THE JORDAN WORSTED MILLS CO. LTD.

شركة مصانع الأجواخ الأردنية المساهمة المحدودة

Amman : 28/3/2019

2 /194

Messrs Jordan Securities Commission

Amman

Subject :- Audited Financial Statements for the fiscal year ended at 31.12.2018

Attached the Audited Financial Statements at (The Jordan Worsted Mills Co. Ltd) For the fiscal year ended at 31.12.2018

Kindly accept our highly appreciation and respect

Samir Alamat

General Manager

THE JORDAN WORSTED MILLS
Co. Ltd.
AMMAN - JORDAN

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٨ آذار ٢٠١٩
الرقم المتسلسل ٣١٥١٢
الجهة المختصة

هاتف ٠٥ / ٣٧٤٢٨٠٥ فاكس ٠٥ / ٣٧٤٤٩١٣ ص.ب ٦٠٦٠ عمان ١١١١٨ الأردن

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JORDAN WORSTED MILLS COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDAN WORSTED MILLS COMPANY
RUSAIFH - THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM/ 008513

To the Shareholders of
Jordan Worsted Mills Company
(A Public Shareholding Limited Company)
Rusaifeh – The Hashemite Kingdom Of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Worsted Mills Company and its subsidiary (together "the Group") which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of income and comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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Key Audit Matters
Key audit matters, in our professional judgment, are the most significant matters in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Valuation of Unquoted Investments in Regulated Markets	Scope of Audit to Address Risks
The unquoted investments in regulated markets are revalued on a Fair Value Basis in light of available inputs, and this fair value is disclosed along with the revaluation basis mentioned in Notes (11) and (32). In doing so, the Group uses the audited or reviewed financial statements of the Investee companies to estimate the fair value of these investments.	Due to the lack of quoted prices for these investments, the revaluation process is subject to a material uncertainty related to measurement. Accordingly, the revaluation method for these investments is key to our audit. This is carried out through reviewing the documents in the possession of management that support the revaluation of the investments. The latest audited or reviewed financial statements of those companies have been relied on as a good approximation of the fair value, and this basis has been adopted by the Company's management.

Other Information
Management is responsible for other information which comprises information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon. Furthermore, we expect the annual report to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's and its subsidiary's audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Group maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Other Matter
The accompanying consolidated financial statements are a translation of the statutory financial statements which are in the Arabic Language to which references should be made.

Deloitte & Touche
Deloitte & Touche (M.E.) - Jordan
Amman - Jordan
February 11, 2019
Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010101

JORDAN WORSTED MILLS COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2018	December 31, 2017
		JD	JD
ASSETS			
Cash on hand and at banks	5	4,180,618	374,300
Financial assets at fair value through statement of income	6	2,927,962	2,756,308
Accounts receivable and other debt balances	7	268,076	366,661
Military and security receivables	8	2,607,280	5,450,384
Finished goods- Net	9	3,963,167	3,248,783
Goods under process		370,230	482,118
Yarn		1,041,953	2,723,166
Spare parts and other tools - Net	10	176,675	299,417
Goods in transit		-	3,064
Total Current Assets		15,537,961	15,704,201
Financial assets at fair value through other comprehensive income	11	52,169,886	54,783,331
Financial assets at amortized cost	12	1,500,000	1,500,000
Investment in affiliate company	13	1,428,480	1,428,480
Total Investments		55,098,366	57,711,811
Fixed Assets:	14		
Land at cost		85,404	85,404
Fixed assets at cost		5,175,559	5,193,965
(Less): Accumulated depreciation		(4,989,453)	(4,960,390)
Net fixed assets excluding land		186,106	233,575
Total Fixed Assets		271,510	318,979
Total Assets		70,907,837	73,734,991
LIABILITIES			
Due to banks	15	570,966	85,783
Short-term loan	16	640,498	1,072,605
Payables and other credit balances	17	456,561	437,613
Income tax provision	28	227,991	282,337
Total Current Liabilities		1,896,016	1,878,338
End-of service indemnity provision	18	1,190,559	1,131,204
Total Liabilities		3,086,575	3,009,542
OWNERS' EQUITY			
Authorized and Paid-up capital	19	15,000,000	15,000,000
Additional paid-in capital		50,000	50,000
Statutory reserve	19	12,532,243	12,532,243
Voluntary reserve	19	10,000,000	10,000,000
Special reserve	19	7,333,000	7,333,000
Yarn rising prices reserve	19	2,000,000	2,000,000
Investment revaluation reserve		3,628,610	6,408,325
Retained earnings	21	12,524,782	12,416,813
Total Shareholders' Equity		63,068,635	65,740,381
Non-controlling interests	22	4,752,627	4,985,068
Total Owners' Equity		67,821,262	70,725,449
Total Liabilities and Owners' Equity		70,907,837	73,734,991

Chairman of Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM .

JORDAN WORSTED MILLS COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Net sales		6,027,577	8,357,707
Cost of Sales:			
Finished goods-Beginning of the year	9	3,498,783	3,949,936
Cost of production	23	4,011,671	3,926,986
Cost of goods available for sale		7,510,454	7,876,922
Less: Finished goods-End of the year	9	4,213,167	3,498,783
Cost of sales		3,297,287	4,378,139
Gross profit		2,730,290	3,979,568
Selling and distribution expenses	24	(79,973)	(83,947)
Profit from sales		2,650,317	3,895,621
General and administrative expenses	25	(1,206,580)	(1,624,081)
Operating Income		1,443,737	2,271,540
Net gain (loss) on financial assets at fair value through statement of income	26	395,777	(130,273)
Dividends revenue from financial assets at fair value through other comprehensive income		2,347,715	2,312,921
Returns from financial assets at amortized cost		82,500	75,945
Other (expenses) - net	27	(76,270)	(130,530)
Profit for the year before income tax		4,193,459	4,399,603
Income tax provision	28	(305,000)	(429,374)
Profit for the year		3,888,459	3,970,229
Attributable to:			
Shareholders		3,455,285	3,403,696
Non-controlling interests		433,174	566,533
		3,888,459	3,970,229
Earnings per share for the year attributable to shareholders	29	-\230	-\227

Chairman of the Board of Directors

General Manager

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JORDAN WORSTED MILLS COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Profit for the Year		3,888,459	3,970,229
Other comprehensive income items:			
Items not subsequently transferable to the income statement:			
Changes in investment revaluation reserve		(2,947,763)	(1,665,302)
Gains from sale of financial assets at fair value through other comprehensive income		30,117	47,522
Total Comprehensive Income		970,813	2,352,449
Total comprehensive income is attributable to:			
Shareholders		703,254	1,760,280
Non-controlling interests		267,559	592,169
		970,813	2,352,449

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

JORDAN WORSTED MILLS COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

		Shareholders' Equity										
	Note	Authorized and Paid - up Capital	Additional Paid-in Capital	Statutory Reserve	Voluntary Reserve	Special Reserve	Yarn Rising Prices Reserve	Investment Valuation Reserve	Retained Earnings**	Total	Non-controlling Interests	Total Equity
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year		15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	6,408,325	12,416,813	65,740,381	4,985,068	70,725,449
Profit for the year		-	-	-	-	-	-	-	3,455,285	3,455,285	433,174	3,888,459
Change in investment revaluation reserve		-	-	-	-	-	-	(2,779,715)	-	(2,779,715)	(168,048)	(2,947,763)
Gain from sale of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	27,684	27,684	2,433	30,117
Total Comprehensive Income		-	-	-	-	-	-	(2,779,715)	3,482,969	703,254	267,559	970,813
Dividends *	20	-	-	-	-	-	-	-	(3,375,000)	(3,375,000)	(500,000)	(3,875,000)
Balance - End of the year		15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	3,628,610	12,524,782	63,068,635	4,752,627	67,821,262
For the Year Ended December 31, 2017												
Balance - beginning of the year		15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	8,099,525	12,715,333	67,730,101	4,892,899	72,623,000
Profit for the year		-	-	-	-	-	-	-	3,403,696	3,403,696	566,533	3,970,229
Change in investment revaluation reserve		-	-	-	-	-	-	(1,691,200)	-	(1,691,200)	25,898	(1,665,302)
Gain from sale of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	47,784	47,784	(262)	47,522
Total Comprehensive Income		-	-	-	-	-	-	(1,691,200)	3,451,480	1,760,280	592,169	2,352,449
Dividends *	20	-	-	-	-	-	-	-	(3,750,000)	(3,750,000)	(500,000)	(4,250,000)
Balance - End of the year		15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	6,408,325	12,416,813	65,740,381	4,985,068	70,725,449

* According to the recomendation of the General Assembly held in April 23, 2018, the Board of Directors' has approved to distribute 22.5% of capital as cash dividends to shareholders amounted JD 3,37 million for the year 2017 (JD 3,75 million for the year 2016).

** Retained earnings includes JD 1,330,820 as of December 31, 2018, representing unrealized earnings restricted as per the Jordan Securities Commission's instructions (JD 1,063,855 as of December 31, 2017) against the cumulative change in fair value transferred to retained earnings as a result of applying International Financial Reporting Standard No. (9).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

JORDAN WORSTED MILLS COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before income tax		4,193,459	4,399,603
Adjustments for:			
Provision for spare parts and slow moving supplies	10	50,000	50,000
Depreciation of fixed assets	14	47,469	89,977
(Gains) from sale of fixed assets	27	-	(64,000)
(Recovered) from accrued expenses	27	-	(21,000)
(Gain) Losses from revaluation of financial assets at fair value through statement of income	26	(209,774)	280,067
Dividends revenue from financial assets at fair value through other comprehensive income		(2,347,715)	(2,312,921)
End-of-service indemnity provision	18	81,714	81,859
Cash Flows from Operating Activities before Changes in Working Capital items		1,815,153	2,503,585
Decrease (Increase) in current assets:			
Financial assets at fair value through statement of income		38,120	-
Accounts receivable and other debit balances		98,585	39,142
Military and security receivables		2,843,104	(1,354,304)
Finished goods		(714,384)	451,153
Goods under process		111,888	25,749
Yarn		1,681,213	415,565
Spare parts and other tools - Net		70,742	24,899
Goods in transit		3,064	139,992
(Decrease) in current liabilities:			
Payables and other credit balances		(4,574)	(163,318)
Net Cash Flows from Operating Activities before Income tax and End-of-service Indemnity Paid		5,942,911	2,082,463
Income tax paid	28	(359,346)	(418,942)
End-of-service indemnity paid	18	(22,359)	(5,079)
Net Cash Flows from Operating Activities		5,561,206	1,658,442
CASH FLOWS FROM INVESTING ACTIVITIES:			
Financial assets at fair value through other comprehensive income		(304,201)	(353,727)
(Purchase) of financial assets at amortized cost		-	(1,500,000)
Dividends from financial assets at fair value through other comprehensive income		2,347,715	2,312,921
(Purchase) of fixed assets	14	-	(129,287)
Proceeds from sale of fixed assets		-	21,000
Net Cash Flows from Investing Activities		2,043,514	350,907
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in due to banks		485,183	(346,562)
(Decrease) increase in short-term loans		(432,107)	1,072,605
Non-Controlling Interest dividends paid		(500,000)	(500,000)
Dividends Paid		(3,351,478)	(3,726,152)
Net Cash Flows (Used in) Financing Activities		(3,798,402)	(3,500,109)
Net Increase (decrease) in Cash		3,806,318	(1,490,760)
Cash on hand and at banks - Beginning of year		374,300	1,865,060
Cash on Hand and at Banks - End of year	5	4,180,618	374,300

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

1. General

a. The Jordan Worsted Mills Company was registered as a public shareholding limited company under number (41) on September 17, 1964 with its head office located in Rusaifeh - Awajan District - The Hashemit Kingdom of Jordan, P.O.BOX 6060 Amman 11118 - Jordan. The Company's main objectives are to invest in shares of listed and unlisted companies; to manufacture and produce worsted in all shapes and types; to manufacture worsted; and to build, equip, and manage a factory / factories to manufacture worsted and trade in it.

b. The Company owns 80% of Jordan Fabric and Worsted Mills Private Limited Shareholding Company, whose head office is in Rusaifeh, Awajan, The Hashemit Kingdom of Jordan. Its postal address is P.O. Box 6060 Amman 11118 - Jordan. The main objectives of this company are to manufacture and produce worsted, yarn, and mills in various shapes and kinds; to produce and sew various kinds of finished clothes; to use them as well as their accessories; and to trade in them. The main objectives also include building, preparing, and managing a factory / factories to manufacture the aforementioned and trade in them. The subsidiary had assets equal to JD 25,218,881 and liabilities equal to JD 1,501,463 as of December 31, 2018. Moreover, revenues equaled JD 6,731,583, and cost of sales and expenses amounted to JD 4,565,711 for the year ended December 31, 2018.

c. The consolidated financial statements were approved and authorized by the Board of Directors' in its resolution number (347) on February 11, 2019. These financial statements are subject to the General Assembly's approval.

2. Basis of Consolidation

- The consolidated financial statements encompass the financial statements of Jordan Worsted Mills Company and the financial statements of its subsidiary, Jordan Fabric and Worsted Mills Company, a private limited shareholding company after eliminating intercompany balances and transactions.

- The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiaries), the consolidation of the subsidiary starts from the date of acquisition, which is the date when the Company gain control upon its subsidiary, and the Company stays in control until the date of disposing the control of its subsidiary. Control is achieved when the Company:

  - has the power over the investee;
  - is exposed, or has rights, to variable returns from its involvement with the investee; and
  - has the ability to use its power to affects its returns.

  The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

  When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Company loses control over any of its subsidiaries, the Company:

- derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- derecognizes the carrying amount of any uncontrolled interest;
- derecognizes the cumulative transfer differences recognized in equity;
- derecognizes the fair value of the consideration received;
- derecognizes the fair value of any investment held;
- derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of income or retained earnings, as appropriate.

Preparation of the consolidated financial statements of the subsidiary that are earned through institutions with special purposes (small or medium) for the same period of preparing the company's financial statements using the same accounting polices.

Adjustments are been made to the subsidiary's consolidated financial statements when needed, so the accounting policies becomes in line with the accounting policies that are used by other affiliated companies.

Balances, movements, revenues and internal expenses is eliminated completely between the affiliated companies during the financial statement consolidation process.

3. Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and prevailing local laws.

- The consolidated financial statements have been prepared under the historical cost principle except for financial assets and financial liabilities shown at fair value at the date of the consolidated financial statements.

- The consolidated financial statements of the Company are presented in Jordanian Dinar, which is also its functional currency.

- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect what are stated in Note (36-a) related to the consolidated financial statements.

The following are the most significant accounting policies adopted by the Company:

a. Inventory

Finished goods and spare parts are stated at cost (using the first – in, first - out method) net of a provision for expired and slow-moving items or net realizable value, whichever is lower. Moreover, work in process inventory and yarn are stated at cost.

b. Information Segment

Business sectors represent a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors (measured in accordance with the reports sent to the operations management and decision makers in the Company).

The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

c. Dividends revenue

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the consolidated statement of the statement of income depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments which are held for trading, dividend income is presented as trading income; and
- for equity instruments designated at fair value through other comprehensive income, dividend income is presented in other income; and
- for equity instruments not designated at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through the statement of income.

d. Financial Instruments

Initial Recognition and Measurement:

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of income are recognized immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- If fair value is proved by a quoted price in an active market for symmetric asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of income on initial recognition (i.e. day 1 profit or loss);

- In all other cases, the fair value is adjusted to be it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing the instruments.

e. Financial Assets

Initial Recognition

All financial assets are recognized on the trading date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the statement of income. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through the statement of income are recognized in the consolidated statement of income.

Subsequent Measurement

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;

- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the Company may irrevocably make the following selection /designation at initial recognition of a financial asset on an asset- by-asset basis:

- The Company may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS (3) applies, in other comprehensive income; and

- The Company may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of income, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Assessment of Business Models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has more than one business model for managing its financial instruments, which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets or obtaining cash flow from selling assets. .

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

When a debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain/loss previously recognized in other comprehensive income is reclassified from equity to the Consolidated Statement of Income. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to Consolidated Statement of Income but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at fair value through other comprehensive income are subject to impairment.

<u>Financial Assets at fair Value through the Statement of Income</u>
Financial assets at fair value through the statement of income are:

- Assets with contractual cash flows that are not SPPI; or/and

- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

- Assets designated at fair value through the statement of income using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognized in the Consolidated Statement of Income.

<u>Reclassifications</u>
If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Company's financial assets. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

<u>Foreign Exchange Gains and Losses</u>
The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the statement of income; and

- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- For financial assets measured at fair value through the statement of income that are not part of a designated hedge accounting relationship, exchange differences as Gain or losses are recognized in the statement of income .

- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

f. Impairment

The Company recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through the statement of income:

- Balances and deposits at banks ;
- Accounts Receivable;
- Financial assets at amortized cost (Debt investment securities);
- Financial assets at fair value through other comprehensive income;
- Off statement of financial position exposure subject to credit risk (Financial guarantee contracts issued).

No impairment loss is recognized on equity investments.

With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- 12-month ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

Credit-impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract such as a default or past due event;
- The lender of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the debtor would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or fair value through other comprehensive income are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings.

A receivable or the balance is considered credit-impaired when a concession is granted to the debtor due to a deterioration in the debtor's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly, and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit-impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more. However, in cases where the assets impairment is not recognized after 90 days overdue are supported by reasonable information.

g. Financial Liabilities and Equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with another entity under conditions potentially unfavorable to the Company, or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Equity Instruments

Paid up Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Treasury Shares

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized Consolidated Statement of Income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through the statement of income or 'other financial liabilities'.

h. Fixed Assets

- Fixed assets are stated at cost net of accumulated depreciation and any accumulated impairment. Moreover, fixed assets (except for land) are depreciated, when ready for their intended use, according to the straight-line method over their estimated useful lives using rates ranging from 2% to 20%.

- When the expected recoverable amount of any fixed assets is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

- Fixed assets useful lives are reviewed at the end of each year and if the expected useful life differs from the previous estimate, the difference is recorded in subsequent years as a change in accounting estimates.

- Fixed assets are disposed of when there are no expected future benefits from their use or disposal.

i. Provision for end- of-service indemnity

End- of-service indemnity paid to terminated employees is charged to the end-of-service indemnity provision. Moreover, a provision booked for the end- of-service indemnity liability is recorded in the consolidated statement of income.

j. Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Accrued tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions of the countries where the Company operates.

- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated. Moreover, deferred taxes (if any) are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets. Moreover, the Company did not recognize deferred tax assets because they were deemed immaterial and not possible to use. The Company did not recognize deferred tax liability for the investment revaluation reserve as the Company`s investment revenue is not taxable.

k. Offsetting

Financial assets and financial liabilities are offset, and the net amount reported only in the consolidated statement of financial position, when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

l. Fair value

Fair value is defined as the price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to consider these factors at the measurement date. The fair value for measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:

Level inputs (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and

Level inputs (3) are inputs to assets or liabilities that are not based on observable market prices.

m. Provisions

Provisions are recognized when the Company has an obligation at the date of the consolidated statement of financial position arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

n. Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the exchange rates prevailing at year-end. Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange gains or losses resulting therefrom are recorded in the consolidated statement of income.

o. Interest Revenue and Expenses

Interest revenue and expense are taken to the consolidated statement of income using the accrual basis.

p. Sales

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

1. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods; and
2. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
3. Revenue can be calculated reliably; and
4. It is probable that the economic benefits associated with the transaction will flow to the Company; and
5. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

q. Investment in Affiliate

Affiliate companies are companies over which the Company exercises significant influence related to financial and operational policies but does not control, with ownership between 20%- 50 % of voting rights. Investment in affiliates is stated at an amount equal to the Company`s share in the affiliates' net assets and the degree of the Company`s participation in the affiliate. This is done by adjusting the investment account for the change in the affiliate`s net assets caused by the change in the Company`s share in the affiliate`s profit or loss according to the latest audited or reviewed financial statements.

r. Significant Accounting Judgments and key Sources of Uncertainty Estimates

Preparation of the consolidated financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The details are as follows:

- Evaluation of business model:
  The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test (refer to note the financial statement note 3). The Company defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

- Significant increase in credit risk:
  The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Company takes into account reasonable and reliable quantitative and qualitative information.

- Productive lifespan of tangible assets and intangible assets:
  The Company's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

- Assets and liabilities at cost:
  Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the consolidated statement of income for the year.

- Income tax:
  The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards.

- Lawsuits provision:
  A provision is taken for lawsuits raised against the Company. This provision is subject to an adequate legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that the Company may encounter in the future. Such legal assessments are reviewed periodically.

- End of service Indemnity Provision:
  A provision is taken for employees` End of service Indemnity according to the laws and regulations.

- Provision for credit losses:
  Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses.

- Establish groups of assets with similar credit risk characteristics:
  When the expected credit losses are measured on a collective basis, the financial instruments are grouped on the basis of common risk characteristics (e.g. instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Company monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they are still similar. This is required to ensure that, in the event of a change in the credit risk characteristics, the asset is properly reallocated. This may result in the creation of new portfolios or the transfer of assets to an existing portfolio that better reflects the credit risk characteristics of that group of assets.

- Models and assumptions used:
  The Company uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss. The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

A) Classification and measurement of financial assets and liabilities
The Company classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Company shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the consolidated statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Company are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Company uses available observable market data. In the absence of Tier 1 inputs, the Company conducts evaluations using professionally qualified independent evaluators. The Company works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

B) Fair value measurement
If the fair values of financial assets and financial liabilities included in the consolidated statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

C) Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and

- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	4,001	2,911
Current accounts - Jordanian Dinar	245,617	110,441
Time deposit at Jordan Ahli Bank – member of the Board of Directors *	3,930,869	260,473
Current account- Euro	131	475
	4,180,618	374,300

* The time deposit is for one-month term, automatically renewable, and bears interest at 5% annually, Moreover the deposit include 500 thousand Dinar cash collateral against credit facilities granted to Jordan Worsted Mills Company (Parent Company) as of December 31, 2018.

6. Financial Assets at Fair Value through the Statement of Income

a. This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Financial assets listed at Amman Stock Exchange	2,927,962	2,756,308

7. Receivables and other Debit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Trade receivables	2,154	41,082
Accrued revenue	35,034	35,034
Employees receivables	4,397	6,034
Prepaid expenses	119,594	190,900
Refundable deposits and customs deposits	10,769	10,769
Sales tax	96,128	82,842
	268,076	366,661

8. Military and Security Receivables

This item represents military and security receivables, and the Company applies a policy of dealing with credit worthy parties in order to mitigate the risk of financial loss from defaults. The management has not recorded a provision for credit loss in respect of receivables since the receivables are in total for military and government security and it is secured by payments.

9. Finished Goods-Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Finished Goods	4,213,167	3,498,783
(Less):Allowance for slow-moving inventory	(250,000)	(250,000)
	3,963,167	3,248,783

- Movement on the allowance for slow-moving inventory is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	250,000	250,000
Balance at the end of the year	250,000	250,000

10. Spare Parts and Various Supplies - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Spare parts	736,809	794,032
Raw materials and various supplies	8,025	8,982
	744,834	803,014
(Less): Provision for slow-moving items	(600,000)	(550,000)
	144,834	253,014
Packaging department assets and sampling and processing books	6,391	14,903
Factory assets	27,450	31,500
	178,675	299,417

- Movement on the provision for slow-moving items is as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the year	550,000	500,000
Addition during the year	50,000	50,000
Balance at the end of the year	600,000	550,000

11. Financial Assets at Fair Value through other Comprehensive Income

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Financial assets listed at Amman Stock Exchange	38,844,267	41,031,166
Unlisted Financial assets *	13,325,619	13,752,165
	52,169,886	54,783,331

* The fair value of the unlisted investments has been determined based on the equity method and latest audited or reviewed set of the financials statements. This is deemed to be the best tool available to measure the fair value of those investments.

12. Financial Assets at Amortized Cost

This item consists of the following:

	Number of bonds	December 31, 2018	Number of bonds	December 31, 2017
		JD		JD
Arab International Hotels Company's bonds *	1500	1,500,000	1500	1,500,000

* The Arab International Hotels Company's bonds mature on January 29, 2022. They bear interest at a fixed annual rate of 5/5%. The bonds are payable in two instalments on January 29 and July 29 every year.

13. Investment in Affiliate Company

This item represents the cost of the investment of the Company and its subsidiary in the Arab International Real Estate Company, representing 40% of the investee's capital of JD 3.6 million. The affiliate was established on June 28, 2007, and its main objectives are to develop investments in various areas of tourism and real estate; to develop and manage construction, housing, and real estate projects and markets; to buy, sell, and invest real estates and lands inside and outside the city planning; and to manage housing, commercial, and other complexes. This amount represents the Company's share in the affiliate's net assets. It is also equivalent to the investment in the affiliate adjusted by the changes in the Company`s share in the affiliate`s net assets and by the amount of the Company's share in the affiliate's profits and losses based on the latest audited or reviewed financial statements.

The financial information related to the affiliate company is as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Assets	3,575,063	3,573,814
Liabilities	(2,074)	(2,530)
Net assets	3,572,989	3,571,284
Company's share in the affiliate company's net assets	1,428,480	1,428,480

14. Fixed assets

2018	Lands *	Buildings	Factory machines	Tools and equipment	Air Condition	Fire Extinguishment Devices	Computer Devices and Software	Factory Equipment and Supplies	Furniture	Electrical Extensions and Appliances	Vehicles	Well and Water Purification Unit	Total Excluding Lands	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:														
Balance-Beginning of the year	85,404	401,186	3,647,056	10,926	307,860	39,246	50,071	108,657	108,711	102,980	319,493	97,779	5,193,965	5,279,369
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(12,848)	(1,930)	-	(535)	(1,131)	-	(1,962)	-	-	-	(18,406)	(18,406)
Balance-End of the year	85,404	401,186	3,634,208	8,996	307,860	38,711	48,940	108,657	106,749	102,980	319,493	97,779	5,175,559	5,260,963
Accumulated Depreciation:														
Balance-Beginning of the year	-	383,689	3,641,364	8,403	307,860	39,246	41,733	101,802	103,698	102,980	179,454	50,161	4,960,390	4,960,390
Additions	-	5,227	1,552	574	-	-	2,489	997	939	-	32,510	3,181	47,469	47,469
Disposals	-	-	(12,848)	(1,930)	-	(535)	(1,131)	-	(1,962)	-	-	-	(18,406)	(18,406)
Balance- End of the year	-	388,916	3,630,068	7,047	307,860	38,711	43,091	102,799	102,675	102,980	211,964	53,342	4,989,453	4,989,453
Net Book Value	85,404	12,270	4,140	1,949	-	-	5,849	5,858	4,074	-	107,529	44,437	186,106	271,510
2017														
Cost:														
Balance-Beginning of the year	85,404	401,186	3,705,746	10,926	307,860	39,246	49,821	108,657	108,194	102,980	248,373	97,779	5,180,768	5,266,172
Additions	-	-	-	-	-	-	250	-	517	-	128,520	-	129,287	129,287
Disposals	-	-	(58,690)	-	-	-	-	-	-	-	(57,400)	-	(116,090)	(116,090)
Balance-End of the year	85,404	401,186	3,647,056	10,926	307,860	39,246	50,071	108,657	108,711	102,980	319,493	97,779	5,193,965	5,279,369
Accumulated Depreciation:														
Balance-Beginning of the year	-	378,283	3,662,768	7,769	307,811	37,595	39,245	100,803	102,765	102,980	199,504	46,980	4,986,503	4,986,503
Additions	-	5,406	37,286	634	49	1,651	2,488	999	933	-	37,350	3,181	89,977	89,977
Disposals	-	-	(58,690)	-	-	-	-	-	-	-	(57,400)	-	(116,090)	(116,090)
Balance- End of the year	-	383,689	3,641,364	8,403	307,860	39,246	41,733	101,802	103,698	102,980	179,454	50,161	4,960,390	4,960,390
Net Book Value	85,404	17,497	5,692	2,523	-	-	8,338	6,855	5,013	-	140,039	47,618	233,575	318,979
% Annual Depreciation Rate	-	2 - 4	15	10 - 15	15	10	20	10 - 15	10 - 15	15	15	4-10		

* Fixed assets include fully depreciated assets of JD 4,647,564 as of December 31, 2018 (JD 4,218,581 as of December 31, 2017).

15. Due to Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Bank of Jordan*	-	141
Jordan Ahli Bank - Overdraft**	497,684	-
Jordan Ahli Bank - Overdraft***	73,193	85,642
Arab Bank - Overdraft***	89	-
	570,966	85,783

* The Company's subsidiary was granted an overdraft facility with a limit of JD 100,000 at an annual interest rate of 8% by the Bank of Jordan. The loan is guaranteed by the Company, and the overdraft is due on April 8, 2019.

** The Company was granted an overdraft facility with a ceiling of JD 500,000 at an annual interest rate of 6.5% by Jordan Ahli Bank (member of the Board of Directors). The loan is guaranteed by the Company, and the overdraft is due on July 31, 2019.

*** The Company was granted overdraft facilities with a ceiling of JD 2 million by Jordan Ahli Bank (member of the Board of Directors) and JD 1 million by Arab Bank (member of the Board of Directors). These credit facilities are guaranteed by the Company and bear interest at an annual interest rate of 8.625% for Jordan Ahli Bank and 8.875% for Arab Bank. Moreover, the overdrafts are due on October 31, 2019 and May 23, 2019, respectively.

- There are unused credit facilities granted to the Company, in the form of an overdraft, with a ceiling of JD 1.5 million, by Arab Bank.

- There are no non-cash transactions for the above overdraft facilities.

16. Short-term Loans

The parent company has obtained revolving loan from Societe General Bank - Jordan of JD 2 million for financing the Company's operations with a maturity period of 365 days (renewable) from the loan date with variable interest of 7.90% annually. This loan has been granted without guarantees.

- There are unused credit facilities granted to its subsidiary in the form of a revolving loan with a ceiling of JD 2 million, by Societe General Bank - Jordan.

- There are no non-cash transactions for the above revolving loans.

17. Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Accounts Payable	59,110	57,661
Shareholders' deposits	297,451	276,932
Accrued expenses	-	3,020
Board of Directors' remuneration for the parent and subsidiary	100,000	100,000
	456,561	437,613

18. End-of Service Indemnity Provision

Movement of the provision for end-of service indemnity during the year is as follows:

	2018	2017
	JD	JD
Balance at the beginning of the year	1,131,204	1,054,424
Additions	81,714	81,859
Payments during the year	(22,359)	(5,079)
Balance at the end of the year	1,190,559	1,131,204

19. Capital and Reserves

a. Capital

The authorized and paid-up capital amounted to JD 15 million distributed over 15,000,000 shares with a par value of JD 1 as of December 31, 2018 and 2017.

b. Statutory Reserve

This item represents accumulated amounts transferred from annual net income before tax at a rate of 10% during prior years according to the Jordanian Companies Law. The statutory reserve is deducted from the Company and its subsidiary. This reserve cannot be distributed to shareholders.

c. Voluntary Reserve

This item represents accumulated amounts transferred from the profits of the parent company at a rate not exceeding 20%. Voluntary reserve is used for the purposes approved by the Board of Directors, and the General Assembly has the right to distribute all or part of this amount as dividends to shareholders.

d. Special Reserve

This item represents the cumulative amounts transferred from appropriable profits according to the bylaws which state the following:" Based on a proposal by the Board of Directors, the General Assembly has the right to appropriate any percentage of annual profits to the account of any other reserves deemed necessary for the Company`s interests, without regard to the labels of those accounts".

e. Yarn Rising Prices Reserve

This item represents Yarn rising prices reserve that is appropriated according to the Board of Directors` resolutions due to the rising prices of yarn in the markets and the fixed sale contracts that the Company is committed to for years to come.

20. Proposed Dividends

The Board of Directors recommended the distribution of 22.5%, of the current year's profits, equivalent to JD 3.37 million, subject to the approval of the General Assembly as dividends to shareholders for the current year. In the previous year, dividends equal to 22.5% of capital, equivalent to JD 3.75 million were distributed.

21. Retained Earnings

This item consists of the following:

	For the Year Ended December 31, 2018			For the Year Ended December 31, 2017		
	Retained Earnings			Retained Earnings		
	Realized	Unrealized *	Total	Realized	Unrealized *	Total
	JD	JD	JD	JD	JD	JD
Balance-Beginning of the year	11,352,958	1,063,855	12,416,813	11,371,411	1,343,922	12,715,333
Gains from financial assets at fair value through comprehensive income	27,684	-	27,684	47,784	-	47,784
Realized cumulative change in fair value during the year	57,191	57,191	-	-	-	-
Profit for the year	3,245,511	209,774	3,455,285	3,683,763	(280,067)	3,403,696
Distributed dividends	(3,750,000)	-	(3,750,000)	(3,750,000)	-	(3,750,000)
Balance-End of the year	11,193,962	1,330,820	12,524,782	11,352,958	1,063,855	12,416,813

* Restricted as of December 31, 2018 in according with the directives of the Jordan Securities Commission.

22. Non-Controlling Interest

This item encompasses the rights of Kingdom Investment Group (Limited Liability) which is 20% owned by the Jordanian Armed Forces, in the equity of Jordan Fabric and Worsted Mills Private Shareholding Company (the Subsidiary) as of December 31, 2018 and December 31, 2017.

23. Cost of Production

This item consists of the following:

	2018	2017
	JD	JD
Yarn used in production:		
Yarn - beginning of the year	2,723,166	3,138,731
Yarn purchases	856,325	2,040,346
(Less): Yarn – End of the year	(1,041,953)	(2,723,166)
Cost of yarn used in production	2,537,538	2,455,911
Salaries and wages for Factory and Maintenance	582,760	596,658
Overtime wages	17,390	14,873
Health insurance and medical expenses	67,951	68,367
Company`s share in social security	54,314	60,025
Maintenance and spare parts	77,076	97,441
Factory vehicles expenses	18,685	15,763
Buildings maintenance	12,305	1,685
Factory cleaning	12,300	17,943
Fees, permits, and taxes	80,817	81,013
Electricity	95,533	85,584
Supplies	21,460	26,349
Buildings and devices insurance premiums	17,900	33,794
Company's contribution to workers` buffet	8,577	8,819
Rents	7,620	7,620
Fuel and Oil	146,031	150,979
Transportation	10,355	10,439
Provision for spare parts and various supplies	50,000	50,000
Workers' uniform and other expenses	1.702	1.783
Stationery and printings	1,388	654
Water and water inspection fees	24,504	23,088
Fabric inspection fees	15,063	15,000
End-of-service indemnity provision	20,621	20,502
Depreciation-Factory buildings	4,425	4,605
Depreciation-machinery, devices, and Factory furniture and equipment	6,464	43,928
Depreciation-Factory vehicles	6,703	8,278
Other	301	136
Total	3,899,783	3,901,237
Work-in-process inventory – Beginning of the year	482,118	507,867
Work-in-process inventory – End of the year	(370,230)	(482,118)
Cost of production	4,011,671	3,926,986

24. Selling and Distribution Expenses

This item consists of the following:

	2018	2017
	JD	JD
Promotion, advertisement, designing, development, and samples	11,101	15,236
Sales stamping stamps	57,343	58,895
Jordan universities` fees on sales	9,549	9,816
Transportation Expenses	1,980	-
	79,973	83,947

25. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Management employees' salaries	592,832	612,836
Representation allowance	125,000	125,000
Donations and subsidies *	89,618	471,465
Transportation	106,100	105,359
End-of-service indemnity provision	62,610	61,357
Fees, permits, and taxes	42,759	44,470
Vehicles expenses	19,955	15,791
Vehicles depreciation	25,807	29,072
Professional fees	30,105	29,105
Post, telephone, and import stamps	20,096	31,449
Stationery, printings, and maintenance for office equipment	24,678	23,453
Health insurance and management employees' medication	12,282	17,154
Company's share in social security	14,266	14,713
Hospitality	11,386	13,835
Overtime salaries for management employees	2,080	10,104
Depreciation - furniture, office equipment, and computers	3,268	3,292
Other expenses	8,481	3,836
Rents	8,000	4,375
Promotion and advertisements	6,455	6,614
Depreciation- Office buildings	802	801
	1,206,580	1,624,081

* This item represents donations and subsidies paid according to the resolutions of the Board of Directors to charities, governmental bodies, and not-for-profit organizations.

26. Net profit (Losses) from Financial Assets at Fair Value through the Statement of Income

This item consists of the following:

	2018	2017
	JD	JD
Dividends revenue	187,900	149,794
(Losses) from sale of financial assets at fair value through statement of income	(1897)	-
Gain(Losses) from revaluation of financial assets at fair value through statement of income- Unrealized	209,774	(280,067)
	395,777	(130,273)

27. Other (Expenses) - Net

	2018	2017
	JD	JD
Parent`s and subsidiary`s Board of Directors' remunerations	(100,000)	(100,000)
Interest and bank fees expense	(87,213)	(127,571)
Interest income	60,377	9,859
Gain on sale of lands and fixed assets	-	21,000
Recovered from accrued expenses	-	64,000
Other revenues	50,566	2,182
	(76,270)	(130,530)

28. Income Tax

a. Income Tax Provision

The movement on the income tax provision is as follows:

	For the year ended December 31,	
	2018	2017
	JD	JD
Balance - beginning of the year	282,337	271,905
Income tax paid for the year and past year	(359,346)	(418,942)
Income tax differences on past years	-	11,374
Provision for income taxes taken during the year	305,000	418,000
Balance – End of the Year	227,991	282,337

The provision balance in the consolidated statement of income is as follows:

	For the year ended December 31	
	2018	2017
	JD	JD
Income tax differences on prior years	-	11,374
Income tax provision taken during the year	305,000	418,000
	305,000	429,374

b. The income tax for the parent company has been settled up to the end of the year 2017, In the opinion of management and its tax consultant of the parent company, because there is no taxable income for the nine-month period then ended.

c. The income tax for the company's subsidiary has been settled up to the end of the year 2015. Moreover, the tax returns for the years 2016 and 2017 was filed on time, and an income tax provision has been calculated and recorded for the nine-month period ended December 31, 2018. In the opinion of company's management and its tax consultant, the provisions taken by the company's subsidiary are adequate, and no additional provisions are required as of December 31, 2018.

29. Earnings per Share for the Year Attributable to Shareholders

This item consists of the following:

	2018	2017
	JD	JD
Profit for the year attributable to shareholders	3,455,285	3,403,696
Number of shares	15,000,000	15,000,000
Earnings per share for the year	-\230	-\227

30. Deferred Taxes

The deferred tax assets resulting from timing differences of taxes paid on the recorded provisions were not shown as required according to International Accounting Standard Number (12), as the parent company practices a non-taxable investing activity and is not expected to use these assets in the near future.

31. Risk Management

a. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and to maximize the return to stakeholders through achieving an optimal balance between equity and debts. The Company's policy has not changed during the year.

b. Market Risks

Market risks are risks are the risks of losses in value resulting from market price changes such as interest rates, foreign exchange rates, equity instruments, and subsequently changes in the present value of financial instruments off-and on- the consolidated financial position.

1. Exchange Rate Risks

Exchange rate risk is related to changes in the value of financial instrument due to changes in foreign exchange prices.

The main operations for the Company is in Jordanian dinar and the risk is from the changes in the currency exchange price which require the company to pay in foreign currency and since the Jordanian dinar (the Company's functional currency) is pegged to the US Dollar. The management assume that the risk from foreign currency exchange is in material.

2. Share Price Fluctuation Risk

- Share price fluctuation risk represents the decline in fair value due to changes in price indexes and individual share prices.

- The following table illustrates the effect of a 5% increase (decrease) in the index of Amman Stock Exchange, in which the shares are traded as of the consolidated financial statements date

2018	Change in Index	Effect on Equity Profit \ (Loss)	Effect on Net Income Profit \ (Loss)
		JD	JD
Financial Markets	5% Increase	1,942,213	146,398
Financial Markets	5% Decrease	1,942,213	(146,398)

3. Interest Rate Risks

Interest rate risk represents the risks resulting from changes in the financial instrument as a result of the change in average interest rates prevailing in the market. Moreover, the Company and its subsidiaries continually manage their exposure to interest risk, and all varied considerations such as financing and renewal of the current positions are revalued continually.

The sensitivity analysis below is determined according to the exposure to interest rates related to bank deposits and due to banks as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, which represents the Company's and its subsidiary`s management's assessment of the likely and acceptable change in interest rates, is used.

	+ 5%		- (5)%	
	2018	2017	2018	2017
	JD	JD	JD	JD
(Loss) Profit for the year	(6,057)	(4,490)	6,057	4,490
Consolidated owners' equity	(6,057)	(4,490)	6,057	4,490

4. Liquidity Risks

Liquidity risk, also known as financing risk, is the inability of the Company and its subsidiary to provide the funding necessary to perform its obligations on the due dates. The Company manages liquidity risks by keeping reserves, continuously controlling cash flows, and matching the maturities of financial assets and liabilities. Part of cash is invested in cash balances at banks and financial assets at fair value through the statement of income and, thus, is available to meet short-term and mid-term obligations and liquidity management requirements.

	December 31	
	2018	2017
	Less than one year	Less than one year
	JD	JD
Due to banks	570,966	85,783
Short-term loans	640,498	1,072,605
Payables and other credit balances	456,561	437,613
Income tax provision	227,991	282,337
	1,896,016	1,878,338

d. Credit Risks

Credit risk is the risk of failure of the other party to fulfil its contractual obligations, causing losses to the Company and its subsidiary. Moreover, the Company and its subsidiary follow the policy of dealing with only creditworthy parties, so as to reduce the risk of financial losses resulting from failure to meet commitments.

The Company`s and its Subsidiary`s financial assets consist mainly of Military and security agencies receivables. Moreover, the financial assets and cash and cash equivalents do not represent high concentration of credit risks, as the Military is comprised of more than one party.

32. Fair Value Hierarchy

A. The fair value of financial assets evaluated at fair value on a recurring basis:

Some financial assets are evaluated at fair value at the end of each fiscal period. The following table shows how the fair value of these financial assets is determined (evaluation methods and inputs used).

Financial Assets	Fair Value December 31, 2018	Fair Value December 31, 2017	Fair Value Level	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	JD	JD				
Financial Assets at Fair Value through Statement of Income						
Companies' shares	2,927,962	2,756,308	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
	2,927,962	2,756,308				
Financial Assets at Fair Value through Comprehensive Income						
Quoted shares	38,844,267	41,031,166	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
Unquoted shares	13,325,619	13,752,165	Level Two	Equity method based on the last audited/ reviewed financial statements	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	52,169,886	54,783,331				
	55,097,848	57,539,639				

- There were no transfers between level I and level II during the years 2017 and 2016.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities reflected in the consolidated financial statements of the Company approximates their fair values. Moreover, the management believes that the carrying amount of the items below approximates their fair value due to either short-term maturity or repricing of interest rates during the year.

	December 31, 2018 Carrying Value	December 31, 2018 Fair value	December 31, 2017 Carrying Value	December 31, 2017 Fair value	Fair Value Level
Financial Assets not Valued at Fair Value	JD	JD	JD	JD	
Total Financial Assets at Amortized Cost	1,500,000	1,535,034	1,500,000	1,535,034	
Total Financial Assets not Valued at Fair Value	1,500,000	1,535,034	1,500,000	1,535,034	Level Two

The fair value of financial assets for Level 2 has been determined in accordance with agreed pricing models that reflect the credit risk of the counterparties.

We believe that the carrying amount of financial assets and liabilities shown in the consolidated financial statements of the Company approximates their fair value.

33. Contingent Liabilities

As of the date of the consolidated statement of financial position, the Company was contingently liable as follows:

	December 31,	
	2018	2017
	JD	JD
Letters of guarantees	650,000	650,000
Forward contracts - financial instruments		-

34. Balances of and Transactions with Related Parties

The details of the balances and transactions with related parties (Companies and Corporations represented by the Board of Directors) as of the end of the year are as follows:

	December 31	
	2018	2017
On-Consolidated Statement of Financial Position Items:	JD	JD
Time deposit at Jordan Ahli Bank – Member of the Board of Directors	3,930,869	260,473
Military receivables – Member of the Board of Directors	2,607,280	5,450,384
Bank(creditor)-Arab Bank-member of the Board of Directors	(89)	-
Bank(creditor)-Jordan Ahli Bank-member of the Board of Directors	(497,684)	(85,641)
Bank(creditor)-Jordan Ahli Bank-member of the Board of Directors	(73,193)	-
Current accounts-Arab Bank-member of the Board of Directors	287	483
Current accounts-Jordan Ahli Bank-member of the Board of Directors	245,205	109,958
Current accounts-Euro-Jordan Ahli Bank-member of the Board of Directors	131	475
Off- Consolidated Statement of Financial Position Items:		
Letters of Guarantee – Arab Bank- member of the Board of Directors	150,000	150,000
Letters of Guarantee – Jordan Ahli Bank- member of the Board of Directors	500,000	500,000

	For the Year Ended December 31,	
	2018	2017
Consolidated Statement of Income Items:	JD	JD
Military sales-Board of Directors	6,022,828	8,309,476
Donations*	-	300,000
Debit interest and commissions	87,213	127,571
Credit interest	60,377	9,859

* Pursuant to the Board of Directors' resolution, the Company donated to the Families of the Martyrs Support Fund of the Jordan Armed Forces and Security Department an amount of JD 100,000, and to the Headquarters of the Jordan Armed Force - Military Support Fund an amount of JD 200,000.

There are unused credit facilities granted to the Company, in the form of an overdraft, with a ceiling of JD 1 million, by Arab Bank.

The Jordan Armed Forces and Security Department mentioned above are considered the main consumer of the subsidiary`s products according to the terms of the signed agreements between the two parties, and the purchase of their yarn is agreed upon in the purchase contracts.

Salaries, bonuses, and other benefits for the Board of Directors and executive management amounted to JD 815,338 for the year 2018 (JD 817,127 for the year 2017).

On August 10 2017, the Company received a letter from the Defense Purchasing Director/General Headquarters of the Jordanian Armed Forces-Arab Army No. M SH 7/12/2010, Worsted/10038, dated August 8 2018, informing the Company that agreement No. M SH 7/12/2010/ Worsted/22, which relates to purchasing military fabric from the subsidiary company (Jordan Fabric and Worsted Mills Private Shareholding Company) will not be extended after the year 2020.

35. Segmental and Geographical Analysis

The following is information about the Company's business sector according to activities:

			Total	
			For the year ended December 31,	
	Manufacturing	Investing *	2018	2017
	JD	JD	JD	JD
Sales	6,027,577	-	6,027,577	8,357,707
Cost of sales	(3,297,287)	-	(3,297,287)	(4,378,139)
Company's business sector results	290,730,2	-	2,730,290	3,979,568
Selling and distribution expenses	(79,773)	-	(79,773)	(83,947)
General and administrative expenses	(883,452)	(323,128)	(1,206,580)	(1,624,081)
Financial assets income - net	-	2,825,992	2,825,992	2,258,593
(Expenses) Other income - net	66,059	(142,329)	(76,270)	(130,530)
Net profit for the year before income tax	1,832,924	2,360,535	4,193,459	4,399,603
Income tax expenses	(305,000)	-	(305000)	(429,374)
Profit for the year	1,527,924	2,360,535	3,888,459	3,970,229

* Net after excluding the Company`s share of the Subsidiary's distributed profits during the year 2018 of JD 2 million from this sector.

			December 31	
	Manufacturing	Investing	2018	2017
Other Information	JD	JD	JD	JD
Sector Assets	25,218,881	45,688,956	70,907,837	73,734,991
Sector Liabilities	1,501,463	1,585,112	3,086,575	3,009,542

- All the assets and operations of the Company and its Subsidiary are within the Hashemite Kingdom of Jordan.

36. Application of new and revised International Financial Reporting Standards (IFRS)

a. Amendments with no material effect on the financial statements of the company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS (1) *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*. The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and advances".*	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance. This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.

Amendments to IAS 40: *"Investment properties".*

The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)

Amendments to IFRS 2 *"Share-based Payment".*

These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following:

1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments.
2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.
3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows:
   - A. Abrogation of the original obligation;
   - B. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and
   - C. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income

Amendments to IFRS 4: *"Insurance contracts".*

These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.

IFRS 15 Revenue from Contracts with Customers.

IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace current income recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The basic principle of this standard is that an entity must recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition:

Step 1: Determining the contract (s) concluded with the client.
Step 2: Defining performance obligations in the contract.
Step 3: Determining the selling price.
Step 4: Assigning a sale price to the performance obligations in the contract.
Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform.

Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.

Amendments to IFRS 15 "Revenue from Contracts with Customers".

These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

b. Amendments with material effect on the financial statements of the company:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 *"Financial Instruments"* issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 *"Financial Instruments: Recognition and Measurement"*, concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 *"Financial Instruments: Disclosures"*.

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 *"Recognition and Measurement"*. The new version of the standard includes the following requirements:

Classification and Measurement:
Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:
The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:
The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:
The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS 39.

And since all receivables are due from government military and security entities there will be no provision against it, and the required provision against time deposits and financial assets at amortized cost is in material.

c. New and revised IFRS in issue but not yet effective and not early adopted
The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements with its details as follows:

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 *"Business Combinations"*, IFRS 11 *"Joint Arrangements"*, IAS 12 *"Income Taxes"* and IAS 23 *"Borrowing Costs."*

New and revised IFRS	Amendments to new and revised IFRSs
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses: • whether the tax treatment should be considered in aggregate: • assumptions regarding the procedures for the examination of tax authorities: • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates: • The impact of changes in facts and circumstances.
IFRS 16 "*Leases*" (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.
Amendments in IFRS 9 "*Financial Instruments*" (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 "*Investment in Associates and Joint Ventures*" (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.
Amendment to IAS 1 "*Presentation of financial statement*" (Effective form on January 1,2020) -	These amendments are related to definition of material.
Amendment to IFRS 3 "*Business Combinations*" (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.

New and revised IFRS	Amendments to new and revised IFRSs
	In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 "*Insurance Contracts*" (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 "*Investments in Associates and Joint Ventures* (2011)" **(Effective date deferred indefinitely. Adoption is still permitted.)**	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

The management is in the process of detecting the expected effect from implementing of IFRS (16) and it will be disclosed in the first interm financial statement knowing that the effect is in material.

37. Lawsuits

There are no lawsuits against the Company as of December 31, 2018. In the opinion of the Company's management, there is no need to book any provisions.