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

**CONSLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

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

FOR THE YEAR ENDED DECEMBER 31, 2014

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

Independent Auditor's Report on Consolidated Financial Statements

**To General Assembly
Al-Eqbal Investment Company
(Public Shareholding Company)
Amman – Jordan**

We have audited the accompanying consolidated financial statements of **Al-Eqbal Investment Company ("The Group")** which comprise consolidated statement of financial position as of December 31, 2014 and the related consolidated statements of Profit or Loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Kawasmy & Partners Co., a registered Jordanian partnership under No. (226), is a member firm of KPMG International, a Swiss cooperative.



Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the **Group** as at 31 December 2014, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note (24) to the consolidated financial statements which describe that the Company's subsidiary (Alfakher for tobacco trading and agencies) filed a lawsuit with the first instance court to object on the decision passed on by the Income and Sales Tax department of Jordan for imposing taxes for the years 2009, 2010 and 2011 with an amount of JD 7,843,927 and Legal compensation with an amount of JD 3,889,245 due to the fact that the Income and Sales Tax department of Jordan considers the company in Ajman-(United Arab Emirates) as an investment in subsidiary and not a branch. The Lawsuit is still pending in the tax first instance court. The Company's Management, tax consultant and legal consultant Opinion the probability of winning the lawsuit is high. The ultimate outcome of matter cannot presently be determined and accordingly, no additional provision for any effects on the Company that may result has been made in the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the Group's General Assembly approves these consolidated financial statements.

Kawasmy & Partners

KPMG

Hatem Kawasmy
License No, (656)

Amman – Jordan
January 26, 2015



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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Jordanian Dinar</i>	Note	As of December 31	
		2014	2013
Assets			
Current assets			
Cash on hand and at banks	5	35,408,296	36,426,835
Cheques under collection		30,795	178,976
Trade and other receivables	6	12,694,583	17,418,550
Inventory	7	16,777,034	12,611,579
Other debit balances	8	3,131,635	2,613,233
Total current assets		68,042,343	69,249,173
Non-current assets			
Financial assets at fair value through statement of other comprehensive income	9	3,373,245	3,318,749
Investment properties	10	600,760	600,760
Investment in associate company	11	151,883	536,322
Intangible assets-Goodwill from acquisition of subsidiary	12	6,602,986	6,602,986
Property, plant and equipment	13	20,848,849	17,393,784
Total non-current assets		31,577,723	28,452,601
Total assets		99,620,066	97,701,774
Liabilities and Shareholders' Equity			
Current liabilities			
Deferred cheques -Short Term		332,732	153,324
Accounts payable		6,978,982	6,228,460
Due to related party	14	31,772	321,442
Other credit balances	15	4,804,362	5,201,788
Loans and Bank facilities Mature within a year	16	17,700,000	17,700,000
Total current liabilities		29,847,848	29,605,014
Non-current liabilities			
Deferred cheques -Long Term		23,902	167,314
Provision of Employees end of service indemnity	23	2,179,857	1,832,780
Total non-current liabilities		2,203,759	2,000,094
Total liabilities		32,051,607	31,605,108
Shareholders' Equity			
Paid up capital	1	25,000,000	25,000,000
Statutory reserve	25	13,897,311	13,897,311
Shares owned by subsidiary company		(503)	(503)
Cumulative change in fair value		1,089,745	1,035,249
Retained earnings		27,581,906	26,164,609
Total Shareholders' Equity		67,568,459	66,096,666
Total Liabilities and Shareholders' Equity		99,620,066	97,701,774

The accompanying notes from pages (7) to (39) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Jordanian Dinar</i>	Note	For the year end December 31,	
		2014	2013
Net sales		106,331,877	98,682,013
Cost of goods sold	17	(63,772,991)	(57,909,973)
Gross profit		42,558,886	40,772,040
Administrative expenses	18	(7,497,169)	(5,957,010)
Selling and distribution expenses	19	(7,057,828)	(5,120,296)
Loss of investment in associate company	11	(184,439)	(13,083)
Impairment of Investment in associate	11	(200,000)	
Dividends from financial assets at fair value through other comprehensive income		100,943	100,943
Gain from liquidation of Subsidiary		-	15,506
Operating income for the year		27,720,393	29,798,100
Legal Provision		-	(347,700)
Finance Expenses		(610,744)	(357,382)
Interest Revenue		554,189	981,446
Gain from sale of property, plant and equipment		17,449	14,395
Other income (Expenses)	25	631,626	(75,954)
Profit for the year before tax and board of directors' remuneration		28,312,913	30,012,905
Income tax expense	21	(1,850,616)	(1,973,005)
Profit for the year before board of directors' remuneration		26,462,297	28,039,900
Board of directors' remuneration		(45,000)	(45,000)
Profit for the year		26,417,297	27,994,900
Other comprehensive income items:			
Items will never be reclassified to profit or loss			
Change in fair value for financial assets through other Comprehensive income		54,496	312,554
Gain from sale of financial assets at fair value through other comprehensive income		-	353,878
Total comprehensive income for the year		26,471,793	28,661,332
Basic and diluted earnings per share (JD/Share)	22	1,056	1,12

The accompanying notes from pages (7) to (39) are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Jordanian Dinar</i>	Capital	Statutory Reserve	Voluntary Reserve	Shares owned by subsidiary company	Cumulative change in fair value	Retained Earnings *	Total
Balance as at 1 st January 2014	25,000,000	13,897,311	-	(503)	1,035,249	26,164,609	66,096,666
Profit for the year	-	-	-	-	-	26,417,297	26,417,297
Other comprehensive income	-	-	-	-	54,496	-	54,496
Dividends during the year-Note 20	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance as of December 31, 2014	25,000,000	13,897,311	-	(503)	1,089,745	27,581,906	67,568,459
Balance as at 1 st January 2013	20,000,000	10,930,521	3,178,307	(503)	722,695	22,634,314	57,465,334
Profit for the year	-	-	-	-	-	27,994,900	27,994,900
Other comprehensive income	-	-	-	-	464,052	202,380	666,432
Transfer from fair value reserve to retained earnings	-	-	-	-	(151,498)	151,498	-
Transfer to statutory reserve	-	2,996,790	-	-	-	(2,996,790)	-
Dividends during the year-Note 20	-	-	-	-	-	(20,000,000)	(20,000,000)
Capital increase	5,000,000	-	(3,178,307)	-	-	(1,821,693)	-
Liquidation of a subsidiary	-	(30,000)	-	-	-	-	(30,000)
Balance as of December 31, 2013	25,000,000	13,897,311	-	(503)	1,035,249	26,164,609	66,096,666

According to the Jordanian Securities Commission instructions the negative value of the Cumulative change in fair value in the retained earnings is prohibited from distribution to shareholders

The accompanying notes from pages (7) to (39) are an integral part of these consolidated financial statements.

**AL-EQBAL INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>Jordanian Dinar</i>	Note	For the year end December 31,	
		2014	2013
Cash flows from operating activities			
Profit for the year		26,417,297	27,994,900
Company share from loss of investment in associate company	11	184,439	13,083
Impairment of Investment in associate		200,000	
Recoverable for slow-moving inventory	7	-	(453,620)
Provision for end of service indemnity	23	474,759	496,793
Impairment of account receivable	6	10,604	-
Profit from liquidation of subsidiary		-	(15,506)
Finance fees		610,744	357,382
Legal Provision expense		-	347,700
Depreciation	13	3,394,473	2,823,065
Key-money amortization	8	262,173	213,506
Gain from sale of property, plant and equipment		(17,450)	(14,395)
		31,537,039	31,762,908
Change in			
Trade and other receivables		4,713,363	(6,033,502)
Cheques under collection		148,181	(454)
Inventory		(4,165,455)	284,813
Other debit balances		(780,575)	(772,109)
Accounts payable		750,522	2,151,817
Due to related party		(289,670)	(178,558)
Deferred cheques		35,996	(213,900)
Other credit balances		2,914,293	2,602,205
Cash flow from operating activities		34,863,694	29,603,220
Income tax paid	21	(3,311,719)	(1,546,968)
End of service of indemnity paid	23	(127,682)	(176,265)
Net Cash flow from operating activities		31,424,293	27,879,987
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		34,945	25,331
Acquisition of property, plant and equipment	13	(6,867,033)	(2,477,644)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	982,208
Net cash used in investing activities		(6,832,088)	(1,470,105)
Cash flows from financing activities			
Finance expense paid		(610,744)	(357,382)
Loans and bank facilities mature within a year		-	17,700,000
Dividends paid	20	(25,000,000)	(20,000,000)
Net cash used in financing activities		(25,610,744)	(2,657,382)
Net (decrease) increase in cash balance		(1,018,539)	23,752,500
Cash on hand and at banks at the beginning of the year		36,426,835	12,674,335
Cash on hand and at banks at the end of the year	5	35,408,296	36,426,835

The accompanying notes from pages (7) to (39) are an integral part of these consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

Al-Eqbal PLC Investment Company (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 amounted 20 million (1 JD /share).

The general assembly decided on February 25, 2013 to increase its paid-up capital by 5,000,000 shares through distribution from voluntary reserves by an amount of JOD 3,178,307 and JOD 1,821,693 from the retained earnings. The Company's paid-up capital become 25 million (1 JD/share). The company completed the procedures in the Ministry of trade and industry on March 19, 2014.

The company's main objectives inside and outside the kingdom include the following:

- Owning commercial agencies.
- Trade intermediaries (except dealing with International stock).
- 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 consolidated financial statements were approved by the Board of Directors on January 25, 2015 and is subject to the General Assembly approval.

2) BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with international financial reporting standards.

(b) Basis of consolidated financial statements

The consolidated financial statements comprise of the consolidated financial statements of Al-Eqbal investment Company (the "Parent Company") and its subsidiaries together referred to (the "Group"), which subject to its control. Subsidiaries are entities controlled by the Group. The Group should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control at each reporting period.

The parent company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with these subsidiaries and has the ability to affect those returns through its power over these subsidiaries; Thus, the principle of control sets out the following three elements of control:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 1- Power over the investee.
 - 2- Exposure, or rights, to variable returns from its involvement with the investee; and
 - 3- The ability to use power over the investee to affect the amount of the investor's returns.
- The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

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 statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred, 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 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 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 statement of profit or loss and other comprehensive income.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. This means that no gain or loss from these changes should be recognized in profit or loss. It also means that no change in the carrying amounts of the subsidiary's assets (including goodwill) or liabilities should be recognized as a result of such transactions

On loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent company:

- 1- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- 2- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSS.
- 3- Recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company. If one of the subsidiary use accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group subsidiary's financial statements, in preparing the consolidated financial statements to ensure conformity with the International Financial Reporting Standards.

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

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

**AL-EQBAL INVESTMENT COMPANY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The company owns the following subsidiaries as of December 31, 2014:

<u>Company Name</u>	<u>Capital</u>	<u>Percentage Ownership</u>	<u>Nature of operation</u>	<u>Country of operation</u>
		%		
Al Fakher for Tobacco*	6,000,000	100	Tobacco	Jordan
AlTayef International renewal energy	6,000,000	100	Renewal energy	Jordan
International cigarettes and Tobacco Company	6,000,000	100	Tobacco	Jordan

*Al Fakher for Tobacco- Aqaba, owns a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Percentage Ownership</u>	<u>Nature of operation</u>	<u>Country of Operation</u>
		%		
Al Fakher for Tobacco- Ajman**	7,720,000	100	Tobacco	UAE

**Al Fakher for Tobacco- Ajman, owns a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Percentage Ownership</u>	<u>Nature of operation</u>	<u>Country of Operation</u>
		%		
Al Fakher Aldahabi for general trd.	1,930,000	100	Tobacco	UAE

The following table represents the financial position and financial performance of the subsidiaries as of December 31, 2014

<i>Jordanian Dinar</i>	<u>As of December 31, 2014</u>			
	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Net Income (loss) for the year</u>
Al Fakher for Tobacco*	93,437,728	53,027,528	105,904,849	30,259,865
AlTayef International renewal energy	5,146,528	74,882	427,749	(807,951)
International cigarettes and Tobacco Company	4,254,094	-	-	(5,800)

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets measured at the fair value through profit or loss, financial assets and liabilities measured at amortized cost.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(d) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

(e) Use of Judgments and estimates

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is summarized as follows:

Management periodically reassesses the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incur in the future.

A provision for impairment on account receivables is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and its selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

Management reviews annually the recoverable amount of the goodwill to determine whether there was any impairment in its value.

Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

Fair value measurement :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group

The asset or liability measured at fair value might be either of the following:

- 1- A stand-alone asset or liability; or
- 2- a group of assets, a group of liabilities or a group of assets and liabilities (eg a cash generating unit or a business).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3) Significant Accounting Policies

The Group has adopted early International Financial Reporting Standard IFRS 9 Financial Instruments to be applied on the financial statement that begins on the first of January 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 by the Group in these consolidated financial statements for the year ended 31 December 2014 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2013, except for the following International Financial Reporting Standards effective after 1 January 2014:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- IFRIC 21 Levies
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The application of these amended standards did not have a significant effect on the consolidated financial statements of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and Investments at fair value through other comprehensive income. The Group classifies non-derivative financial liabilities into the other financial liabilities category.

- Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

b) Non-derivative financial assets – measurement

• Financial assets at fair value through other comprehensive income (IFRS 9)

These assets represent investments in equity instruments with the intention to keep them as a long term investments.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of other comprehensive income and owners equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part there of profits or losses to be recorded in the consolidated statement of other comprehensive income and owners equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of profit or loss and other comprehensive income.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in OCI. For such investments measured at fair value through OCI, gains and losses are never reclassified to profit or loss, and no impairment is recognized in profit or loss. Dividends earned from such investments are recognized in profit or losses as a separate line item.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

• **Financial assets at amortized cost (IFRS 9)**

The financial assets held within the Group management whose objective is to hold these assets in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding on specific dates, these assets are not traded in an active market and group has no intent to sell these assets in near future.

When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal or part of it are deducted, any impairment in its amount to be recognized at the statement of profit or loss and other comprehensive income.

The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.

Financial assets should not be reclassified from / to this item except in specified cases by the International Financial Reporting Standards. In case of sale of any of these assets before its due date where the sales result should be recorded at the statement of profit or loss and other comprehensive income in a separate line and to be disclosed in accordance to the international financial reporting standards requirements.

- **Non-derivative financial liabilities – measurement (IAS 39 and IFRS 9)**

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method

c) **Investment in associates and joint ventures**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, until the date on which significant influence or joint control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

• **Property, plant and Equipment**

Recognition and measurement

- Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment.
- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separated items of property, plant and equipment.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

- The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property, plant and equipment are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

- **Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

- The estimated useful lives of property, plant and equipment for the current and previous year are as follows:

<u>Items of property, plant and equipment</u>	<u>Depreciation rate</u>
	%
Vehicles	20%
Other equipment	20% – 25%
Computers and office equipment	20% – 25%
Furniture and fixtures	20%
Tools	25%
Machines and equipment	20%
Buildings and apartments	5%

The group reviews the useful lives and depreciation for the property, plant and equipment at the end of each financial year.

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d) **Impairment**

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event had a negative effect on the estimated future consolidated cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future consolidated cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of consolidated profit or loss and other comprehensive income.

Non-Financial Assets

The carrying amounts of the group's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

e) **Investment in property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment Property is recognized initially at cost. Their fair values are disclosed in the notes of the consolidated financial statements, investment property are revalued annually by independent real-estate experts based on market values, in an active market.

f) **Intangible Assets**

Goodwill

The Group measures goodwill at the acquisition date as The fair value of the consideration transferred; plus The recognized amount of any non-controlling interests in the acquire; plus

The fair value of the pre-existing equity interest in the acquire; less The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other intangible assets

Other intangible assets that are acquired through other than acquisition are recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the consolidated profit or loss and other comprehensive income; however, intangible assets without definite useful lives are required to be tested for impairment as of the date the consolidated financial statement. Impairment loss shall be recognized in the consolidated statement profit or loss and other comprehensive income.

Intangible assets arising from company operation are not capitalized and should be recognized in the consolidated statement of profit or loss and other comprehensive income when incurred. Intangible assets are assessed at each consolidated reporting date to determine whether there is any objective evidence that they are impaired as well as the useful lives of the intangible asset are annually reassessed and any adjustments raised are recognized in the subsequent years.

Amortization

Amortization is calculated using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

g) Revenues recognition and expenses realization

Revenue is recognized based on accrual bases.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Interest income and expense presented in the consolidated statement of profit or loss and other comprehensive income include:

Interest income / expense on financial assets and financial liabilities measured at amortized cost calculated on an effective interest rate basis.

Interest income on Banks deposits.

Interest expenses on the borrowings and funds from banks.

h) Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated to JOD at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of profit or loss and comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

i) Fair value for financial assets

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.

The closing prices (purchase of assets \ sale of liabilities) on consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

j) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

k) Date of recognition of financial assets

Purchase and sell of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets)

l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m) Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

n) End of Service Indemnity

A provision for end of service indemnity is recognized if, as a result of a past event, and that can be estimated reliably, and it is probable that an outflow of economic benefits will be required. Provisions for end of service indemnity is calculated bases on the Group's internal bylaw.

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o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other Comprehensive income except to the extent that it relates to a business combination, or items recognized directly in profit or loss and other Comprehensive income or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is in accordance with prevailing income tax law in Jordan.

p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

a) New standards and interpretations not yet adopted

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Group, is set out below.

New standards

- IFRS 14 Regulatory Deferral Accounts (effective on the year 2016)
- IFRS 15 Revenue from Contracts with Customers (effective on the year 2017)
- IFRS 9 Financial Instruments (effective on the year 2018) , The Group has adopted early International Financial Reporting Standard IFRS 9 Financial Instruments to be applied on the financial statement that begins on the first of January 2011 based on the instructions of security exchange commission

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Amendments

- (Amendments to IAS 19) Defined Benefit Plans, Employee Contributions (effective on the year 2015).
- (Amendments to IFRS 11) Accounting for Acquisitions of Interests in Joint Operations (effective on the year 2016)
- (Amendments to IAS 16 and IAS 38) Clarification of Acceptable Methods of Depreciation and Amortization.(effective on the year 2016)
- Amendments to IAS 16 and 41 Bearer plants (effective from 1 January 2016)

Improvements

- Annual Improvements to IFRSs 2010–2012 cycle in relation to the following standards (effective on the year 2015)
- Annual Improvements to IFRSs 2011–2013 cycle in relation to the following standards (effective on the year 2015):

4) Segment Reporting

An operating segment is a group of components of the Company 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 segments.

A- Operating Segment

The Company operates its activities in major operating segments, which represents the follows:

- Tobacco manufacturing and trading.
- Investments.

B- Geographical Segment

The Company operated its activities inside and outside of the Hashemite Kingdom of Jordan.

<u>For the year end December 31, 2014</u> <i>Jordanian Dinar</i>	Tobacco manufacturing and trading	Investments and energy	Total
Segment net revenue	42,479,458	79,428	42,558,886
Administrative expenses	(5,776,523)	(1,720,646)	(7,497,169)
Selling and distribution expenses	(7,057,828)	-	(7,057,828)
Loss of investment in associate company	-	(184,439)	(184,439)
Impairment in investment in associate	-	(200,000)	(200,000)
Dividends from financial assets	-	100,943	100,943
Finance Expenses	(609,611)	(1,133)	(610,744)
Interest Revenue	536,505	17,684	554,189
Gain from sale of property, plant and equipment	17,449	-	17,449
Other (Expenses) income	664,293	(32,667)	631,626
Segment profits (losses) for the year before tax and board of directors' remuneration	30,253,743	(1,940,830)	28,312,913
Segment total assets	93,680,860	5,939,206	99,620,066
Segment total liabilities	30,033,330	2,018,277	32,051,607
Capital expenditure	6,859,481	7,552	6,867,033

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<u>For the year end December 31, 2013</u>	<u>Tobacco manufacturing and trading</u>	<u>Investments and energy</u>	<u>Total</u>
<i>Jordanian Dinar</i>			
Segment net revenue	40,749,196	22,844	40,772,040
Administrative expenses	(4,585,261)	(1,371,749)	(5,957,010)
Selling and distribution expenses	(5,120,296)	-	(5,120,296)
Gain from sale of property, Plant and equipment	14,395	-	14,395
Gain form selling investment of subsidiary	(286,765)	(70,617)	(357,382)
Loss of investment in associate	-	(13,083)	(13,083)
Profit from liquidation of subsidiary	-	15,506	15,506
Legal provision expenses	-	(347,700)	(347,700)
Other	615,861	390,574	1,006,435
Segment profits (losses) for the year before tax and board of directors' remuneration	31,387,130	(1,374,225)	30,012,905
Segment total assets	92,558,185	5,143,589	97,701,774
Segment total liabilities	31,605,108	-	31,605,108
Capital expenditure	2,404,501	73,143	2,477,644

5) Cash on hand and at banks

<i>Jordanian Dinar</i>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash on hand	1,058,128	18,179
Current accounts at banks	10,962,544	17,082,118
Deposits at banks *	23,387,624	19,326,538
	35,408,296	36,426,835

* The maturity date of the deposits is from March 17, 2015 till June 7, 2015 and their interest between 4,25% and 5%.

6) Trade and other receivables

<i>Jordanian Dinar</i>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Trade receivables	10,921,928	15,237,115
Advanced payment to supplier	1,885,223	2,283,399
Other	101,230	101,230
	12,908,381	17,621,744
Provision for impairment on doubtful debts*	(213,798)	(203,194)
	12,694,583	17,418,550

* Impairment of trade receivables is calculated when exceeding the ceilings agreed in advance. Provision is made for the entire balance of disclosure (the ceiling of the facilities in addition to excess) in the case of late payment from client.

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- The movement on the provision for impairment on doubtful debts is as follow:

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Balance as of January 1,	203,194	203,194
Provision of the year	10,604	-
Balance as of December 31,	213,798	203,194

- Aging customer accrued accounts as follow :

	Total	0-90 days	91-180 days	270-181 days	271-365 days	More than 365 days
<i>Jordanian Dinar</i>						
2014	10,921,928	8,231,585	2,148,870	327,675	-	213,798

7) Inventory

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Raw material	11,609,986	9,346,887
Work in process	84,437	139,377
Finished goods	1,708,446	1,168,960
Goods in transit	1,080,638	95,879
Spare parts	2,317,802	1,705,612
Advertisement and accessories goods	750,687	968,325
Consumable goods	224,520	186,021
	17,776,516	13,611,061
Provision for slow-moving inventory*	(999,482)	(999,482)
	16,777,034	12,611,579

- * The movement on provision for slow-moving inventory was as follow:

<i>Jordanian Dinar</i>	2014	2013
Balance as of January 1,	999,482	1,453,102
Provision for the year	-	-
Written off during the year**	-	(453,620)
	999,482	999,482

- ** Provision for slow moving inventory, amount of JD 443,417 were recorded in the cost of sale during the year ended 31 December 2013.

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8) Other debit balances

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Key-money*	1,313,833	713,296
Accrued interest revenue	177,670	686,862
Prepaid expenses	807,938	652,114
Prepaid income tax	323,296	259,982
Refundable deposits	337,891	167,604
Employees account	91,375	122,989
Sales and income tax deposits	11,912	15,000
Other	52,131	7,886
Advance payment on projects under construction	35,589	7,500
	3,151,635	2,633,233
Impairment in employees account	(20,000)	(20,000)
	3,131,635	2,613,233

*Key-money details are illustrated as follow:

Item	Key-money free zone	Key- money Rafy	Key- money Alshamsy	Key-money Land 72-76	Total
<i>Jordanian Dinar</i>					
Cost					
Balance at the beginning of January 2013	1,264,150	289,500	53,075	-	1,606,725
Additions during the year	-	-	-	-	-
Balance as of December 31, 2013	1,264,150	289,500	53,075	-	1,606,725
Balance at the beginning of January 2014	1,264,150	289,500	53,075	-	1,606,725
Additions during the year	-	-	-	862,710	862,710
Balance as of December 31, 2014	1,264,150	289,500	53,075	862,710	2,469,435
Accumulated amortization					
Balance at the beginning of January 2013	632,075	43,425	4,423	-	679,923
amortization during the year	158,019	28,950	26,537	-	213,506
Balance as of December 31, 2013	790,094	72,375	30,960	-	893,429
Balance at the beginning of January 2014	790,094	72,375	30,960	-	893,429
amortization during the year	158,019	28,950	22,115	53,089	262,173
Balance as of December 31, 2014	948,113	101,325	53,075	53,089	1,155,602
Net book value as of December 31, 2013	474,056	217,125	22,115	-	713,296
Net book value as of December 31, 2014	316,037	188,175	-	809,621	1,313,833

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9) **Financial assets at fair value through statement of other comprehensive income**

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Quoted market prices	3,072,220	3,017,724
Unquoted market prices	301,025	301,025
	<u>3,373,245</u>	<u>3,318,749</u>

10) **Investment property**

<i>Jordanian Dinar</i>	Country	Area	Land no	Piece number	As of December 31,	
					2014	2013
UAE – Ajman*	Aljorf		2S	2/1/271	271,028	271,028
Jordan – Amman**	Aljbayha		1	1	329,732	329,732
					<u>600,760</u>	<u>600,760</u>

* The fair value for Ajman’s land as of 31, December 2014 according to weighted average real estate expert valuation amount of 337,750 JOD (2013: 328,100 JOD) the fair value measurement for land has been categorized under level 2 fair value based on the inputs that has been determined either directly (i.e., as prices) or indirectly (i.e., derived from prices of similar assets).

** The fair value for Amman’s land as of 31, December 2014 according to weighted average real estate expert valuation amount of 1,506,557 JOD (2013: 912,633 JOD) the fair value measurement for land has been categorized under level 2 fair value based on the inputs that has been determined either directly (i.e., as prices) or indirectly (i.e., derived from prices of similar assets).

11) **Investment in associate company**

This item represents the percentage 38.431% of its paid up capital in “Trust international Transport” – PSC – for the year 2014 (2013: 38,431%).

The following table represents the financial position and financial performance to this company:

<i>Jordanian Dinar</i>	December 31, 2013					Associate Company loss
	Total Assets		Total Liabilities		Total revenue	
	Current	Non- Current	Current	Non- Current		
Trust International Transportation	701,270	1,122,317	428,032	-	12,139	(612,436)

<i>Jordanian Dinar</i>	November 30, 2014					Associate Company loss
	Total Assets		Total Liabilities		Total revenue	
	Current	Non- Current	Current	Non- Current		
Trust International Transportation	372,448	957,223	414,047	-	2,455	(480,391)

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The movement on the balance of investment in associate company was as follow:

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Balance as of January 1,	536,322	549,405
Company share of profit of associate company 2012	-	219,358
Company share of loss of associate company 2013	-	(232,441)
Company share of loss of associate company	(184,439)	-
Impairment in investment in associate	(200,000)	-
	151,883	536,322

The calculation of the group's share from the profit and loss based on the records of the associated company as of November 30, 2014 and a draft financial statements as of December 31, 2013.

12) Intangible assets – Goodwill from acquisition of subsidiary

The Fakher international trading tobacco and agencies purchased on June 1, 2006 100% of Fakher trading tobacco and agencies – Ajman as follow:

<i>Jordanian Dinar</i>	Fair value on acquisition	Book value on acquisition
Property, plant and equipment	418,293	418,293
Land	251,817	251,817
Other debit balances	38,857	38,857
Inventory	418,390	418,390
	1,127,357	1,127,357
Account payables Other credit balances	(10,343)	(10,343)
Net assets	1,117,014	1,117,014
Cash paid	7,720,000	
Goodwill from acquisition	6,602,986	
Cash flow at acquisition		
Net cash obtained from subsidiary company	-	
Cash paid	7,720,000	
Net cash paid	7,720,000	

The recoverable amount of this cash generating unit was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as level 3 fair value based on the inputs in the valuation technique used.

The cash flow projections from the Group's management included specific estimates for five years, reasonable growth rate and reasonable discount rate in line with average current borrowing rates. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

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13) Property, plant and equipment

<i>Jordanian Dinar</i>	Land	Vehicles	Other equipment	Computers and office equipment	Furniture and fixture	Tools	Machines and equipment	Buildings and apartment	Projects under construction	Total
Cost										
Balance as of January 1, 2014	3,515,741	452,096	1,038,793	282,391	333,174	1,821,131	10,046,806	9,495,078	-	26,985,210
Addition	-	217,958	265,095	37,553	83,834	326,859	4,180,575	1,425,688	329,471	6,867,033
Disposal	-	(43,792)	-	-	-	(21,754)	(45,079)	(13,836)	-	(124,461)
Balance as of December 31, 2014	3,515,741	626,262	1,303,888	319,944	417,008	2,126,236	14,182,302	10,906,930	329,471	33,727,782
Accumulated depreciation										
Balance as of January 1, 2014	-	279,065	707,485	180,206	200,233	869,869	4,272,905	3,081,663	-	9,591,426
Depreciation for the year	-	90,198	226,296	54,807	61,660	478,937	1,133,124	1,349,451	-	3,394,473
Disposal	-	(43,502)	-	-	-	(15,852)	(42,570)	(5,042)	-	(106,966)
Balance as of December 31, 2014	-	325,761	933,781	235,013	261,893	1,332,952	5,363,459	4,426,072	-	12,878,933
Net book value as of December 31, 2014	3,515,741	300,501	370,107	84,931	155,115	793,282	8,818,843	6,480,858	329,471	20,848,849
Cost										
Balance as of January 1, 2013	3,515,741	356,936	964,474	246,152	388,381	1,398,743	9,684,548	8,458,053	-	25,013,028
Addition	-	110,214	82,680	46,662	37,352	488,334	675,377	1,037,025	-	2,477,644
Disposal	-	(15,054)	(8,361)	(10,423)	(92,559)	(65,946)	(313,119)	-	-	(505,462)
Balance as of December 31, 2013	3,515,741	452,096	1,038,793	282,391	333,174	1,821,131	10,046,806	9,495,078	-	26,985,210
Accumulated depreciation										
Balance as of January 1, 2013	-	239,584	514,687	139,610	235,582	541,741	3,552,948	2,038,735	-	7,262,887
Depreciation for the year	-	54,535	199,832	51,019	56,682	389,882	1,028,187	1,042,928	-	2,823,065
Disposal	-	(15,054)	(7,034)	(10,432)	(92,031)	(61,754)	(308,230)	-	-	(494,526)
Balance as of December 31, 2013	-	279,065	707,485	180,206	200,233	869,869	4,272,905	3,081,663	-	9,591,426
Net book value as of December 31, 2013	3,515,741	173,031	331,308	102,185	132,941	951,262	5,773,901	6,413,415	-	17,393,784

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14) Due to related party

<i>Jordanian Dinar</i>	Nature of transaction	Nature of relationship	As of December 31,	
			2014	2013
Due to related party	Finance	Associate company	31,772	321,442
			<u>31,772</u>	<u>321,442</u>

Key management remuneration

Salaries and benefits of the key management personnel for the year-end December 31, 2014 amounted to 470,302JOD (December 31, 2013: 415,560JOD).

As shown in note (16) the group took a loan amount of 17,700,000 JD from Jordan bank, which is considered due from related party.

15) Other credit balances

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Income tax provision (note 21)	2,059,211	3,520,314
Accrued expenses – advertisement material	1,129,934	280,105
Shareholders deposits	564,010	478,967
Legal provision	480,151	480,151
Contingent liability provision	214,001	214,001
Accrued expenses	160,846	7,600
Jordanian universities provision	76,448	76,448
Board of directors' remuneration	45,833	45,833
Humanitarian cases	29,010	25,285
Insurance checks	9,650	9,650
Social security deposits	7,886	7,441
Others	27,382	55,993
	<u>4,804,362</u>	<u>5,201,788</u>

16) Loans and bank facilities mature within a year

Fakher tobacco trading and Agencies Company – subsidiary company got a credit facilities in the year 2013 from Bank of Jordan amounted 25,000,000 USD, (17,700,000 JOD) which represent a reducing loan, that will be settled in one payment on January 4, 2014 with a LIBOR of +2%. The loan payment due date has been extended till January 4, 2015.

In December 28, 2014 the maturity date of the loan was extended to be paid in a full amount at December 31, 2015 with a LIBOR 3 months + 2.5% with a limit 3% with the following conditions and insurances:

- The guarantee of Al- Eqbal investement company.
- Reduce the early repayment commission to become zero

The purpose from these facilities is to distribute dividends.

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17) Cost of sales

<i>Jordanian Dinar</i>	For the year end December 31,	
	2014	2013
Raw Materials beginning of the year	9,346,887	10,082,779
Raw Material purchases during the year	54,930,524	45,427,348
Raw Materials end of the year	(11,609,986)	(9,346,887)
Raw Materials used in productions	52,667,425	46,163,240
Work in process - beginning of the year	139,377	82,999
Manufacturing cost during the year*	12,467,317	11,145,791
Work in process - end of the year	(84,437)	(139,377)
Cost of goods Manufactured	65,189,682	57,252,653
Finished Goods-beginning of the year	1,168,960	997,726
Finished Goods- End of the year	(1,708,446)	(1,168,960)
Cost of goods sold	64,650,196	57,081,419
Add:		
Cost of selling advertising goods	1,068,619	1,634,676
Cost of selling Raw Materials	-	7,902
Cost of selling Alo Argheleh	109,629	136,765
Subtract:		
Cost of free distributed goods	(1,867,717)	(728,193)
Cost of goods returned to manufacturing	(187,736)	(222,596)
Cost of sales	63,772,991	57,909,973

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- Manufacturing cost includes the following

<i>Jordanian Dinar</i>	For the year end December 31,	
	2014	2013
Depreciation and amortization	3,432,151	2,880,854
Salaries and benefits	4,129,160	3,628,047
fuel	1,472,618	1,421,757
Maintenance	591,861	307,871
Repairs expenses	548,092	559,808
Consumed tools	546,399	579,428
Rent	379,569	333,491
End of services indemnity	223,977	215,181
Damaged materials and goods	223,079	272,278
Training expenses	203,762	142,589
Electricity and water	196,540	174,903
Insurance expense	145,609	120,796
Research fees	143,416	214,196
Other expenses	74,846	71,422
Cost of returned goods to manufacturing	71,583	20,251
Export and shipping fees	22,007	43,395
Fees and subscriptions	18,661	7,486
Hospitality expenses	16,735	136,544
Phone and post mail	12,762	12,308
Commercial commissions	10,603	-
Office expenses	3,887	3,187
	<u>12,467,317</u>	<u>11,145,791</u>

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18) Administrative expenses

<i>Jordanian Dinar</i>	For the year end December 31,	
	2014	2013
Salaries and benefits	4,597,934	3,587,983
Donations	450,864	322,985
Travel and residency	302,885	175,185
studies and consulting's	257,860	449,827
End of service indemnity	211,746	222,728
Depreciation and amortization	203,691	132,977
Rent	200,351	79,569
Legal and consulting fees	173,723	16,200
professional fees	158,112	224,207
Fees and subscriptions	145,342	168,300
Phone and post mail	119,686	93,528
Board of directors transportation	108,000	108,000
Bdaya project	92,926	74,825
Trade marks	60,710	26,167
Advertisement	57,715	40,369
Transportation	41,379	17,330
Government expenses	38,853	51,788
Hospitalities	32,090	23,028
Bank commission	17,973	13,220
Stationary and printings	30,153	22,046
Vehicles expenses	25,332	14,793
Maintenance	24,116	5,731
Consumed materials	19,538	17,510
Computer expenses	18,860	6,698
Electricity and water	16,024	11,474
Cleaning	15,987	12,044
Fuel	15,787	17,640
Security	14,966	-
Property insurance	9,722	1,982
Consumed tools	9,480	2,989
Design expense	8,865	1,425
Professional fees	5,667	5,667
Fines	5,167	526
Tenders expenses	3,880	5,467
Others	1,785	2,802
	7,497,169	5,957,010

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19) Selling and distribution expenses

<i>Jordanian Dinar</i>	For the year end December 31,	
	2014	2013
Promotion expenses	4,336,435	3,150,017
Salaries and bonuses	684,881	660,955
Trade commission	614,994	338,056
Export and shipping expenses	346,008	225,623
Allowed discount	146,522	86,988
Exhibit expenses	112,040	68,075
Lawsuit expenses	101,531	-
Advertising expenses	101,108	176,775
Trade mark registration	95,230	65,157
Travel	81,890	45,327
Studies and consulting	77,262	8,401
Designs expense	60,612	686
Contributions	54,404	2,146
End of service of indemnity	39,036	58,884
Fees and subscription	32,326	22,618
Phone and post mail	30,980	37,796
Government expenses	25,851	39,650
Damaged and absolute goods	25,473	67,940
Depreciation	20,804	22,740
Rent	19,371	17,695
Transportation	17,727	-
Hospitality	17,189	-
Fines	13,458	-
Other	2,696	5,428
Donation	-	19,339
	7,057,828	5,120,296

20) Dividends

The following table described the declared and paid dividends by the group:

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Cash Dividends*	25,000,000	20,000,000
	25,000,000	20,000,000

* The General assembly decided in its meeting held on 7 February 2014 to distribute an amount of 25,000,000 as dividends for the year 2013.

* The General assembly decided in its meeting held on 25 February 2013 to distribute an amount of 20,000,000 as dividends for the year 2012.

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21) **Income tax**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the year.

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

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Balance at the beginning of the year	3,520,314	3,094,277
Allowance for the year	1,850,616	1,973,005
Income tax paid for the year	(3,311,719)	(1,546,968)
Balance at the end of the year	2,059,211	3,520,314

Group tax position

a- **Parent company – Al Eqbal for Investment PLC**

The income tax was settled until 2011. The income and sales tax audit for fiscal years 2012 and has issued its final decision, that has been objected to the court and the claim in the tax consultant opinion was misplaced and will be separated from the company.

The tax return for the fiscal year 2013 within the legal limit, and the department did not audit the company accounts and did not issue its final decision until this date.

In the tax consultant opinion the company doesn't need to account any provision for the income tax liability for the results of the business for the fact that the business results are a loss.

b- **Subsidiary – AL Fakher for tobacco trading LLC**

Al Fakher – Amman

The Income Tax Department audited the accounts of the company until 2008 and issued its final decision.

The Income Tax Department audited the accounts of the company and issued its final decision for the financial years 2009, 2010 and 2011 which was objected to the court of the tax, the tax consultant 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 2013 and 2012 within the legal period of submission, the department did not audit the company's accounts and didn't issue its final decisions till the date of the preparation of the consolidated financial statements.

In the tax consultant opinion the company should take a provision amount of 308,791 for the income tax liability for the year ended December 31, 2014

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Al Fakher – Aqaba private

The Income Tax Department audited the accounts of the company until 2009 .

The tax return was submitted for the years 2010, 2011, 2012 and 2013 within the legal period, the department did not audit the company's accounts and didn't issue its final decisions till the date of the preparation of the consolidated financial statements.

In the tax consultant opinion the company should take a provision amount of 1,541,824 for the income tax liability for the year ended December 31, 2014 for the business results in Aqaba and Ajman equal 5% of profit.

c- Subsidiary – Altyef International for Investment

The tax return was submitted for the financial year 2011, 2012 and 2013 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 consolidated financial statements.

Based on the opinion of a tax consultant, it does not need to take any provision to meet the income tax liability for the lack of taxable income, the fact that the results of the business is "losses".

Income tax expense recognized based on management estimate of enacted of average annual tax rate. The company make a reconciliation between taxable income and financial income. The tax rate based on prevailing local law is 14% for Al Eqbal Company and Al Fakhar Company. and 5% for Al Fakhar- Aqaba, the effective tax rate for the group is 6.5% for the profit of both years ended December 31, 2013 and 2014.

22) Earning per share

Jordanian Dinar

	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Profit for the year for the shareholders (JD)	26,417,297	27,994,900
Weighted average for number of shares (Share)	25,000,000	25,000,000
Earning per share for the year	<u>1.056</u>	<u>1,12</u>

23) Employees end of service of indemnity

End of service of indemnity is calculated according to the company's internal bylaw the movement on the provision during the year was as follows:

<i>Jordanian Dinar</i>	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	1,832,780	1,512,252
Provision for the year	474,759	496,793
Paid during the year	(127,682)	(176,265)
Balance at the end of the year	<u>2,179,857</u>	<u>1,832,780</u>

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24) Contingent liabilities

The contingent liabilities at the date of these consolidated financial statements are as the following:

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Bank guarantees	186,571	3,028,560
	186,571	3,028,560

Against cash margins represented as follow:

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Cash margins	186,567	322,660
	186,567	322,660

There is a pending lawsuit filed against the Group by other parties to claim compensation for damages caused by illegitimate competition. As of today, the registered case number is 622/2002. The courthouse ruled that the Group is liable to pay the full amount of JD (833,000) including all attorney fees, expenses, and interest. A request to appeal the decision was issued by the Group; the Court of Appeal's response to such an action was to reject the appeal. As a result, the Group has appealed this decision to the Court of Cassation. And the Courts decision during the year 2013 was to accept the appeal.

Therefore, the Group took a provision of JD 480,150 in order to meet all liabilities resulting from this lawsuit. The Group's management and legal counsel have expressed their opinions stating that the possibility of winning the case is extremely high.

The Group filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing taxes and fees to support a fund for education and training during the year 2012 amount of 111,756 JD in addition to a legal compensation amount of 46,123 JD.

Based on the company's management and tax consultant the probability of winning the legal case depends that the objection committee didn't deduct the yearly donations, the BOD rewards and the full amount of retained earnings as it didn't take into account the necessity of subtracting the interest expense and currency differences from the interest revenue.

Furthermore, the Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing taxes and fees to support a fund for education and training during the years 2006, 2007, and 2008. The case was resolved and dropped by paying an amount of 1,352,866 JD from the imposed tax amount of 3,382,164 JD in June 3, 2014.

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, 2011 amount of 11,844,544 JD divided to income tax amount of 7,843,917 and Legal compensation amount of 3,889,245 JD, the case is still pending in the tax first instance court. Note that the Company calculating the provisions in the same way that it was reconciled for the years 2006, 2007 and 2008, and this provision required by law in the Aqaba Special Economic Zone, in addition the Company taking extra provision in Amman by 1%.

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Based on the Company's management and tax consultant 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 and the provision taken in Amman.

25) **Other income (Expenses)**

<i>Jordanian Dinar</i>	For the year end December 31,	
	2014	2013
Foreign exchange rate and prices	508,356	(175,847)
Scrap sales	155,558	99,776
Other	(32,288)	117
	631,626	(75,954)

26) **Statutory Reserve**

The amounts in this account represent what transferred from the annual profit before taxes and fees. By 10% during the year and previous years, according to the Companies Act, and is not available for distribution to shareholders. The Company stopped calculating the statutory reserve at 31 % and it is subject to General Assembly approval.

27) **Financial risk management**

Overview

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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- 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 receivables and investment securities.

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

<i>Jordanian Dinar</i>	Carrying value as at	
	2014	2013
Cash on hand and at banks	35,408,296	36,426,835
Cheques under collection	30,795	178,976
Trade and other receivables	12,694,583	17,418,550
Other debit balances	2,000,401	1,701,137
	50,134,075	55,725,498

- 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 both normal and stressed 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 following are the contracted maturities of financial liabilities, including estimated interest payments:

December 31, 2014	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
<i>Jordanian Dinar</i>				
Deferred cheques	356,634	(356,634)	(332,732)	(23,902)
Accounts payable	6,978,982	(6,978,982)	(6,978,982)	-
Due to related party	31,772	(31,772)	(31,772)	-
Other credit balances	4,804,362	(4,804,362)	(4,804,362)	-
Loan and bank facilities mature within a year	17,700,000	(17,700,000)	(17,700,000)	-
Provision for end of service indemnity	2,179,857	(2,179,857)	-	(2,179,857)
	32,051,607	(32,051,607)	(29,847,848)	(2,203,759)
December 31, 2013	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
<i>Jordanian Dinar</i>				
Deferred cheques	320,638	(320,638)	(153,324)	(167,314)
Accounts payable	6,228,460	(6,228,460)	(6,228,460)	-
Due to related party	321,442	(321,442)	(321,442)	-
Other credit balances	5,201,788	(5,201,788)	(5,201,788)	-
Loan and bank facilities mature within a year	17,700,000	(17,700,000)	(17,700,000)	-
Provision for end of service indemnity	1,832,780	(1,832,780)	-	(1,832,780)
	31,605,108	(31,605,108)	(29,605,014)	(2,009,094)

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- 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

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

December 31, 2013	JOD	UAE Dirhams	Total
<i>Jordanian Dinar</i>			
Cash and cash equivalent	29,997,799	6,429,036	36,426,835
Cheques under collection	141,800	37,176	178,976
Trade and other receivables	44,600	17,373,950	17,418,550
Other debit balances	1,123,918	1,489,315	2,613,233
Deferred cheques	(310,726)	(9,912)	(320,638)
Accounts payable	(110,557)	(6,117,903)	(6,228,460)
Other credit balances	(4,872,900)	(328,888)	(5,201,788)
Loans and bank facilities mature within a year	(17,700,000)	-	(17,700,000)
	8,313,934	18,872,774	27,186,708

December 31, 2014	JOD	UAE Dirhams	Total
<i>Jordanian Dinar</i>			
Cash and cash equivalent	25,216,285	10,192,011	35,408,296
Cheques under collection	-	30,795	30,795
Trade and other receivables	122,682	12,571,901	12,694,583
Other debit balances	981,843	2,149,792	3,131,635
Deferred cheques	(167,314)	(189,320)	(356,634)
Accounts payable	(59,583)	(6,919,399)	(6,978,982)
Other credit balances	(3,619,821)	(1,184,541)	(4,804,362)
Loans and bank facilities mature within a year	(17,700,000)	-	(17,700,000)
	4,774,092	16,651,239	21,425,331

- Sensitivity analysis

A strengthening (weakening) of the JD, as indicated below, against the UAE Dirhams at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2013, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

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	<u>Increase</u> <u>Profit or loss</u>	<u>Decrease</u> <u>Profit or loss</u>
December 31, 2013		
<i>Jordanian Dinar</i>		
UAE dirham (10% change)	1,887,277	(1,887,277)
	<u>1,887,277</u>	<u>(1,887,277)</u>
December 31, 2014		
<i>Jordanian Dinar</i>		
UAE dirham (10% change)	1,665,124	(1,665,124)
	<u>1,665,124</u>	<u>(1,665,124)</u>

- **Interest rate risk**

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

	<u>As of December 31,</u>	
<i>Jordanian Dinar</i>	<u>2014</u>	<u>2013</u>
Fixed Rate Instruments:		
Financial Assets	34,350,168	36,408,656
Variable rate instrument		
Financial Liabilities	(17,700,000)	(17,700,000)

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JD 177.000, a decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JD 177.000.

- **Other market price risk**

Equity price risk arises from financial assets at fair value through other comprehensive income held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through profit or loss. 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 Risk Management Committee.

- **Sensitivity analysis for equity price risk**

A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Equity</u>	
<i>Jordanian Dinar</i>	<u>5%</u> <u>Increase</u>	<u>5%</u> <u>decrease</u>
December 31, 2014		
Financial assets at fair value through other comprehensive income	168,662	(168,662)
	<u>168,662</u>	<u>(168,662)</u>
December 31, 2013		
Financial assets at fair value through other comprehensive income	165,937	(165,937)
	<u>165,937</u>	<u>(165,937)</u>

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- **Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares, retained earnings and non-controlling interests of the Group.

The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There have been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

Debt-to-adjusted Capital Ratio

<i>Jordanian Dinar</i>	As of December 31,	
	2014	2013
Total Debt	32,051,607	31,605,108
(Less) cash and cash equivalents	(35,408,296)	(36,426,835)
Net Debt	(3,356,689)	(4,821,727)
Net Shareholders' equity	67,568,459	66,096,666
Adjusted capital	67,568,459	66,096,666
Debt - to- adjusted capital ratio	-	-

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 identical assets or liabilities

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)

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 (unobservable inputs).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014	Book Value		Fair Value			
	Amortized cost	Fair value	level (1)	level (2)	level (3)*	Total
<i>Jordanian Dinar</i>						
Financial assets						
Cash and cash equivalent	35,408,296	-	-	-	-	-
Cheques under collection	30,795	-	-	-	-	-
Trade and other receivable	12,694,583	-	-	-	-	-
Financial assets at fair value through statement of other comprehensive income	-	3,373,245	3,072,220	-	301,025	3,373,245
	48,133,674	3,373,245	3,072,220		301,025	3,373,245
Financial liabilities						
Deferred cheques	356,634	-	-	-	-	-
Accounts payable	6,978,982	-	-	-	-	-
Due to related party	31,772	-	-	-	-	-
Loans and bank facilities	17,700,000	-	-	-	-	-
	25,067,388	-	-	-	-	-
December 31, 2013						
Financial assets						
Cash and cash equivalent	36,426,835	-	-	-	-	-
Cheques under collection	178,976	-	-	-	-	-
Trade and other receivable	17,418,550	-	-	-	-	-
Financial assets at fair value through statement of other comprehensive income	-	3,318,749	3,017,724	-	301,025	3,318,749
	54,024,361	3,318,749	3,017,724	-	301,025	3,318,749
Financial liabilities						
Deferred cheques	320,638	-	-	-	-	-
Accounts payable	6,228,460	-	-	-	-	-
Due to related party	321,442	-	-	-	-	-
Loans and bank facilities	17,700,000	-	-	-	-	-
	24,570,540	-	-	-	-	-

Fair value in accordance with 3 level

This item represents the cost of financial assets through other comprehensive income that is not listed in financial markets for the company portion in North manufacturing Company -Jenin-. The company performed test over the fair value for this item using Net asset value of the last available audited financial statements, the company's management believes that this is the most convenient way to measure the fair value of the investment due to the lack of updated information on the market value of this investment.

- Fair value

The fair value of financial assets and liabilities are not materially different from its book value in the consolidated statements of financial position. As of December 31, 2013 and 2014.