all material respects, in accordance with IAS 34.

Amman - Jordan
25 July 2017

THE ARAB FINANCIAL INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
As At 30 JUNE 2017 (UNAUDITED)

	Notes	30 June 2017 JD	31 December 2016 JD
<u>ASSETS</u>			
Cash on hand and bank balances	4	13,782,521	15,973,049
Financial assets at fair value through profit or loss		2,036,042	728,885
Trade receivables, net		8,156,657	7,282,821
Other current assets		653,488	734,179
Property and equipment, net		36,906	54,191
Trading clearing and settlement		-	156,373
TOTAL ASSETS		24,665,614	24,929,498
<u>EQUITY AND LIABILITIES</u>			
Liabilities-			
Trade payables		1,711,293	1,387,491
Trading clearing and settlement		90,356	-
Income tax provision	5	104,083	82,796
Other current liabilities		1,104,652	1,487,724
Total liabilities		3,010,384	2,958,011
Equity -			
Paid in capital		10,000,000	10,000,000
Share premium		7,500,000	7,500,000
Statutory reserve	7	3,750,000	3,750,000
Retained earnings		405,230	721,487
Total equity		21,655,230	21,971,487
TOTAL EQUITY AND LIABILITIES		24,665,614	24,929,498

The attached notes from 1 to 11 form part of these interim financial statements

THE ARAB FINANCIAL INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Revenues -					
Brokerage commission income		87,137	77,925	211,040	202,285
Interest income on margin accounts		185,551	167,343	361,903	332,934
Interest income on bank accounts		260,272	315,687	394,217	451,122
Other income		56,055	12,688	72,126	12,698
Total revenues		589,015	573,643	1,039,286	999,039
Expenses -					
Losses from financial assets at fair value through profit or loss, Net	3	(59,809)	(47,291)	(70,973)	(34,681)
Administrative expenses		(196,314)	(199,096)	(404,401)	(409,311)
Bank commissions		(6,842)	(4,322)	(10,739)	(8,551)
Depreciation		(4,205)	(23,235)	(19,535)	(32,290)
Total expenses		(267,170)	(273,944)	(505,648)	(484,833)
Profit for the period before income tax		321,845	299,699	533,638	514,206
Income tax expense	5	(91,966)	(55,159)	(149,895)	(105,954)
Profit for the period		229,879	244,540	383,743	408,252
Add: other comprehensive income items		-	-	-	-
Total comprehensive income for the period		229,879	244,540	383,743	405,252
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	6	0/023	0/018	0/038	0/029

The attached notes from 1 to 11 form part of these interim financial statements

THE ARAB FINANCIAL INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Paid in capital	Share premium	Statutory reserve	Retained earnings	Total equity
	JD	JD	JD	JD	JD
For the six months ended 30 June 2017					
Balance at 1 January 2017	10,000,000	7,500,000	3,750,000	721,487	21,971,487
Total comprehensive income for the period	-	-	-	383,743	383,743
Dividends paid (Note 11)	-	-	-	(700,000)	(700,000)
Balance at 30 June 2017	10,000,000	7,500,000	3,750,000	405,230	21,655,230
For the six months ended 30 June 2016					
Balance at 1 January 2016	15,000,000	7,500,000	3,750,000	784,522	27,034,522
Total comprehensive income for the period	-	-	-	408,252	408,252
Dividends paid	-	-	-	(750,000)	(750,000)
Decrease in capital (Note 1)	(5,000,000)	-	-	-	(5,000,000)
Balance at 30 June 2016	10,000,000	7,500,000	3,750,000	442,774	21,692,774

The attached notes from 1 to 11 form part of these Interim financial statements

THE ARAB FINANCIAL INVESTMENTS COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Notes	30 June 2017 JD	30 June 2016 JD
<u>Operating Activities</u>			
Profit for the period before income tax		533,638	514,206
Adjustments			
Depreciation		19,535	32,290
Change in fair value of financial assets at fair value through profit or loss	3	87,311	60,707
Interest income on bank accounts		(394,217)	(451,122)
Working capital changes:			
Financial assets at fair value through profit or loss		(1,394,468)	609,834
Trade receivables		(873,836)	2,959,276
Other current assets		80,691	67,060
Trading clearing and settlement		246,729	(689,227)
Trade payables		323,802	(577,259)
Other current liabilities		(383,072)	1,069,015
Income tax paid	5	(128,608)	(224,039)
Net cash flows (used in) from operating activities		(1,882,495)	3,370,741
<u>Investing Activities</u>			
Interest received		394,217	451,122
Purchase of property and equipment		(2,250)	(45,000)
Net cash flows from investing activities		391,967	406,122
<u>Financing Activities</u>			
Dividends paid	11	(700,000)	(750,000)
Decrease in capital		-	(5,000,000)
Net cash flows used in financing activities		(700,000)	(5,750,000)
Net decrease in cash and cash equivalents		(2,190,528)	(1,973,137)
Cash and cash equivalents at the beginning of the period		13,472,049	16,882,834
Cash and cash equivalents at the end of the period	4	11,281,521	14,909,697

The attached notes from 1 to 11 form part of these interim financial statements

(1) GENERAL

The Arab Financial Investments Company was established and registered at the Ministry of Industry and Trade on 6 May 1994 with registration number (247) as a public shareholding company. The Arab Financial Investments Company is considered the successor of The Arab Financial Investments Company Limited Liability Company after changing its legal status from limited liability company to a public shareholding company. There were various changes to the Company's capital during the years in which the last one was upon the decision of the Company's General Assembly in its extraordinary meeting which was held on 12 April 2016 as it was decided to decrease the Company's paid in capital by JD 5,000,000 and to distribute it to the Company's shareholders. According to that, the Company's paid in capital became JD 10,000,000 divided to 10,000,000 share at a par value of 1 JD per share. These procedures were completed at the Ministry of Industry and Trade on 16 June 2016.

The Company's main objectives are as follows:

- Act as a commission broker in Amman Stock Exchange.
- Act as a registered broker for its own portfolio.
- Act as a broker in non-Jordanian stock markets.
- Invest its funds in the manner that best serves its goals.
- Managing issuance through out diligence.
- Work as secretary of issuance and secretary of investment and director of investments advise.
- Work as custodian.

The Company's head office is located in Amman - Jordan.

(2) BASIS OF PREPARATION

The accompanying interim condensed financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The financial statements are presented in Jordanian Dinars (JD), which is the functional currency of the Company.

The financial statements of the Company have been prepared in accordance with historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2016. In addition, results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

CHANGE IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings starting from 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's interim condensed financial statements starting from 7 January 2017:

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's interim condensed financial statements.

(3) LOSSES FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the six months ended 30 June	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Change in fair value	(87,311)	(60,707)
Realized gains	16,338	26,026
	<u>(70,973)</u>	<u>(34,681)</u>

(4) CASH ON HAND AND BANK BALANCES

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	6,050	38,369
Cash at banks	1,376,885	1,213,377
Investment agencies*	2,501,000	2,501,000
Time deposits**	9,898,586	12,220,303
	<u>13,782,521</u>	<u>15,973,049</u>

* This item represents investment in agencies maturing on 24 April 2018 with an interest rate of 6.25% per annum.

** This item represents short-term deposits maturing within three months at an annual interest rate ranging between 4% - 5%.

Cash and cash equivalents in the statement of cash flows represents the following:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and bank balances	13,782,521	17,410,697
Less: investment agencies	(2,501,000)	(2,501,000)
	<u>11,281,521</u>	<u>14,909,697</u>

(5) INCOME TAX

The provision for income tax for the periods ended at 30 June 2017 and 2016 has been calculated in accordance with the Income Tax Law No. (34) of 2014.

The Company has reached a final settlement with the Income Tax Department up to the year 2014.

The tax returns for the years 2015 and 2016 were submitted to the Income Tax Department but not reviewed yet.

The movement on the income tax provision was as follows:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Beginning balance	82,796	201,483
Income tax paid	(128,608)	(285,340)
Income tax expense	149,895	166,653
Ending balance	104,083	82,796

(6) BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD

	For the three months ended on 30 June		For the six months ended on 30 June	
	2017	2016	2017	2016
Income for the period (JOD)	229,879	244,540	383,743	408,252
Weighted average number of shares (Share)	10,000,000	12,967,033	10,000,000	13,983,516
	JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share	0/023	0/018	0/038	0/029

(7) STATUTORY RESERVE

The Company has not deducted statutory reserves as required by companies' law since these are interim financial statements.

(8) CONTINGENCIES AND COMMITMENTS

As at 30 June 2017, the Company has a bank guarantee for the Securities Depository Center with an amount of 200,000 (31 December 2016: JD 350,000). In addition to that, the Company has a bank guarantee for the Jordan Securities Commission with an amount of JD 1,040,000 (31 December 2016: JD 1,040,000) in which its related cash margins amounted to JD 79,750 as of 30 June 2017 (31 December 2016: JD 79,750).

(9) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Company's Board of Directors.

Compensation of key management personnel

Compensation of executive management personnel of the Company amounted to JD 170,450 for the period ended 30 June 2017 (30 June 2016: JD 170,450).

Trading Commissions

Total trading commission received by the Board of Directors members amounted to JD 2,026 for the six months ended 30 June 2017 (30 June 2016: JD 134).

(10) LAWSUITS AGAINST THE COMPANY

A lawsuit is raised against the Company and others amounting to JD 284,872 at 13 December 2007. This amount has been fully provided by the Company.

(11) DIVIDENDS PAID

The Company's General Assembly approved in its ordinary meeting held on 2 April 2017 to distribute JD 700,000, which represent 7% of Company's capital.