

الرقم: 324/2017

السادة هيئة الأوراق المالية  
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**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
INFORMATION FOR THE SIX MONTHS  
ENDED JUNE 30, 2017**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S  
REPORT ON THE REVIEW OF THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

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<b>Contents</b>	<b>Page</b>
Independent Auditor's Report on the Review of the Condensed Consolidated Interim Financial Information	1-2
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Information	7-20



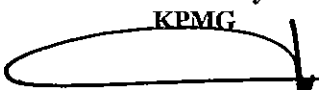
#### **Emphasis of matters**


Without qualifying our opinion, we draw attention to the followings:

- As mentioned in note (13) to the condensed consolidated interim financial information which describes that the Company's subsidiary (Al-Fakher for Trading Tobacco and Agencies) filed two lawsuits with the first instance court to object on the decision taken by the Income and Sales Tax department of Jordan for imposing taxes for the years 2009, 2010 and 2011 with an amount of JOD 7,843,927 and Legal compensation with an amount of JOD 3,889,245 and for imposing a tax for the year 2012 with an amount of JOD 3,253,058 and legal compensation with an amount of JOD 2,602,446 due to the fact that the Income and Sales Tax department of Jordan considers The Company in Ajman-(United Arab Emirates) as a subsidiary and not a branch. The Lawsuit is still pending in the tax first instance court. In the opinion of the Company's Management, tax consultant and legal consultant, the probability of winning the lawsuit is high and the recorded provisions are sufficient. The ultimate outcome of the lawsuit cannot be determined reliably. Accordingly, no additional provision has been recorded in the condensed consolidated interim financial information against any consequences that may arise on the Group.
  
- As mentioned in note (13) to the condensed consolidated interim financial information which describes that the company filed a lawsuit with the First Instance Court to object on the decisions taken by income and sales tax employee's for imposing sales tax on the company amounted to JOD 288,000 in addition to penalty amounted to JOD 576,000. In the opinion of the Company's Management and legal consultant, the probability of winning and cancelling the lawsuit is high. Accordingly, no provision has been recorded in condensed consolidated interim financial information against any consequences that may arise on the Group.

#### **Other Matter**

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

Kawasmy and Partners  
KPMG  
  
Hatem Kawasmy  
License no. (656)



Amman - Jordan  
July 26, 2017

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

<i>Jordanian Dinar</i>		<b>As of June 30, 2017 (Reviewed not audited)</b>	<b>As of December 31, 2016 (Audited)</b>
	<b>Note</b>		
<b>Assets</b>			
<b>Current assets</b>			
Cash on hand and at banks		61,091,985	49,729,435
Cheques under collection		-	28,360
Trade and other receivables		50,004,513	25,617,883
Inventory		23,125,953	19,477,577
Other debit balances		7,903,510	4,496,347
<b>Total current assets</b>		<b>142,125,961</b>	<b>99,349,602</b>
<b>Non-current assets</b>			
Financial assets at fair value through statement of other comprehensive income	6	746,021	914,633
Investment property		674,552	674,552
Intangible assets-Goodwill from acquisition of subsidiary		6,602,986	6,602,986
Property, plant and equipment	7	19,026,686	18,543,871
Advance payments for Investments	8	7,579,449	897,066
<b>Total non-current assets</b>		<b>34,629,694</b>	<b>27,633,108</b>
<b>Total assets</b>		<b>176,755,655</b>	<b>126,982,710</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Deferred cheques		412,464	358,410
Accounts payable		14,024,327	7,163,620
Other credit balances		9,283,602	7,406,230
Income tax provision	12	3,268,392	5,609,153
Bank facilities mature within a year	9-1	71,093,909	15,930,000
<b>Total current liabilities</b>		<b>98,082,694</b>	<b>36,467,413</b>
<b>Non-current liabilities</b>			
Bank facilities mature within more than a year	9-2	9,912,000	-
Provision of employees' end of service indemnity		4,248,692	3,880,311
<b>Total non-current liabilities</b>		<b>14,160,692</b>	<b>3,880,311</b>
<b>Total liabilities</b>		<b>112,243,386</b>	<b>40,347,724</b>
<b>Shareholders' Equity</b>			
Capital	1	30,000,000	30,000,000
Statutory reserve		13,897,311	13,897,311
Cumulative change in fair value		251,350	340,934
Retained earnings		20,363,608	42,396,741
<b>Total Shareholders' Equity</b>		<b>64,512,269</b>	<b>86,634,986</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>176,755,655</b>	<b>126,982,710</b>

The companying notes on pages (7) to (20) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

**Chairman of Board of Directors**

**Financial Manager**

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>Jordanian Dinar</i>	Capital	Statutory Reserve	Cumulative change in fair value	Retained Earnings	Total
<b>Changes for the six months ended June 30, 2017</b>					
<b>(Reviewed not audited)</b>					
Balance as of January 1, 2017	30,000,000	13,897,311	340,934	42,396,741	86,634,986
Profit for the period	-	-	-	17,901,452	17,901,452
Other comprehensive income	-	-	(133,374)	109,205	(24,169)
Transferred from fair value reserve	-	-	43,790	(43,790)	-
Dividends during the period (Note 10)	-	-	-	(40,000,000)	(40,000,000)
<b>Balance as of June 30, 2017</b>	<b>30,000,000</b>	<b>13,897,311</b>	<b>251,350</b>	<b>20,363,608</b>	<b>64,512,269</b>
<b>Changes for the six months ended June 30, 2016</b>					
<b>(Reviewed not audited)</b>					
Balance as of January 1, 2016	25,000,000	13,897,311	1,021,083	34,305,207	74,223,601
Profit for the period	-	-	-	19,993,738	19,993,738
Other comprehensive income	-	-	(825,027)	738,076	(86,951)
Increasing paid up capital	5,000,000	-	-	(5,000,000)	-
Dividends during the period (Note 10)	-	-	-	(25,000,000)	(25,000,000)
<b>Balance as of June 30, 2016</b>	<b>30,000,000</b>	<b>13,897,311</b>	<b>196,056</b>	<b>25,037,021</b>	<b>69,130,388</b>

The accompanying notes on pages (7) to (20) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

**AL-EQBAL INVESTMENT COMPANY  
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AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

<i>Jordanian Dinar</i>	<b>For the six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Reviewed, not audited)</b>	
<b>Cash flows from operating activities</b>		
Profit for the period before income tax	20,001,254	21,398,810
<b>Adjustments for:</b>		
Contingent liability provision	-	936,582
Dividends from financial assets through statement of other comprehensive income	(30,811)	(33,045)
Provision of employees' end of service indemnity	418,458	483,216
Depreciation	1,432,395	1,737,251
Key money amortization	188,198	204,481
Finance expense	329,468	283,532
Interest revenue	(248,630)	(305,011)
Loss from sale of property, plant and equipment	7,292	-
	<b>22,097,624</b>	<b>24,705,816</b>
<b>Changes in:</b>		
Trade and other receivables	(24,386,630)	(6,835,820)
Cheques under collection	28,360	198,063
Inventory	(3,648,376)	(2,950,836)
Other debit balances	(3,595,361)	(2,178,763)
Accounts payable and deferred cheques	6,914,761	3,123,328
Other credit balances	1,877,372	1,814,074
Due to related party	-	(173,523)
<b>Cash flow (used in) from operating activities</b>	<b>(712,250)</b>	<b>17,702,339</b>
Income tax paid	(4,440,563)	(1,876,892)
End of service indemnity paid	(50,077)	(10,631)
<b>Net cash flow (used in) from operating activities</b>	<b>(5,202,890)</b>	<b>15,814,816</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,947,065)	(759,492)
Proceeds from sale of financial assets through statement of other comprehensive income	144,443	1,673,730
Advance payments for investments	(6,682,383)	(885,677)
Dividends of financial assets at fair value through statement of other comprehensive income	30,811	33,045
Proceeds from sale of property, plant and equipment	24,563	2,605
Bank deposits' interest revenue	248,630	305,011
<b>Net cash (used in) from investing activities</b>	<b>(8,181,001)</b>	<b>369,222</b>
<b>Cash flows from financing activities</b>		
Finance expense paid	(329,468)	(283,532)
Bank facilities	65,075,909	-
Dividends paid	(40,000,000)	(25,000,000)
<b>Net cash from (used in) financing activities</b>	<b>24,746,441</b>	<b>(25,283,532)</b>
Net change in cash on hand and at banks	11,362,550	(9,099,494)
Cash on hand and at banks at the beginning of the year	49,729,435	45,121,377
<b>Cash on hand and at banks at the end of the period</b>	<b>61,091,985</b>	<b>36,021,883</b>

The companying notes on pages (7) to (20) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

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

**1) GENERAL**

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

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

The general assembly decided on March 24, 2016 to increase its paid-up capital by 5,000,000 shares through distribution from retained earnings JOD 5,000,000 for the paid-up capital to become 30 millions (1 JOD/share). The Company completed the procedures in the Ministry of trade and industry during the second quarter of the year 2016.

The Company's main objectives include the following:

- Owning commercial agencies.
- Trade intermediaries (except dealing with International stocks).
- Engaging in brokerage and trading tenders.
- Import and export.
- Guaranty of third parties obligations relevant to the interest of the company.
- Investment of the Company's funds surplus in the appropriate way.
- Ownership of movable and immovable funds, for achieving the company's objectives.
- Ownership of land and real estate for achieving the company's objectives.
- Contracting with any government, commission, authority, company, institution or individual interested in the goals and objectives of the company or any of them.
- Borrowing money from banks.
- The condensed consolidated interim financial information were approved by the Board of Directors on July 26, 2017.

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**a) Statement of compliance**

- The condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting" which selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2016.
- These condensed consolidated interim financial information should be read with the consolidated financial statements for the year ended December 31, 2016. As well as the financial performance for the condensed consolidated interim financial period ended June 30, 2017 does not necessarily give an indication for the expected financial performance for the year that will be ending on December 31, 2017. In addition, no appropriation has been made on the profit for the period to reserves, which will be appropriated in the annual consolidated financial statements at the end of the year 2017.

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



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**b) Basis of consolidating condensed consolidated interim financial information**

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

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

<u>Company Name</u>	<u>Capital</u>	<u>Percentage of ownership</u> %	<u>Nature of operation</u>	<u>Country of operation</u>
Al-Fakher for Trading Tobacco and Agencies*	6,000,000	100	Trading Tobacco	Jordan
Spectrum International for Renewable Energy	6,000,000	100	Renewable energy	Jordan
International Cigarettes and Tobacco Company (Under liquidation)	6,000,000	100	Trading Tobacco	Jordan
Pioneer Venture Company	35,464	100	Trading	UAE

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

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

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

<u>Company Name</u>	<u>Capital</u>	<u>Ownership Percentage</u> %	<u>Nature of operation</u>	<u>Country of Operation</u>
Al-Fakher Tobacco F.Z.E ***	35,705	100	Investments	UAE
Al-Fakher International	7,100	100	Tobacco	Cayman Islands

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

<u>Company Name</u>	<u>Partner Contribution</u>	<u>Ownership Percentage</u> %	<u>Nature of operation</u>	<u>Country of Operation</u>
Al-Fakher Tobacco Factory	7,720,000	100	Tobacco	UAE

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

**AL-EQBAL INVESTMENT COMPANY  
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AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

- The following table represents the financial position and financial performance of the subsidiaries as of June 30, 2017:

<i>In Jordanian Dinar</i>	As of June 30, 2017			
	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Profit (loss) for the year</u>
Al-Fakher for Trading Tobacco and Agencies - Consolidation	142,538,855	(111,756,019)	74,519,923	18,782,836
Spectrum International for Renewable Energy	8,237,595	(3,950,788)	2,271,212	(162,718)
International Cigarettes and Tobacco Company (under liquidation)	4,247,570	-	-	(1,500)
Pioneer Company	51,479	(128,981)	-	(17,576)

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

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

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

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

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

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

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

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

**c) Use of judgments and estimates**

- These condensed consolidated interim financial information have been prepared in accordance with IAS 34, "interim financial reporting" which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- In preparing these condensed consolidated interim financial information, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2016.

**AL-EQBAL INVESTMENT COMPANY  
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AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**3) SIGNIFICANT ACCOUNTING POLICIES**

The company has adopted early International Financial Reporting Standard IFRS 9 “Financial Instruments” to be applied on the financial statement that begins on January 1, 2011 based on the instructions of security exchange commission. This standard is mandatory well be applied internationally on January 1, 2018.

The accounting policies applied in these condensed consolidated interim financial information are the same used in the Company’s financial statements for the year ended December 31, 2016 in except for to the international financial reporting standards which became effective since the years starts on January 1, 2017 which are as follows:

- International Accounting Standard No. (7): Disclosure Initiative
- International Accounting Standard No. (12): Recognition of Deferred Tax Assets for Unrealized Losses.
- Annual Improvements to International Financial Reporting Standards 2014–2016 cycle

The application of these amended standards did not have a significant effect on the condensed consolidated interim financial information.

**4) FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT**

- Generally, the Group’s objectives, policies and processes for managing risk are the same as those disclosed in its financial statements as of and for the year ended December 31, 2016.
- There have been no changes in the group’s approach to capital management during the current financial interim period neither the group is subject to externally imposed capital requirements.
- Fair value hierarchy for the financial assets in equity instruments has been disclosed in Note 16.

**5) SEGMENT REPORTING**

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

**A- Operating Segment**

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

- Tobacco manufacturing and trading.
- Investments
- Energy.

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**(PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**B- Geographical Segment**

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

<i>Jordanian Dinar</i>	<b>Tobacco</b>	<b>Energy</b>	<b>Investment</b>	<b>Total</b>
<b><u>For the six months ended June 30, 2017</u></b>				
<b><u>(Reviewed not audited)</u></b>				
Segment revenue – net	34,631,160	182,094	-	34,813,254
Gross segment revenue for the period	34,631,160	182,094	-	34,813,254
Administrative expenses	(4,485,516)	(372,896)	(722,754)	(5,581,166)
Selling and distribution expenses	(9,483,936)	-	-	(9,483,936)
Other revenues	309,455	966	-	310,421
Net finance income (expenses)	(82,733)	(3,693)	5,588	(80,838)
Loss from sale of property, plant and equipment	(7,292)	-	-	(7,292)
Dividends from financial assets at fair value through other comprehensive income	-	30,811	-	30,811
Segment profit (loss) for the period before tax	20,881,138	(162,718)	(717,166)	20,001,254
Gross segment assets	142,761,263	7,629,268	26,365,124	176,755,655
Gross segment liabilities	81,390,635	3,581,175	27,271,576	112,243,386
Capital expenditure	1,934,940	8,255	3,870	1,947,065
<i>Jordanian Dinar</i>	<b>Tobacco</b>	<b>Energy</b>	<b>Investment</b>	<b>Total</b>
<b><u>For the six months ended June 30, 2016</u></b>				
<b><u>(Reviewed not audited)</u></b>				
Segment revenue – net	33,743,716	4,027	-	33,747,743
Net segment revenue for the period	33,743,716	4,027	-	33,747,743
Administrative expenses	(3,604,710)	(300,987)	(894,951)	(4,800,648)
Selling and distribution expenses	(6,905,105)	-	-	(6,905,105)
Other revenues (expenses)	144,385	-	(70)	144,315
Net finance income (expenses)	63,406	(40,277)	(1,700)	21,429
Dividends from financial assets at fair value through other comprehensive income	-	33,045	-	33,045
Contingent liability provision	(936,582)	-	-	(936,582)
Gains from sale of shares in associate company	-	93,525	1,088	94,613
Segment profit (loss) for the period before tax	22,505,110	(210,667)	(895,633)	21,398,810
<b><u>For the period ended June 30, 2016</u></b>				
Gross segment assets	101,138,002	4,739,296	2,965,261	108,842,559
Gross segment liabilities	37,622,081	26,874	2,063,216	39,712,171
Capital expenditure	735,770	23,722	-	759,492

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

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

<i>In Jordanian Dinar</i>	June 30, (Reviewed 2017 not audited)	December 31, (Audited) 2016
Quoted market prices*	444,996	613,608
Non quoted market prices**	301,025	301,025
	<b>746,021</b>	<b>914,633</b>

\* This item represents the fair value of financial assets in listed financial markets for the Group's share in Bank of Jordan according to the market value as of June 30, 2017 and December 31, 2016.

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

**7) PROPERTY, PLANT AND EQUIPMENT**

The additions over property, plant and equipment during the period ended June 30, 2017: JOD 1,947,065 (December 31, 2016: JOD 2,533,401).

The depreciation expense on property, plant and equipment during the period ended June 30, 2017: JOD 1,432,395 (June 30, 2016: JOD 1,737,251).

**8) ADVANCE PAYMENTS FOR INVESTMENTS**

The details of the advance payments for investments are as follow:

- During the Second quarter in 2017, the Group's management has paid an amount of JOD 5,007,060 as advanced payment for investing in distribution activities for Al-Fakher products, where the legal procedures have not yet been completed.
- The Group's management has paid an amount of JOD 1,670,603 during 2017 as advance payment to establish a new investment in Turkey, where the legal procedures have not yet been completed.
- Entrance of Spectrum International for Renewable Energy in a joint projects agreement with an amount of 1,851,786. Where the joint ventures are still in the pre-incorporation phase and have not yet been completed.

The company has booked an impairment provision with an amount of JOD 950,000 to face the foreign currency differences.

**9) BANK FACILITIES**

**9-1 Bank facilities mature within a year**

<i>Bank's name</i>	<i>Facility type</i>	<i>Maturity date</i>	As of June 30, 2017 (Reviewed not audited)	As of December 31, 2016 (Audited)
<i>In Jordanian Dinar</i>				
Bank of Jordan	Overdraft	-	1,127,922	-
Bank of Jordan *	Loan	December 31, 2017	15,930,000	-
Bank of Jordan **	Loan	July 29, 2017	676,119	-
Bank of Jordan ***	Loan	December 31, 2017	25,000,000	-
Cairo Amman Bank ****	Loan	December 31, 2017	28,359,868	-
			<b>71,093,909</b>	<b>-</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

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

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

Based on the tax consultant opinion the company should take a provision by an amount of JOD 2,099,802 for the income tax liability as a provision of 10% of net profit of Al-Fakher Tobacco Factory (UAE).

**c- Al-Fakher – Aqaba private**

The Income Tax was settled until 2012. The tax return was submitted for the years 2013, 2014, 2015 and 2016 within the legal period of submission, the department did not audit the company's accounts and did not issue its final decisions till the date of the preparation of the condensed consolidated interim financial information.

Based on the tax consultant opinion, the company does not need to account any provisions for the income tax liability for the business results.

Income and Sales Tax Department has reconsidered the tax return for the year 2013 and decided to demand the company an amount of JOD 4,432,006 as income tax and legal compensation with an amount of JOD 3,508,048. The company is currently performing objection procedures on the income and sales decision at the first instance court of tax.

Income and Sales Tax Department issued its decision regarding the financial statements for the year 2014 and demanded the company income tax of JOD 4,250,595 and legal compensation with an amount of JOD 3,400,476. The company is currently performing objection procedures on the income and sales decision at the first instance court of tax.

**d- Subsidiary – Spectrum International for Renewable Energy**

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

Based on the tax consultant opinion, the company does not need to account any provisions for the income tax liability for the business results.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**13) CONTINGENT LIABILITIES**

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

<i>In Jordanian Dinar</i>	<b>June 30, 2017 (Reviewed not audited)</b>	<b>December 31, 2016 (Audited)</b>
Bank guarantees	2,276,691	2,504,422
	<u>2,276,691</u>	<u>2,504,422</u>

Against cash margins represented as follows:

<i>In Jordanian Dinar</i>	<b>June 30, 2017 (Reviewed not audited)</b>	<b>December 31, 2016 (Audited)</b>
Bank guarantees	254,558	181,096
	<u>254,558</u>	<u>181,096</u>

- 2- The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing income tax on the year 2012 with an amount of JOD 111,756 in addition to a legal compensation amount of JOD 46,123.

Based on the Group's management legal and tax consultant, it is probable to win the case due to the fact that the objection committee did not deduct the yearly donations, the Board of Directors rewards and the full amount of accumulated losses, also, it did not take into account the necessity of subtracting the interest expense and currency differences from the interest revenue.

- 3- The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing sales tax on the company amounted to JOD 288,000 in addition to Legal Fees JOD 576,000 and fees resulted from selling lands and buildings which are related to Phillip Morris and the lawsuit still pending at the tax first instance court in the stage of performing accounting assessment.

Based on the tax consultant and Group's management the probability of winning the legal case and cancelling the claims is high.

- 4- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes for the years of 2009, 2010 and 2011 with an amount of JOD 7,843,927 and Legal compensation amount of JOD 3,889,245 and JOD 111,372 for Education support fund the case is still pending in the tax first instance court in the stage performing expert assessment.

Based on the Group's management its legal and tax consultant's opinion, the probability of winning the legal case is high because the profit is from the branch and not from the investment, and the company will not have any further liability more than what already paid to the income and sales tax department in Aqaba private zone on addition to tax rate differences.

- 5- During the first quarter, the Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes for the year 2012 with an amount of JOD 3,253,058 and Legal compensation amount of JOD 2,602,446, the case is still pending in the tax first instance court to make a conclusion on the required evidences by the company.

Based on the Group's management and tax consultant's opinion, the probability of winning the legal case is high because the profit is from the branch and not from the investment, and the company will not have any further liability more than what already has been paid to the income and sales tax department in Aqaba private zone in addition to tax rate differences.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**14) Earning per share**

<i>Jordanian Dinar</i>	<b>For the six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Reviewed not audited)</b>	<b>(Reviewed not audited)</b>
Profit for the period for the shareholders (JOD)	17,901,452	19,993,738
Weighted average for number of shares (Share)	30,000,000	30,000,000
<b>Earning per share for the period</b>	<b>0.60</b>	<b>0.67</b>

**15) FINANCIAL RISK MANAGEMENT**

**- Credit risk**

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

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

<i>In Jordanian Dinar</i>	<b>Carrying value as at</b>	
	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Cash at banks	60,844,693	47,911,215
Cheques under collection	-	28,360
Trade and other receivables	50,004,513	25,617,883
Other debit balances	1,173,126	2,777,133
	<b>112,022,332</b>	<b>76,334,591</b>

**- Liquidity risk**

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

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

The followings are the contracted maturities of financial liabilities, including estimated interest payments:

<b>June 30, 2017</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>less than a year</b>	<b>More than a year</b>
<i>Jordanian Dinar</i>				
Deferred cheques	412,464	(412,464)	(412,464)	-
Accounts payable	14,024,327	(14,024,327)	(14,024,327)	-
Other credit balances	9,283,602	(9,283,602)	(9,283,602)	-
Income tax provision	3,268,392	(3,268,392)	(3,268,392)	-
Bank facilities	81,005,909	(81,005,909)	(71,093,909)	(9,912,000)
Provision of employees' end of service indemnity	4,248,692	(4,248,692)	-	(4,248,692)
	<b>112,243,386</b>	<b>(112,243,386)</b>	<b>(98,082,694)</b>	<b>(14,160,692)</b>



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

<b>December 31, 2016</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>less than a year</b>	<b>More than a year</b>
<i>Jordanian Dinar</i>				
Deferred cheques	358,410	(358,410)	(358,410)	-
Accounts payable	7,163,620	(7,163,620)	(7,163,620)	-
Other credit balances	7,406,230	(7,406,230)	(7,406,230)	-
Bank facilities	5,609,153	(5,609,153)	(5,609,153)	-
Income tax provision	15,930,000	(15,930,000)	(15,930,000)	-
Provision of employees' end of service indemnity	3,880,311	(3,880,311)	-	(3,880,311)
	<b>40,347,724</b>	<b>(40,347,724)</b>	<b>(36,467,413)</b>	<b>(3,880,311)</b>

**- Market risk**

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

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

**- Currency Risk**

Most of the group's financial assets and liabilities are in Jordanian Dinar and UAE Dirhams.

An increase (decrease) of the JOD against the AED of June 30 would have increased (decreased) profit or loss by the amounts shown below and it's considered that exchange rate of JOD against USD stays constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

**- Interest rate risk**

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

<i>In Jordanian Dinar</i>	<b>Carrying value</b>	
	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Fixed rate instruments</b>		
Financial Assets	1,514,271	28,168,412
<b>Variable rate instruments</b>		
Financial Liabilities	(81,005,909)	(15,930,000)

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JOD 405,030 for the six months ended June 30, 2017. A decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JOD 405,030 for the six months ended June 30, 2017.

**- Other market price risk**

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

**Equity price risk**

A change of 5% in fair value of the securities at the consolidated interim financial information date would have increased (decreased) equity and profit or loss by the amount of JOD 37,301. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**16) Fair Value levels**

**Fair value hierarchy**

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

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

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

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

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

**- Financial Instruments measured at fair value:**

<i>In Jordanian dinar</i>	<u>Book value</u>	<u>Fair value</u>		
		<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)*</u>
<b><u>June 30, 2017</u></b>				
Cash on hand and at banks	61,091,985	61,091,985	-	-
Financial assets at fair values through statement of other comprehensive income	746,021	444,996	-	301,025
<b><u>December 31, 2016</u></b>				
Cash on hand and at banks	49,729,435	49,729,435	-	-
Financial assets at fair values through statement of other comprehensive income	914,633	613,608	-	301,025

The Group's management believes that the fair value of financial assets and liabilities are not materially different from its book value in the condensed consolidated interim statements of financial position.

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

There were no transfers between level 1 and level 2 during the year ended June 30, 2017 and December 31, 2016.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**Financial Instruments not measured at fair value:**

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

		Fair value		
	Book value	Level (1)	Level (2)	Level (3)*
<i>In Jordanian dinar</i>				
<u>June 30, 2017</u>				
Trade and other receivables	50,004,513	-	50,004,513	-
Deferred Cheques	(412,464)	-	(412,464)	-
Accounts payables	(14,024,327)	-	(14,024,327)	-
Bank facilities	(81,005,909)	-	(81,005,909)	-
	Book value			Level
<i>In Jordanian dinar</i>	Fair value	Level (1)	Level (2)	(3)*
<u>December 31, 2016</u>				
Cheques under collection	28,360	-	28,360	-
Trade and other receivables	25,617,883	-	25,617,883	-
Deferred Cheques	(358,410)	-	(358,410)	-
Accounts payables	(7,163,620)	-	(7,163,620)	-
Bank facilities	(15,930,000)	-	(15,930,000)	-

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

The Group's management believes that the book value of financial assets and liabilities displayed in the consolidated interim financial information and financial statements are not materially different from its fair value due to the maturities of these bonds on the short term or interest rate reprising during the year.

There were no transfers between level 1 and level 2 during the year ended June 30, 2017 and December 31, 2016.

**17) Comparative figures**

The comparative figures represents the consolidated statement of financial position as of December 31, 2016 in addition to the condensed consolidated interim statement of profit or loss and other comprehensive income and condensed consolidated interim statement of changes in shareholders' equity and the condensed consolidated interim statement of cash flow for the period ended June 30, 2016.