

**AL-EQBAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS
ENDED JUNE 30, 2018
TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT ON THE REVIEW OF THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**AL-EQBAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

FOR THE SIX MONTHS ENDED JUNE 30, 2018

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**Independent Auditor's Report on the Review of the Condensed Consolidated Interim
Financial Information**

**To Chairman and the Members of Board of Directors
Al-Eqbal Investment Company
(Public Shareholding Company)**

Amman – Jordan

We have reviewed the accompanying condensed consolidated interim financial information of **Al-Eqbal Investment Company – Public Shareholding Company- and its subsidiaries ("the Group")** as at 30 June 2018 which comprise condensed consolidated interim statement of financial position and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of Changes in Shareholders' Equity and condensed consolidated interim statement of cash flows for the six months period then ended, and the notes to the condensed consolidated interim financial information. Group's management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information 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 condensed consolidated interim 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 condensed consolidated interim financial information as at and for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".



Emphasis of matter

Without qualifying on our conclusion, we draw attention to note (13) to the condensed consolidated interim of financial information which describes that the group have tax lawsuits related to the years from 2009 to 2015, approximately JD 23 million and legal compensation approximately JD 14 million. The lawsuits are still pending in the tax courts. The Group's Management and legal consultant opinion is that the probability of winning the case is high and the recorded provisions are adequate. The ultimate outcome of the lawsuits cannot reliably be determined and accordingly, no additional provision has been recorded in the condensed consolidated interim of financial information against any consequences that may arise on the Group.

Other Matter

These financial statements are translated copy to the English language of the original condensed consolidated interim financial information issued in Arabic language.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License no. (656)



Amman - Jordan
30 July 2018

**AL-EQBAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>In Jordanian Dinar</i>		As of 30 June 2018 (Reviewed not audited)	As of December 31 2017 (Audited)
	Note		
Assets			
Current Assets			
Cash on hand and at banks		43,218,505	21,644,788
Trade and other receivables		81,426,419	68,633,332
Inventory		35,924,906	28,348,285
Other debit balances		7,461,860	5,944,212
Total Current Assets		168,031,690	124,570,617
Non-Current Assets			
Financial assets at fair value through statement of other comprehensive income	6	301,025	784,716
Investment property		674,552	674,552
Intangible assets-Goodwill from acquisition of subsidiaries		45,555,887	45,555,887
Property, plant and equipment	7	20,783,002	21,965,209
Advance payments for Investments	8	120,095,829	65,085,689
Total Non-Current Assets		187,410,295	134,066,053
Total Assets		355,441,985	258,636,670
Liabilities and Shareholders' Equity			
Current Liabilities			
Deferred cheques		469,412	299,479
Accounts payable		13,356,583	13,901,441
Other credit balances		12,252,356	13,723,642
Income tax provision	12	3,417,465	6,021,753
Payables due to acquisition- short term		4,203,947	29,505,610
Loans and Bank facilities- short term	9	32,932,285	85,702,430
Total Current Liabilities		66,632,048	149,154,355
Non-Current Liabilities			
Provision of employees' end of service indemnity		4,732,957	4,344,446
Payables due to acquisition- long term		-	2,658,750
Loans and Bank facilities - long term	9	172,643,335	9,130,272
Total Non-Current Liabilities		177,376,292	16,133,468
Total Liabilities		244,008,340	165,287,823
Shareholders' Equity			
Capital	1	30,000,000	30,000,000
Statutory reserve		13,897,311	13,897,311
Cumulative change in fair value		(20,734)	290,046
Retained earnings		67,557,068	49,161,490
Total Shareholders' Equity		111,433,645	93,348,847
Total Liabilities and Shareholders' Equity		355,441,985	258,636,670

The companying notes on pages (7) to (25) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

Chairman of Board of Directors

Financial Manager

AL-EQBAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended on			For the six months ended on		
	June 30,			June 30,		
	2018	2017		2018	2017	
	(Reviewed not audited)	(Reviewed not audited)	Note	(Reviewed not audited)	(Reviewed not audited)	
<i>In Jordanian Dinar</i>						
Net sales	42,182,965	39,740,472		78,948,710	76,791,135	
Cost of sales	(22,411,992)	(24,883,169)		(43,502,944)	(48,325,082)	
Gross profit	19,770,973	14,857,303		35,445,766	28,466,053	
Administrative expenses	(6,146,262)	(2,799,776)		(11,092,402)	(5,581,166)	
Selling and distribution expenses	(3,030,458)	(1,958,527)		(4,614,513)	(3,136,735)	
Dividends from financial assets at fair value through other comprehensive income	28,900	30,811		28,900	30,811	
Operating income for the period	10,623,153	10,129,811		19,767,751	19,778,963	
Net finance (expenses) income	(2,708,334)	(178,776)		(4,761,729)	(80,838)	
Other income (expenses)	204,778	85,632		(464,514)	310,421	
Gain (loss) from sale of property, plant and equipment	8,711	8,000		8,711	(7,292)	
Administrative and logistic fees	2,754,792	-		5,853,235	-	
Profit for the period before income tax	10,883,100	10,044,667		20,403,454	20,001,254	
Income tax expense for the period	(1,176,506)	(1,047,609)	12	(2,248,874)	(2,099,802)	
Profit for the period	9,706,594	8,997,058		18,154,580	17,901,452	
Statement of other comprehensive income items:						
Items that will not be reclassified to statement of profit or loss:						
Gain from sale of financial assets at fair value through other comprehensive income	84,478	18,465		85,173	109,205	
Changes in fair value for financial assets through other comprehensive income	(152,691)	(30,454)		(154,955)	(133,374)	
Total comprehensive income for the period	9,638,381	8,985,069		18,084,798	17,877,283	
Basic and diluted earnings per share from profit for the period (JD/Share)			14	0.61	0.60	

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Chairman Board Of Directors

Financial Manager

AL-EQBAL INVESTMENT CO'MPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>In Jordanian Dinar</i>	Capital	Statutory Reserve	Cumulative change in fair value	Retained Earnings	Total
Changes for the six months ended June 30, 2018 (Reviewed not audited)					
Balance as of January 1, 2018	30,000,000	13,897,311	290,046	49,161,490	93,348,847
Profit for the period	-	-	-	18,154,580	18,154,580
Other comprehensive income for the period	-	-	(154,955)	85,173	(69,782)
Transferred from fair value reserve	-	-	(155,825)	155,825	-
Balance as of June 30, 2018	30,000,000	13,897,311	(20,734)	67,557,068	111,433,645
Changes for the six months ended June 30, 2017 (Reviewed not audited)					
Balance as of January 1, 2017	30,000,000	13,897,311	340,934	42,396,741	86,634,986
Profit for the period	-	-	-	17,901,452	17,901,452
Other comprehensive income for the period	-	-	(133,374)	109,205	(24,169)
Transferred from fair value reserve	-	-	43,790	(43,790)	-
Dividends during the period (Note 10)	-	-	-	(40,000,000)	(40,000,000)
Balance as of June 30, 2017	30,000,000	13,897,311	251,350	20,363,608	64,512,269

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**AL-EQBAL INVESTMENT COMPANY
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

<i>In Jordanian Dinar</i>	For the six Months Ended June 30,	
	2018	2017
	(Reviewed not audited)	
Cash flows from operating activities		
Profit for the period before income tax	20,403,454	20,001,254
Adjustments for		
Dividends from financial assets through statement of other comprehensive income	(28,900)	(30,811)
Provision of employees' end of service indemnity	492,377	418,458
Depreciation	1,724,180	1,432,395
Key money amortization	188,198	188,198
Finance expense	4,868,372	329,468
Interest revenue	(106,643)	(248,630)
(Gain) loss from sale of property, plant and equipment	(8,711)	7,292
	27,532,327	22,097,624
Changes in:		
Trade and other receivables	(12,793,087)	(24,386,630)
Cheques under collection	-	28,360
Inventory	(7,576,621)	(3,648,376)
Other debit balances	(1,705,846)	(3,595,361)
Accounts payable and deferred cheques	(374,925)	6,914,761
Other credit balances	(1,471,286)	1,877,372
Cash flows from (used in) operating activities	3,610,562	(712,250)
Income tax paid	(4,853,162)	(4,440,563)
End of service indemnity paid	(103,866)	(50,077)
Net cash flows used in operating activities	(1,346,466)	(5,202,890)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(543,983)	(1,947,065)
Proceeds from sale of financial assets through statement of other comprehensive income	413,909	144,443
Advance payments for investments	(55,010,140)	(6,682,383)
Dividends of financial assets at fair value through statement of other comprehensive income	28,900	30,811
Proceeds from sale of property, plant and equipment	10,721	24,563
Payables due to acquisition	(27,960,413)	-
Bank deposits' interest revenue	106,643	248,630
Net cash flows used in investing activities	(82,954,363)	(8,181,001)
Cash flows from financing activities		
Finance expense paid	(4,868,372)	(329,468)
Bank facilities	110,742,918	65,075,909
Dividends distributed	-	(40,000,000)
Net cash flows from financing activities	105,874,546	24,746,441
Net change in cash on hand and at banks	21,573,717	11,362,550
Cash on hand and at banks at the beginning of the year	21,644,788	49,729,435
Cash on hand and at banks at the end of the period	43,218,505	61,091,985

The accompanying notes on pages (7) to (25) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

**AL-EQBAL INVESTMENT COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1) GENERAL

Al-Eqbal Investment Company-PLC (International Tobacco and Cigarettes PLC previously) was incorporated in accordance with Jordan Companies temporary Law no. (1) for the year 1989 as a Jordanian public shareholding company, and registered in the ministry of industry and trade of Jordan under no. (218) on June 1, 1992. with authorized paid up capital amounted to JD 5 millions (1 JD /share).

On October 10, 1993 the capital has been raised through special offering by 100% of the capital to reach JD 10 millions. On May 5, 1998 the capital has been raised through distributing free shares by 20% of the capital to reach JD 12 million. On April 16, 2001 the Company has merged with Eqbal for Financial Investments Company to be the capital JD 14,304,675. On April 15, 2002 the capital has raised through distributing free shares by 5% of the capital to reach JD 15 million. On April 10, 2005 the capital has been raised through distributing free shares by 10% to reach JD 16,500,000. On April 16, 2006 the capital has been raised through distributing free shares by 21% of capital to reach JD 20 millions. On February 25, 2013 the capital has raised through distributing free shares by 25% of the capital to reach JD 25 millions.

The general assembly decided on March 24, 2016 to increase its capital by 5,000,000 shares through capitalization the retained earnings in amount of JD 5,000,000 to become 30 millions (1 JD/share).

The general assembly decided in the extraordinary meeting on June 3, 2018 to increase its capital by 30,000,000 shares through capitalization the retained earnings in amount of JD 30,000,000 to become 60,000,000 (1 JD/share). The Group did not complete the legal procedures in order to increase the capital until the date of issuing the condensed consolidated interim financial information.

The company's main objectives include the following:

- Owning commercial agencies.
- Trade intermediaries (except dealing with International stocks).
- Engaging in brokerage and trading tenders.
- Import and export for the company operations.
- Guaranty of other parties obligations relevant to the interest of the company.
- Investment of the Company's surplus funds in the appropriate way.
- Owning of movable and immovable funds, for achieving the company's objectives.
- Owning of land and real estate for achieving the company's objectives.
- Contracting with any government, commission, authority, company, institution or individual interested in the goals and objectives of the company or any of them.
- Borrowing money from banks.

The Board of Directors approved the condensed consolidated interim financial information on 25 July 2018.

2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

a) Statement of compliance

- The condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting" which selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2017.
- These condensed consolidated interim financial information should be read with the audited consolidated financial statements for the year ended December 31, 2017. As well as the financial performance for the condensed consolidated interim financial period ended June 30, 2018 does not necessarily give an indication for the expected financial performance for the year that will be ending on December 31, 2018. In addition, no appropriation has been made on the profit for the period to reserves, which will be appropriated in the annual consolidated financial statements at the end of the year 2018.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

- These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial information prepared in accordance with International Financial Reporting Standards.

b) Basis of condensed consolidated interim financial information

The condensed consolidated interim financial information comprise the consolidated financial information of Al Eqbal Investment Company (the parent company) and its subsidiaries, which are subject to its control. Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiaries are included in the consolidated financial information from the date on which controls commences until the date on which control ceases.

<u>Company Name</u>	<u>Capital</u>	<u>Ownership percentage</u>	<u>Nature of operation</u>	<u>Country of operation</u>
		%		
Al Fakher for Tobacco Trading and Agencies*	6,000,000	100	Tobacco	Jordan
Spectrum International for Renewable Energy	6,000,000	100	Renewable energy	Jordan
International Cigarettes and Tobacco Company (Under liquidation)	6,000,000	100	Tobacco	Jordan
Al Fakher Holding-global operations	35,450	100	Investment	Cayman Island

*Al Fakher for Tobacco Trading and Agencies, owns a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Ownership percentage</u>	<u>Nature of operation</u>	<u>Country of operation</u>
		%		
Al Fakher Holding for Tobacco Trading and Agencies **	35,450	100	Investments	Cayman Island

**Al Fakher Holding for Tobacco Trading and Agencies (Cayman Island), owns subsidiaries of which related information are as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Ownership percentage</u>	<u>Nature of operation</u>	<u>Country of operation</u>
		%		
Al Fakher Tobacco F.Z.E ***	35,705	100	Tobacco	UAE
Al Fakher International Company	7,100	100	Tobacco	Cayman Island
Pioneer Venture Group Company ****	35,464	100	Investments	UAE
Al Fakher Tobacco Factory- Turkey	18,824	100	Tobacco	Turkey

***Al Fakher Tobacco F.Z.E (UAE), owns a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Partner contribution</u>	<u>Ownership percentage</u>	<u>Nature of operation</u>	<u>Country of operation</u>
		%		
Al Fakher Tobacco Factory F.Z.E	7,720,000	100	Tobacco	UAE

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- Al Fakher Tobacco Factory owns a company in Ajman industrial area (Al Fakher for Tobacco Trading and Agencies LLC). Where the financial and administrative control is to Al Fakher Tobacco Factory under the approval and pledge from the other partner.

****Pioneer Venture Group has established a company detailed as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Ownership percentage</u> %	<u>Nature of operation</u>	<u>Country of operation</u>
Al Fakher Holding- USA****	7,100	100	Investment	USA

***** Al Fakher Holding- USA acquired a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Ownership percentage</u> %	<u>Nature of operation</u>	<u>Country of operation</u>
Sierra Network Company	710	100	Tobacco	USA

- The following table represents the financial position and financial performance of the subsidiaries as of June 30, 2018:

<u>June 30, 2018</u>				
<i>In Jordanian Dinar</i>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Profit (loss) for the period</u>
Al-Fakher for Trading Tobacco and Agencies - Consolidation	351,919,290	(316,171,487)	78,111,589	19,289,777
Spectrum International for Renewable Energy	7,072,126	(3,329,713)	837,122	(165,329)
International Cigarettes and Tobacco Company (under liquidation)	4,247,571	-	-	-

<u>June 30, 2017</u>				
<i>In Jordanian Dinar</i>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Profit (loss) for the period</u>
Al-Fakher for Trading Tobacco and Agencies - Consolidation	142,538,855	(111,756,019)	74,519,923	18,782,836
Spectrum International for Renewable Energy	8,237,595	(3,950,788)	2,271,212	(162,718)
International Cigarettes and Tobacco Company (under liquidation)	4,247,570	-	-	(1,500)

The Group accounts for business combinations of a subsidiary in the consolidated statement of profit and loss and other comprehensive income starting from the date of the acquisition which is the date when control is transferred to the Group.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred in the condensed consolidated interim statement of profit or loss and other comprehensive income except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as shareholders' equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary and are excluded from condensed consolidated interim financial information. Any surplus or deficit arising on the loss of control is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing these condensed consolidated interim financial information.

c) Use of judgments and estimates

- These condensed consolidated interim financial information have been prepared in accordance with IAS 34, "interim financial reporting" which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- In preparing these condensed consolidated interim financial information, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in preparing these condensed consolidated financial information were the same as those that applied to the financial statements as at and for the year ended 31 December 2017.

3) SIGNIFICANT ACCOUNTING POLICIES

A – New Currently Effective Standards

The accounting policies applied by the company in these condensed interim financial information for the six months ended June 30, 2018 are the same as those applied by the Company in its financial statements for the year ended December 31, 2017, except:

- IFRS 15 Revenue from contracts with customers (effective on January 1, 2018).
- IFRS 2 Classification and Measurement of Share-based payments transactions (effective on January 1, 2018).
- IFRS 40 Transfer of investment property (effective on January 1, 2018).
- Annual improvements on IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28) (effective on January 1, 2018).
- Amendments IFRS 9 with IFRS 4 (effective on January 1, 2018).
- IFRIC 22 Foreign currency transactions and advance consideration (effective on January 1, 2018).
- IFRIC 14 Regulatory Deferral Accounts.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

B- Changes in Significant Accounting Policies

IFRS 9 Financial Instruments:

The group has applied IFRS 9 from January 1, 2018, where the standard specify the requirements of recognition and measurement of financial assets and liabilities and certain contracts for the purchases on sales of non-financial item of IAS 39 (Recognition and measurement).

The following are the most important aspects of application:

Classification and measurement of financial assets and financial liabilities:

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives and measurement of instruments). The impact of IFRS 9 on the classification and measurement of financial assets is out below:

Under IFRS 9, on initial recognition, a financial assets is classified as measured at: amortized costs; Fair value through other comprehensive income – debt investment; Fair value through other comprehensive income – equity investment; or fair value through profit and loss.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial assets is managed and its contractual cash flow characteristics.

Financial assets:

The Group has applied early for the first phase of IFRS 9 as from 1 January 2011 based on the Securities commissions' request. There were no material differences between the first phase of the standard and the final version of the Standard issued on 24 July 2014.

Under IFRS 9, on initial recognition, a financial assets is classified as measured at: amortized costs; Fair value through other comprehensive income – debt investment; Fair value through other comprehensive income – equity investment; or fair value through profit and loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial assets is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is financial assets in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise in specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment – by – investment basis.

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All financial assets that are did not measured at amortized cost or at fair value through the other comprehensive income statement mentioned above should be measured at fair value through profit or loss. This includes all financial assets derivatives. Upon initial recognition, the Group has the option to choose irrevocably to classify and measure financial assets that meet the measurement requirements at amortized cost or at fair value through other comprehensive income within financial assets at fair value through statement of profit or loss and comprehensive income, accounting inconsistency that may arise.

The accounting policies applied are similar to the accounting policies adopted by the Group (considering that the Group has early application of the initial phase of IFRS 9).

The adoption of IFRS 9 did not have any impact on the Group's interim condensed consolidated financial information relating to financial assets.

Financial liabilities:

The implementation of IFRS 9 has no significant impact on the applied accounting policies by the Group which related to financial liabilities whether. IFRS 9 has retained the requirements of IAS 39 regarding the classification of financial liabilities. IAS 39 requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit and loss, whereas IFRS 9 requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.

The Group has not classified any financial liabilities in financial liabilities at fair value through profit or loss. There is no intention of the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS 9, to the consolidated financial statements.

Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments classified at amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

Impairment losses will be calculated in accordance with the requirements of IFRS 9 in accordance with the following rules:

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the consolidated financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the consolidated financial statements.

The Group measures impairment allowances equal to expected credit losses within 12 months if these assets are classified as Tier 1 and have the following characteristics:

- Debt securities that are determined the have low credit risk at the reporting date.
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

While the expected impairment of the life of the financial instrument to maturity is calculated in the event of a significant increase in credit risk that requires the conversion of the financial instrument from level 1 to level 2 or if the financial instrument is applied to specific situations within the Standard and the Group is required to classify these assets Within the second level directly.

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If the financial instrument is impaired or there is objective evidence of impairment as a result of a loss or default after initial recognition with a negative impact on the future cash flow, the financial instrument is transferred to the third level. The expected credit loss model requires recognition of the expected loss over the life of the asset. Debt instruments are very similar to the requirements of IAS 39.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the group in full, without recourse by the Group to actions such as realizing security (if any held).
- The financial asset is more than 90 days past due.

Measurement of expected credit losses:

The expected credit loss mechanism depends on the (probability of default), which is calculated according to the credit risk and future economic factors, the (loss given default), which depends on the value of the existing collateral, the (exposure at default). The expected credit loss is discounted at the effective interest rate of the financial asset.

Credit classification of impairment:

In each financial period, the Group evaluates the credit rating of financial assets at amortized cost and debt securities at fair value through other comprehensive income. The credit rating of financial assets considered impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset occurred.

Presentation of impairment:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the provision for losses is recognized in other comprehensive income and is not deducted from the carrying amount of the financial asset. The losses of other financial assets are presented under 'Financing expenses' in the same manner as in accordance with IAS 39. Such disclosure is not included in the statement of profit or loss and other comprehensive income, based on material considerations.

Impact of the new impairment model:

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile according to financial assets and as a result of implementation on January 1, 2018.

Based on the management opinion, the application of IFRS 9 did not have a significant effect on the condensed consolidated interim financial information since all the debts are recovering within short period from maturity date.

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C – New Standards and Interpretation not yet adopted

The following new and revised IFRSs have been issued but are not effective yet, the Company has not early adopted any of the following new and revised IFRSs that are available for early application but are not effective yet:

<u>Standards</u>	<u>Effective Date</u>
IFRS 16 Leases	January 1st, 2019
<u>Amendments</u>	
IFRS 17 Insurance Contracts	January 1st, 2021
IFRIC 23 Uncertainty over Income Tax Treatments	January 1st, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1st, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1st, 2019
Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)	January 1st, 2019
Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	January 1st, 2019

4) FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

- Generally, the group's objectives, policies and processes for managing risk are the same as those disclosed in its financial statements as of and for the year ended December 31, 2017.
- There have been no changes in the group's approach to capital management during the current financial interim period neither the group is subject to externally imposed capital requirements.
- Fair value hierarchy for the financial assets in equity instruments has been disclosed in Note 16.

5) SEGMENT REPORTING

An operating segment is a group of components of the group affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within economic environments known as geographical segment.

A-Operating Segment

The group operates its activities in major operating segments, which represents the followings:

- Tobacco manufacturing and trading.
- Investments.
- Energy.

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B- Geographical Segment

The group operates its activities inside and outside of the Hashemite Kingdom of Jordan.

<i>In Jordanian Dinar</i>	Tobacco	Energy	Investment	Total
<u>For the six months ended June 30, 2018</u> <u>(Reviewed not audited)</u>				
Gross segment revenue for the period	35,259,791	185,975	-	35,445,766
Administrative expenses	(8,960,010)	(405,756)	(1,726,636)	(11,092,402)
Selling and distribution expenses	(4,614,513)	-	-	(4,614,513)
Dividends from financial assets at fair value through other comprehensive income	28,900	-	-	28,900
Other revenues (expenses)	(433,758)	3,091	(33,847)	(464,514)
Net finance (expenses) income	(646,554)	(62,711)	(4,052,464)	(4,761,729)
Gain from sale of property, plant and equipment	8,711	-	-	8,711
Administrative and Logistic fees	-	-	5,853,235	5,853,235
Segment profit (loss) for the period before tax	20,642,567	(279,401)	40,288	20,403,454
<u>For the period ended June 30, 2018</u> <u>(Reviewed not audited)</u>				
Gross segment assets	124,595,349	6,463,799	224,382,837	355,441,985
Gross segment liabilities	75,490,573	2,800,194	165,132,249	243,423,016
Capital expenditure	532,803	9,731	1,449	543,983
<i>In Jordanian Dinar</i>	Tobacco	Energy	Investment	Total
<u>For the six months ended June 30, 2017</u> <u>(Reviewed not audited)</u>				
Gross segment revenue for the period	28,283,959	182,094	-	28,466,053
Administrative expenses	(4,485,516)	(372,896)	(722,754)	(5,581,166)
Selling and distribution expenses	(3,136,735)	-	-	(3,136,735)
Dividends from financial assets at fair value through other comprehensive income	-	30,811	-	30,811
Other revenues	309,455	966	-	310,421
Net finance (expenses) income	(82,733)	(3,693)	5,588	(80,838)
Loss from sale of property, plant and equipment	(7,292)	-	-	(7,292)
Segment profit (loss) for the period before tax	20,881,138	(162,718)	(717,166)	20,001,254
<u>For the period ended June 30, 2017</u> <u>(Reviewed not audited)</u>				
Gross segment assets	142,761,263	7,629,268	26,365,124	176,755,655
Gross segment liabilities	81,390,635	3,581,175	27,271,576	112,243,386
Capital expenditure	1,934,940	8,255	3,870	1,947,065

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6) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In Jordanian Dinar</i>	June 30, (Reviewed 2018 not audited)	December 31, (Audited) 2017
Quoted shares*	-	483,691
Non quoted shares**	301,025	301,025
	301,025	784,716

* This item represents the fair value of financial assets in listed financial markets for the Group's share in Bank of Jordan according to the market value as of June 30, 2018 and December 31, 2017.

**This item represents the fair value of financial assets in unlisted financial markets for the Group's share in North Industrial Company (Palestine), the Group has determined the fair value of this item using Net Assets Method for the last audited financial statements available.

7) PROPERTY, PLANT AND EQUIPMENT

The additions over property, plant and equipment during the period ended June 30, 2018: JD 543,983 (December 31, 2017: JD 6,473,163).

The depreciation expense on property, plant and equipment during the period ended June 30, 2018: JD 1,724,180 (June 30, 2017: JD 1,432,395).

8) ADVANCE PAYMENTS FOR INVESTMENTS

The details for the advance payments for investments are as follows:

- The Company has paid an amount of JD 119,311,884 for purchasing the distribution activities of AL-Fakher Products in 53 country on 26 July 2017, and based on the agreed terms and conditions, Al Fakher Holding Company in the process of completing the control over distribution companies which choose Al Fakher Holding to distribute the products on the markets. That were acquired with reference that the agreement is purchasing agreement for the rights of distribution activities .

Accordingly, and until the date of complete the transfer of ownership and control of the distribution activity, the financial statements will not be consolidated for the companies based on IFRS.

The owner of the distribution activity will be charged costs related administrative and logistic services, by an amount to JD 5,853,235 for the period ended June 30, 2018.

The amount of trade receivable arising from dealing with distribution activity companies amounted to JD 54,605,378 as at June 30, 2018 , (December 31, 2017: JD 58,456,175).

- Spectrum International for Renewable Energy- a subsidiary company invest in a joint venture agreement amounted of JD 1,882,945.

The company has booked impairment provision for previous years an amount of JD 1,099,000 to face the foreign currency differences.

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9) LOANS AND BANK FACILITIES

<i>In Jordanian Dinar</i>	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Loans and bank facilities – short term	32,932,285	85,702,430
Loans and bank facilities – long term	172,643,335	9,130,272
	205,575,620	94,832,702

- Al Fakher Tobacco for Trading and Agencies Company – subsidiary company obtained a credit facilities in the year 2013 from the Bank of Jordan amounted 25,000,000 USD, (17,700,000 JD) which represent a declining loan, that will be settled in one payment on January 4, 2014 with a LIBOR of +2%. The loan payment due date has been extended during the years 2014, 2015, 2016 and lastly in December 27, 2017, and that is after making a payment on the loan to have a new balance of JD 15,930,000 as the loan payment due date has been extended to be a one payment due in 31 December 2018 with a LIBOR of 3 months + 3.5% margin per annum guaranteed by Al-Eqbal Investment Company.

The purpose of these credit facilities is to pay dividends to shareholders.

- Spectrum Company has signed an agreement to grant a loan from bank of Jordan within the program of advances of the Central Bank for the industrial sectors, as the loan is distributed according to the invoices submitted by the company for disbursements and any completed works with a percentage of 100% of the value of invoices and works with a maximum value of JD 353,000. The loan interest 4.25% and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 108 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.
- Al-Fakher for Trading Tobacco and Agencies Company obtained credit facilities from the Housing Bank with an amount of USD 14 million for the purpose of distributing dividends, where the loan is paid over maximum seven years including one year of grace period and installments are paid monthly per annum amounted to USD 194,000 and by the end of the seventh year, the remaining balance of the loan will be paid in one installment with interest of 1 month LABOR + 2.25% margin per annum and minimum of 3.25% guaranteed by Al-Eqbal Investment Company.
- Spectrum Company has signed an agreement to grant a loan from bank of Jordan within the program of advances of the Central Bank for the industrial sectors, as the loan is distributed according to the invoices submitted by the company for disbursements and any completed works with a percentage of 100% of the value of invoices and works with a maximum value of JD 905,000. The loan is subject to 4% and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 84 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.
- Spectrum Company has signed an agreement to grant a loan from bank of Jordan to purchase a land for the Olive Mountain project amounted to JD 282,000. The loan is subject to 8% and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 84 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.

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- Al-Fakher for Trading Tobacco and Agencies Company - Cayman Island obtained a syndicated loan amounted to USD 250 Million with interest between 3% and 3.25% + 3 months LABOR and the first payment is due on 30 June 2019 with the following guarantees:
 - Guarantee the shares of Al-Eqbal Investment Company in Al-Fakher Holding Company for Tobacco Trading and Agencies - Cayman Island.
 - Guarantee the shares of Al-Fakher for Tobacco Trading and Agencies Company in Al-Fakher Tobacco.
 - Guarantee the shares of Al-Fakher International in Pioneer Venture Company.
 - Mortgage for equipment only in addition to land lease in Ajman.

10) DIVIDENDS

The following table describes the declared and paid dividends by the group during the period:

<i>In Jordanian Dinar</i>	June 30, 2018 (Reviewed not audited)	June 30, 2017 (Reviewed not audited)
Cash dividends	-	40,000,000
	-	40,000,000

The General Assembly decided in its meeting held on March 6, 2017 to distribute JD 40,000,000 to the shareholders for the year 2016.

11) RELATED PARTIES TRANSACTIONS

11.1 Key management remuneration

Salaries and remunerations short term paid to the Company higher executive management amounted for the six months ended June 30, 2018: JD 145,566 (June 30, 2017: JD 190,595).

- As shown in note (9) the group took a loan from Bank of Jordan, of which considered due to related party.

12) INCOME TAX EXPENSE FOR THE PERIOD

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company's effective tax rate in respect of its operations for the six months ended June 30, 2018 was 11% against 10.5% for the six months ended June 30, 2017.

The tax rate based on prevailing local law is 20% for Al Eqbal Company and Al Fakher Company Amman while it reached 10% from profit of Alfakher Holding Company – Cayman Islands.

The movement on income tax provision during the period/year was as follows:

<i>In Jordanian Dinar</i>	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Balance at the beginning of the year	6,021,753	5,609,153
Provision for the period / year	2,248,874	5,693,123
Income tax paid for the period / year	(4,853,162)	(5,280,523)
Balance at the end of the period / year	3,417,465	6,021,753

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Group tax position

a- Parent company – Al Eqbal for Investment PLC

The income tax was settled until 2016. The income and sales tax department audited the financial year 2012 where the company has objected on the final decision of the income and sales tax department at court. In the tax consultant opinion the claim was misplaced and will be separated for the company.

The tax return for the year 2017 was submitted within the legal period and the department hasn't audited the company's accounts and did not issue the final decision till the date of the condensed consolidated interim financial information.

In the tax consultant and company's management opinion, the company doesn't need to account any provision for the income tax liability for the business results.

**b- Subsidiary – AL Fakher for Trading Tobacco LLC
Al Fakher – Amman**

The Income Tax was settled until the financial year 2008. The Income Tax Department audited the accounts of the company and issued its final decision for the financial years 2009, 2010, 2011, 2012, 2013, 2014 and 2015 that was objected to the court of the tax, in the Company's management and tax consultant's opinion, the decision of the Tax Department is misplaced and will be dismissed in favor of the company.

The tax return was submitted for the financial years 2016 and 2017 within the legal period of submission, the department did not audit the company's accounts and did not issue its final decision till the date of the preparation of the condensed consolidated interim financial information.

In the tax consultant and company's management opinion, the company should take a provision by an amount of JD 2,248,874 as a provision of 10% of net profit of the investment in Al Fakher Holding-Cayman Island for the period ended June 30, 2018.

c- Al Fakher – Aqaba private

The Income Tax was settled until 2015. The tax return was submitted for the years 2016 and 2017 within the legal period of submission, the department did not audit the company's accounts and didn't issue its final decisions till the date of the preparation of the condensed consolidated interim financial information.

The division has stopped operating since the end of 2015, and a tax clearance form was sent showing that the taxes owed were paid and clear.

d- Subsidiary – Spectrum International for Renewable Energy

The Income Tax was settled until the financial year 2014. The tax return was submitted for the financial years 2015, 2016 and 2017 within the legal period for submission of statements, the department did not audit the company's accounts and issue final decisions until the date of the preparation of the condensed consolidated interim financial information.

In the tax consultant and company's management opinion, the company is not obligated to take a provision for the income tax liability for the business results.

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13) CONTINGENT LIABILITIES

The contingent liabilities at the date of these condensed consolidated interim financial information are as follows:

<i>In Jordanian Dinar</i>	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Bank guarantees	3,733,752	2,405,471
	3,733,752	2,405,471

Against cash margins represented as follows:

<i>In Jordanian Dinar</i>	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Bank guarantees	1,691,180	170,755
	1,691,180	170,755

- The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing income tax on the year 2012 with an amount of JD 111,756 in addition to a legal compensation amount of JD 46,123. A decision was issued in the case to accept the lawsuit and prevent the tax department from claiming the company the amount of the tax difference because of a formal error in the procedures of issuing the decision of the Tax Department, and the Court of Appeal supports this decision.
- The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by an employee passed on the Tax Department for imposing sales tax on the company amounted to JD 288,000 in addition to Legal Fees JD 576,000 and fees resulted from selling lands and buildings which are related to Phillip Morris. The Tax Court Decision was issued containing the cancellation of the decision of the Income Tax Department as well as preventing them from claiming the company for the amounts mentioned. Where the decision became final in preventing the device from demanding the company amounted to JD 288,000 as sales tax and JD 576,000 as fines.
- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes for the years of 2009, 2010 and 2011 with an amount of JD 7,843,927 and Legal compensation amount of JD 3,889,245 and 111,372 for the education support fund. The Tax Court decision was issued containing the cancelation of the decision of the Income Tax Department as well as preventing them from claiming the company for the amounts mentioned, and reserving an amount of JD 699,235 for income tax and JD 111,372 for the education support fund and JD 101,233 as a legal compensation. As the company filed a discriminatory appeal against the decision and the lawsuit is currently at the Supreme Court. Based on the Group's management and tax consultant opinion, the company will not pay additional amounts over the amounts taken since the company took additional provision by JD 212,000 during the first quarter of 2018.

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- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes on the company for the amount of JD 3,253,058 for the year 2012 and an amount of JD 2,602,446 as a legal compensation. The case is still pending.

Based on the group's managements and it's legal consultant opinion, the probability of winning the legal case is high, as the income is from a branch and not from an investment. In addition, the company has paid the due payments to the income tax department in Aqaba.

- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes on the company amounted to JD 4,432,006 for the year 2013 and an amount of JD 3,508,048 as a legal compensation. The case is still pending.

Based on the group's managements and it's legal consultant opinion, the probability of winning the legal case is high, as the income is from a branch and not from an investment.

- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes on the company amounted to JD 4,250,595 for the year 2014 and an amount of JD 3,400,476 as a legal compensation. The case is still pending.

Based on the group's managements and it's legal and tax consultant opinion, the probability of winning the legal case is high, as the income is from a branch and not from an investment.

- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes on the company amounted to JD 3,629,593 for the year 2015. The case is still pending.

Based on the group's managements and its' legal and tax consultant opinion, the company has paid JD 1,867,619 during 2015 and booked an extra provision of JD 1,386,102 to meet any potential tax liabilities.

14) EARNING PER SHARE

In Jordanian Dinar

	For the six months ended June 30,	
	2018	2017
	(Reviewed not audited)	(Reviewed not audited)
Profit for the period for the shareholders (JD)	18,154,580	17,901,452
Weighted average for number of shares (Share)	30,000,000	30,000,000
Earning per share for the period	0.61	0.60

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15) FINANCIAL RISK MANAGEMENT

- Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash on hand and at banks, Cheques under collection, trade and other receivables and other debit balances.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the condensed consolidated interim financial information date was as follows:

<i>In Jordanian Dinar</i>	Carrying value as at	
	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Cash at banks and deposits at banks	43,139,305	21,543,982
Trade and other receivables	81,426,419	68,633,332
Other debit balances	6,470,784	1,015,353
	131,036,508	91,192,667

- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal, stressed and necessary conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains line of credit from its bank for sudden cash requirements.

The followings are the contracted maturities of financial liabilities:

<i>In Jordanian Dinar</i>	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
June 30, 2018 (Reviewed not audited)				
Deferred cheques	469,412	(469,412)	(469,412)	-
Accounts payable	13,356,583	(13,356,583)	(13,356,583)	-
Other credit balances	12,252,356	(12,252,356)	(12,252,356)	-
Income tax provision	3,417,465	(3,417,465)	(3,417,465)	-
Loans and Bank facilities	205,575,620	(205,575,620)	(32,932,285)	(172,643,335)
Payables due to acquisition	4,203,947	(4,203,947)	(4,203,947)	-
Provision of employees' end of service indemnity	4,732,957	(4,732,957)	-	(4,732,957)
	244,008,340	(244,008,340)	(66,632,048)	(177,376,292)

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<i>In Jordanian Dinar</i>	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
December 31, 2017(Audited)				
Deferred cheques	299,479	(299,479)	(299,479)	-
Accounts payable	13,901,441	(13,901,441)	(13,901,441)	-
Other credit balances	13,723,642	(13,723,642)	(13,723,642)	-
Income tax provision	6,021,753	(6,021,753)	(6,021,753)	-
Payables due to acquisitions	32,164,360	(32,164,360)	(29,505,610)	(2,658,750)
Loans and Bank facilities	94,832,702	(94,832,702)	(85,702,430)	(9,130,272)
Provision of employees' end of service indemnity	4,344,446	(4,344,446)	-	(4,344,446)
	165,287,823	(165,287,823)	(149,154,355)	(16,133,468)

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the group's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Currency Risk

Most of the group's financial assets and liabilities are in Jordanian Dinar, UAE Dirhams and American Dollars. An increase (decrease) of the JD against the AED at 30 June would have increased (decreased) profit or loss by the amounts shown below and it's considered that exchange rate of JD against USD stays constant. this analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

- Interest rate risk

At the reporting date of the condensed consolidated interim financial information the interest rate profile of the Group's interest-bearing financial instruments was as follows:

<i>In Jordanian Dinar</i>	Carrying value	
	June 30, 2018 (Reviewed not audited)	December 31, 2017 (Audited)
Fixed rate instruments		
Financial Assets	5,262,495	4,758,702
Variable rate instruments		
Financial Liabilities	(205,575,620)	(94,832,702)

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JD 1,027,878 for the six months ended June 30, 2018. A decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JD 1,027,878 for the six months ended June 30, 2018.

- Other market price risk

Equity price risk arises from financial assets at fair value through profit or loss held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through other comprehensive income. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company's management.

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Equity price risk

A change of 5% in fair value of the securities at the interim financial date would have increased (decreased) equity and profit or loss by the amount of 7,526 JD. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

16) FAIR VALUE LEVELS

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for financial assets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instrument evaluated based on:

Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

- Financial Instruments measured at fair value

The Company does not measure financial instruments at fair value except for financial assets at fair value through other comprehensive income.

		Fair Value		
<i>In Jordanian dinar</i>	Book value Fair value	Level (1)	Level (2)	Level (3)*
<u>June 30, 2018 (Reviewed not audited)</u>				
Cash on hand and at banks	43,218,505	43,218,505	-	-
Financial assets at fair value through statement of other comprehensive income	301,025	-	-	301,025
<u>December 31, 2017(Audited)</u>				
Cash on hand and at banks	21,644,788	21,644,788	-	-
Financial assets at fair value through statement of other comprehensive income	784,716	483,691	-	301,025

***Fair value according to third level**

This item represents the fair value of financial assets at fair value through statement of other comprehensive income that is not disclosed in the financial markets related to the shares of the group in North Industrial Company – Palestine the group determined the fair value of this item using the net asset value method of the latest audited financial statements available, the management believes that this is the most appropriate method to measure fair value of the investment since no updated market value information is available regarding this investment.

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- Financial Instruments not measured at fair value:

This instruments measured at amortized cost and its fair value doesn't materially differ of it's amortized cost.

		Fair Value		
<i>In Jordanian dinar</i>	Book value	Level (1)	Level (2)	Level (3)
<u>June 30, 2018 (Reviewed not audited)</u>				
Trade and other receivable	81,426,419	-	81,426,419	-
Deferred cheques	(469,412)	-	(469,412)	-
Accounts payable	(13,356,583)	-	(13,356,583)	-
Payables due to acquisition	(4,203,947)	-	(4,203,947)	-
Loans and bank facilities	(205,575,620)	-	(205,575,620)	-
<u>December 31, 2017(Audited)</u>				
Trade and other receivable	68,633,332	-	68,633,332	-
Deferred cheques	(299,479)	-	(299,479)	-
Accounts payable	(13,901,441)	-	(13,901,441)	-
Payables due to acquisition	(32,164,360)	-	(32,164,360)	-
Loans and bank facilities	(94,832,702)	-	(94,832,702)	-

For the previous items, the fair value for assets and liabilities at level 2 and 3 has been determined according to known prices modules that reflect the credit risk for the parties that they deal with.

17) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year figures. The effect of reclassification as at June 30, 2017 is shown in the following table:

<i>In Jordanian Dinar</i>	June 30, 2017		
Item	Before reclassification	Reclassification Effect	After reclassification
Cost of sales	(41,977,881)	(6,347,201)	(48,325,082)
Selling and distribution expenses	(9,483,936)	6,347,201	(3,136,735)