

Twenty-Sixth Annual Report 2017



His Majesty King Abdullah Bin Al Hussein the Second



His Royal Highness Crown Prince Al-Hussein Bin Abdullah the Second



Al – Eqbal Investment Co. (PLC) (“EICO”) is an investment company with subsidiaries in the Hashemite Kingdom of Jordan, Cayman Islands and the United Arab Emirates. EICO’s investments are specialized in the manufacturing and distribution of molasses, and development and construction of renewable energy projects.

Our Vision

To be a dynamic investment company with growing influence in the global market.

Our Mission

Maximizing shareholders’ returns whilst actively carrying out our positive role in social and economic development.

Company Values

- Commitment to excellence.
- Ensuring significant financial growth to our partners.
- A competitive and comfortable working environment for our employees.
- A vital contribution to the development and prosperity of society.

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**BOARD OF
DIRECTORS**

**Members of the
Board of
Directors**



HE. Mr. Samer Fakhouri
Chairman of the Board of Directors
Al-Eqbal Jordan for General Trading Co.



Mr. Yazid Mufti
Member of the Board of Directors
Al-Sabeel Financial Investment Co.



Mr. Walid Fakhouri
Member of the Board of Directors
Gulf Investment and General Transport Co.



Mr. Khaleel Mamoori
Vice Chairman of the Board of Directors
Pasteur for Administrative Consultancy



Mr. Nael Kassar
Member of the Board of Directors
KCK Group LPP



Mr. Manuel Stotz
Member of the Board of Directors
Kingsway Capital



Mr. Saleh Rajab
Member of the Board of Directors
Bank of Jordan Co.



Dr. Henry Azzam
Member of the Board of Directors
Al Yamamah General Investment Co.



Mr. Mohammad Nasser
Member of the Board of Directors
Farah for Electrical and Sanitary Equipments Co.

Independent Auditors
Al-Qawasmi & Partners Co.
(KPMG)

**Secretary of the Board of
Directors**
Lawyer Anwar Osama Sukkari

Chairman's Message



Samer Tawfiq Fakhouri
Message from the Chairman of the Board of Directors

Dear Fellow Shareholders,

It gives me great pleasure to present you with EICO's annual report for 2017. From the outset, I am pleased to state that we have enjoyed a very special year, marked with continued successes and major steps towards becoming more consumer centric. This was achieved by acquiring several of our major distributors. This major integration will help connect our people who make the products, with people who sell our products, and to the customers who choose and enjoy such products.

Our vision has always been clear: "TO TRANSFORM THE SHISHA EXPERIENCE FROM A MIDDLE EASTERN TRADITION TO A UNIVERSAL PHENOMENON"; a vision that we assured was clear to everyone involved with Al Fakher.

Having that clear vision allowed us to build for the future in a methodical and deliberate manner. At every step and decision along the way, our goal has always been to link both short and long-term success with doing the right things at the right time. In 2017 the time was right to build upon our strengths and embark on the next chapter of EICO's story.

Let me first outline what I see as key aspects that make Al Fakher as unique as it is today:

Quality and Manufacturing Excellence, as achieved through commitment to and from our people, has always been the cornerstone of our business and a formidable advantage, and we are determined to continue to advance and excel in this arena.

Our unrivalled global reach, which comes from a deliberate and very concentrated distributor strategy, where a few partners operate as a close extension of our own business. This made us not only the largest, but also the most internationally widely available brand in our category.

This in turn built our global leadership and our financial strength that came with our established position. This led to a loyal consumer base and global reach that drive our success.

Our future ambitions are both long term and global. We have always known that to grow from a regional company to a truly international one, we need to become international in outlook, presence, composition and capability.

This began with paying special attention to diversifying our investor base as an active part of the strategy to unlock value for all shareholders. The timing was right to bring in international investors with the right capabilities, who were also aligned with our own long-term goals and beliefs, we have spent considerable care in nurturing these new relationships. We highly value the exposure these international investors and their teams bring. Be it innovative business methods, insights into global markets, technology, financial management or regulatory management, we believe these investors have much to add.

Let me first thank our partners in our distribution businesses for the great work they have done over the years. I have known and worked with them closely and seen them work diligently to bring the brand to what it is today, with the knowledge that our strategy was to acquire their businesses when the time was right.

Undoubtedly, the most significant achievement in 2017 was the acquisition of a group of distribution businesses in some of our major markets, representing more than 50% of our business, followed by the acquisition of our exclusive distributor in the USA, which represents a further 8%. In the first acquisition, we offered a combination of cash and restricted shares to insure full alignment with the seller going forward. As for the US acquisition, it was an all-cash transaction.

To those partners who left the business, we wish them the best of luck. And to those who have joined us at Al Fakher, we welcome you as part of Al Fakher family.

These acquisitions work for us at all levels. Strategically, the move into markets provides the necessary insight and control needed to further grow our brands, deploy innovations and build capabilities, which will in turn drive our business performance.

Operationally, we can now work seamlessly end to end to serve our customers effectively and efficiently.

Financially, we have grown the value of our business through capturing more of the value chain, while enhancing our ability to leverage further value, all at a very attractive return for shareholders.

The debt markets provided the most efficient way to fund the acquisitions. As such, management conducted a comprehensive exercise involving a host of international banks to secure the best possible arrangement. I am happy to report that we closed the deal for a debt facility of \$250M in January of 2018. Apart from

improving the capital structure of the company and the return to shareholders, this deal has also enhanced our standing as an organization on both the regional and international levels, and for that I would like to express my gratitude to the participating banks and the internal team that worked on the deal.

Additionally, as part of our continuous efforts to stay focused and to ensure alignment throughout the organization, the Board and Management conducted a comprehensive review and re-articulation of our strategy in the 2nd half of the year. Going forward, we will continue to review and refine our strategic imperatives on an annual basis. Management have also built upon our understanding of the category and consumer as an integral part of building our brand assets, and this now forms a central part of our value creation strategy.

The shisha category is a relatively new one that is largely regulated whilst not being well researched or understood. We are engaging constructively with regulators and other interested parties. We will encourage and work for increased understanding of the shisha products, develop the science and innovation and engage with others in progressing the role and place of our products in societies around the world. Additionally, I believe it is worth mentioning that we have met all compliance requirements, including significant packaging and submission requirements in the USA and EU.

Let me now turn to the results of last year. The region continues to struggle with several political and economic challenges, while we had to face significant excise increases in most of our major markets. This had a disruptive impact on our shipments and consumption patterns. It is to the credit of our team, and reassuring for our product category, that we fared much better than other consumer products undergoing the same challenging environment.

In FY 2017, and due to the relentless hard work of our team, we have managed to achieve 13% growth in revenue to reach JOD 161.6 million, while both gross margin and net profit margins after tax reached 38% and 29 % of revenue, which are equal to JOD 62 million and JOD 47million, respectively. Our total assets grew by 104%, to reach a record JOD 259 million, and shareholders' equity reached JOD 93 million considering a dividend distribution of JOD 40 million in March of 2017. Our ability to achieve these results despite some of the very adverse circumstances is evidence of the resilience of our company and the category.

After careful consideration of the recently-secured debt facility as well as our current and future plans the Board of Directors has recommended not to pay a dividend this year in the interest of overall value creation for shareholders. While this is a departure from our previous dividend strategy, the Board genuinely believes that at this point reinvesting in the business will create the best value for shareholders in the long run.

Giving back through corporate social responsibility (CSR) programs is an integral part of our culture. The company continues to invest and support numerous programs focused on education, healthcare and sustainable development of local communities. In 2017, the company spent around JOD 474 thousand on these programs, taking the total amount spent on CSR since its inception to over JOD 4.9 million.

I would like to personally take this moment to express my deepest gratitude to all shareholders for entrusting me to lead Eqbal Investment Co. over all these years. I joined EICO as CEO when I was 23 years old and I am very proud of the successes EICO has achieved during my tenure. During this period, we managed to grow Al Fakher into a global brand, return more than JOD 1.221 Billion to shareholders (JOD 214 million in cash dividends and JOD 1,007 million in capital appreciation and free shares), and make EICO one of, if not the best investment stories in the region. I am deeply honored to have lead the Board of Directors and the Management team throughout this journey. With that said, I felt it was time for me to step down as CEO in 2017 and decided to recruit a new CEO who could lead the next stage of the company's growth. In our pursuit for the right candidate, it was very important for us to find someone with a personal approach to management to both fit and add to the leadership of the company; someone who had a deep corporate and operating experience combined with the entrepreneurial spirit that remains a key part of our approach. Equally important was the candidate's belief in our initial mission, and personal desire to join us in the next stage of realizing it. It is over a year now since first being introduced to Desmond Naughton, who formally became CEO in July 2017. We have great confidence in Desmond and his ability to lead our business in the coming years. Needless to say, separating the positions of CEO and Chairman is in line with good governance guidelines and is an important step in our growth as an organization.

Finally, I would like to share my special thanks to all our partners for being a vital part of our continued success. I would also like to express my sincere gratitude to the Board of Directors, who have served the business so well this year, for their valuable contribution and insight in formulating our strategies.

Last but not least, my deep appreciation goes to our employees across our different subsidiaries for their hard work, passion, and dedication.

I hope to meet with you again next year, God be willing, with greater success and prosperity, under the wise leadership of his Majesty King Abdullah II Ibn Al Hussein.

Sincerely,
Samer Tawfiq Fakhouri
Chairman of the Board of Directors



**REPORT OF
THE BOARD
OF DIRECTORS**

Company's main activities:

AI - Eqbal Investment Company

AI – Eqbal Investment Co. (PLC) is an investment company with subsidiaries/operations in the Hashemite Kingdom of Jordan, Cayman Islands and the United Arab Emirates. It specializes in the manufacturing and distribution of flavored molasses and the development and construction of renewable energy projects. It owns the following companies:

1. Al Fakher for Tobacco Trading and Agencies Company Ltd.
2. International Tobacco and Cigarettes Ltd. (Under Liquidation)
3. Spectrum International for Renewable Energy Ltd.
4. Al Fakher Holding – Global Operations (Cayman Islands)

Geographic locations of the Company and number of employees at each location:

Company headquarters in the Hashemite Kingdom of Jordan
 Amman – Um Uthaina - Sa'ad Ibn Abi Waqqas Street - Building No. (39)
 P.O. Box 911145 Amman 11191 Jordan
 Telephone: +962 6 5561333
 Fax: +962 6 5561339

Email: info@eqbal-invest.com
 Website: www.eqbal-invest.com

Number of Employees: (9)

Number of Branches: None

Paid-up capital: JOD 30,000,000.

The company is registered with the Ministry of Industry and Trade under the number (218) as of 1/6/1992, with the national identification number (200022790)

Size of the capital investment of the company:

The total capital investment of the company as shown at the end of the year 2017 amounts to JOD 93.3 Million.

Number of employees

- As at the end of 2017, the number of employees of AI – Eqbal Investment Company and its subsidiaries amounted to a total of 724 employees

- The following are the number of employees categorized in accordance to qualifications as of the end of 2017:

Qualification	AI Eqbal Investment Co. (EICO)	Subsidiaries			Total
		Al Fakher for Tobacco Trading and Agencies Company/Jordan	Al Fakher Tobacco Factory/United Arab Emirates/Ajman	Spectrum International for Renewable Energy / Jordan	
Doctorate	-	-	-	1	1
Masters	2	1	15	-	18
Higher Diploma	-	-	-	-	0
Bachelors	6	2	107	16	131
Diploma	1	-	30	-	31
High School	-	-	69	2	71
Less than High School	-	1	467	4	472
Total	9	4	688	23	724

Training Courses:

Employees Training Courses in 2017	
AI-Fakher Group:	
Training Course	Number
Facility Management Professional	2
Finance For Non-Financial Professionals	14
NEBOSH Certificate in Environmental Management	1
ITIL Foundation	1
Developing ASP.NET MVC 4 Web Application	1
Certified Quality Technician	1
Effective Supervisory Skills	1
Adobe Photoshop CC	1
Advance Warehouse Management	1
English - Different Levels	14
CISCP (Certified International Supply Chain Professional)	1
CIPS - Level 4 (Diploma in Procurement & Supply)	1
Inventory Planning and Stock Control	1
Professional Project Management	3
Driving Profitable Growth	3
3Ds MAX	2
S7 Programing Course	3
Production Planning and monitoring	2
The executive Program for Growing Companies	1
CCTV training	1
Excel 2010 Advanced	1
Certified Management Accountant (CMA)	2
Certified Financial Modeler	1
Certificate in Cash flow & Forecasting Management	1
Business Writing	1
Inventory Costing	6
Fundamentals of Finance & Accounting	1
Financial Accounting and Reporting	1
VAT	17
UAE Labor Law for Safer Environment	2
Certified International Supply Chain Manager	1
Compensation & Benefits	2
Certified Training & Development Professional	1
Total	92

Nature of work and fields of activity of the subsidiary companies

Name of Company	Company Type	Main Activity	Paid-up capital (JOD)	Shareholding percentage
AI Fakher for Tobacco Trading and Agencies *	Limited Liability	Manufacturing and sale of molasses and its supplies to various countries	6,000,000	100%
Spectrum International for Renewable Energy	Limited Liability	Investment in alternative energy	7,000,000	100%
International Tobacco and Cigarettes **	Limited Liability	Manufacturing of cigarettes	6,000,000	100%
AI Fakher Holding – Global Operations (Cayman Islands).	Limited Liability	Investing in manufacturing and distribution businesses	35,464	100%

AI Fakher for Tobacco Trading and Agencies

- Limited Liability.
- Manufacturing of tobacco and manufacturing and sales of Flavoured molasses and related accessiores.
- Capital of JOD 6,000,000
- Percentage of shareholding is 100%.
- Company headquarters are in the Hashemite Kingdom of Jordan, Amman / Um Uthaina - Sa'ad Ibn Abi Waqqas Street - Building No. (39).
- Number of employees: (4).
- The company is registered with the Ministry of Industry and Trade under the number (12208) as of 30/05/2006, with the national identification number (200010064).

* AI Fakher for Tobacco Trading and Agencies LLC wholly owns AI Fakher Holding for Tobacco Trading and Agencies, based in the Cayman Islands with Paid-up capital of USD 50,000. This entity is a holding company for the wider AI Fakher subsidiaries including the following companies:

1) AI Fakher International Co.
Company HQ: Cayman Islands
Ownership: 100%
Owns all AI Fakher Trademarks

2) AI Fakher Tobacco FZE
Company HQ: United Arab Emirates –Ajman Free Zone
Ownership: 100%

3) AI Fakher Tobacco Factory Tütün Mamulleri A.Ş
Company HQ: Istanbul – Turkey
Ownership: 100%

4) Pioneer Venture Group Ltd Dubai
Company HQ: Dubai International Financial Center – Dubai – UAE
Ownership: 100%
Pioneer is the holding company under which most of our distribution businesses will be organized.

Spectrum International for Renewable Energy

- Legal Form: Limited Liability Company
- Main Activities: Construction and development of renewable energy projects
- Paid-up Capital: JOD 7,000,000
- Ownership 100%
- Company HQ: Hashemite Kingdom of Jordan, Amman / Um Uthaina - Sa'ad Ibn Abi Waqqas Street - Building No. (39)
- Number of employees (23)
- Registration: The Company is registered with the Ministry of Industry and Trade under the number (23148) as of 28/10/2010, with the national identification number (200114522).

International Tobacco and Cigarettes Company / under liquidation

- Legal Form: Limited Liability Company
- Main Activities: Manufacturing of cigarettes – Currently under liquidation
- Paid-up Capital: JOD 6,000,000
- Ownership:100%
- Company HQ: Hashemite Kingdom of Jordan, Amman / Um Uthaina - Sa'ad Ibn Abi Waqqas Street - Building No. (39)
- Number of employees: (0)
- Registration: The Company is registered with the Ministry of Industry and Trade under the number (16206) as of 16/4/2008, with the national identification number (200094979).

** After the sale of the company's assets, machines and land to Phillip Morris International, the Board of Directors decided on October 7th 2012 to approve the liquidation of the company. The company is still under liquidation.

Al Fakher Holding – Global Operations (Cayman Islands).

- Legal Form: Limited Liability Company
- Main Activities: Investing in the manufacturing and distribution of flavored molasses and related accessories
- Capital: USD 50,000
- Ownership:100%
- Company HQ: Offices of Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands
- Number of employees : (0)
- Registration: The company is registered in the Cayman Islands under registration number (325097)

Board of Directors and Executive Management as of 31/12/2017

Mr. Samer Tawfiq Shaker Fakhouri

Current position: Chairman of the Board of Directors representing Al-Eqbal Jordan for General Trading Co.

Date of Birth: 1/5/1972

Qualifications: Bachelors of Business Administration/1993

Current memberships and positions

- 2015 - Present: Chairman of the Management board of Spectrum International for Renewable Energy.
- 2009 - Present: Chairman of the Management Board of Al-Fakher for Tobacco Trading and Agencies Company.
- 2008 - Present: Chairman of the Management Board of International Tobacco and Cigarettes Company (Under Liquidation)

Memberships and previous positions

- 2011 - 2012: Chairman of the Management Board of Spectrum International for Renewable Energy Company.
- 2006 - 2009: General Manager of Al Fakher for Tobacco Trading and Agencies Company during the period.
- 2001 - 2009: Deputy Chairman of the Board of Directors of Al-Eqbal Investment Company during the period.
- 2001- 2007: Chairman of the Board of Directors of Al-Eqbal for Printing and Packaging Company.
- 2000 - 2013: General Manager of the Arab Company for the Distribution of Cigarettes.
- 1999 - 2000: Chairman of the Board of Directors of Pearl Sanitary Paper Converting Company.
- 1995 - 2017: General Manager of Al-Eqbal Investment Company

Mr. Khaleel Ibrahim Mamoori

Current position: Vice Chairman of the Board of Directors representing Pasteur Management Investments.

Date of Birth: 16/2/1967

Qualifications: College of Administration and Economics./1990

Current memberships and positions

- 2017 - Present: Executive Chairman of Al Mamoori Holding Group Ltd.

Memberships and previous positions

- 2003 - 2017: CEO of Al Fakher Al Thahabi.
- 1997 - 2003: CEO of Al Arabia for cigarettes and tobacco.
- 1990 - 2006: CEO of Al Mamoori Cargo.
- 1990 - 1997: CEO of Al Mamoori for cigarettes and tobacco.

Mr. Walid Tawfiq Shaker Fakhouri

Current position: Member of the Board of Directors representing Gulf Investment and General Transport Co 27/07/2017

Date of Birth: 12/2/1972

Qualifications: M.A. in Business Administration from City University (United Kingdom) / 2000

B.A. in Science Marketing from Western International University (United Kingdom) / 1992

Current memberships and positions

- 2017 - Present: Vice Chairman/ Representative of the Board of Al-Tawfiq Investment House / Jordan.
- 2014 - Present: Chairman of Petroeuropa / Spain,
- 2014 - Present: Chief Executive Officer of JABA Inversiones Inmobiliarias / Spain.
- 2007 - Present: Chairman of the Board of Al-Tawfiq Investment House/ Jordan

Memberships and previous positions

- 2009 - 2017: Vice Chairman of Al – Eqbal Investment Company.
- 2009 - 2014: Chairman of the Board of Directors of Trust International Transport Company.
- 2009 - 2013: Member of the Executive Committee of the Islamic Corporation for Development of the Private Sector - Islamic Development Bank / Jeddah,
- 2006 - 2016: Vice Chairman of Excel for Financial Investments Company.
- 2005 - 2017: Vice Chairman Zahrat Al Urdon Real Estate & Hotels Investments Company.
- 2005 - 2015: Board member of Bank of Jordan.
- 2003 - 2009: Board Member of Jordan Express Tourist Transportation Company (JETT).
- 2003 - 2004: Assistant General Manager of Bank of Jordan.
- 2001 - 2016: Chairman of the Board of the Arab Islamic Bank / Palestine.
- 1999 - 2001: Managing Director of Arab Islamic Bank / Palestine.
- 1999 - 1999: Assistant General Manager of Bank of Jordan.
- 1995 - 1999: Executive Manager of Bank of Jordan.
- 1995 - 1999: Board Member of Al Yarmouk Insurance Company.
- 1994 - 2007: Board Member of the International Tobacco and Cigarettes Company.

Mr. Yazid Adnan Mustafa Mufti

Current position: Member of the Board of Directors representing Al-Sabil for Financial Investments

Date of Birth: 27/3/1953

Qualifications: Bachelor of Business Administration from the American University of Beirut / 1976

Current memberships and positionss

- 2012 - Present: Chairman of the Board of Directors / Cairo Amman Bank.
- 2005 - Present: Main Shareholder in Al Hikma Company for Financial Services (Financial Agent).
- 2005 - Present: Member of the Board of Directors of Middle East Insurance Company.
- 2005 - Present: Member of the Board of Directors of Zara Investment Holding Company.

Memberships and previous positions

- 1997 - 1989: Various positions the last of which was Deputy Chairman of City Bank.
- 1989 - 2004: General Manager of Cairo Amman Bank.

Mr. Saleh Rajab Elayyan Hammad

Current position: Member of the Board of Directors representing Bank of Jordan.

Date of Birth: 27/7/1962

Qualifications: B.Sc. in Computer Science from University of Jordan /1985

Current memberships and positions

- 2017 - Present: Acting General Manager at Bank of Jordan.
- 2017 - Present: Board Member of Jordan Payment and clearing co./JO - PACC
- 2016 - Present: Vice Chairman of Excel Investment Company.
- 2016 - Present: Board Member of Bank of Jordan – Syria.
- 2016 - Present: Board Member of the Association of Banks in Jordan.
- 2015 - Present: Chairman of the Jordan Leasing Company.

Memberships and previous positions

- 2015 - 2017: AGM / Chief Risk Officer, at Bank of Jordan
- 2015 - 2017: Board Secretary at Bank of Jordan.
- 2014 - 2015: AGM / Chief Risk Officer, and Board Secretary, at Bank of Jordan.
- 2009 - 2014: Executive Manager /Compliance and Risk Department and Board Secretary, at Bank of Jordan.
- 1994 - 2008: Manager of Compliance and Operational Risk Department at Bank of Jordan.

Mr. Manuel Stotz

Current position: Member of the Board of Directors representing Kingsway Capital.

Date of Birth: 13/7/1984

Qualifications: Bachelor of Economics from the London School of Economics (LSE)/2008

Current memberships and positions

- 2015: Chief Executive Officer/ Kingsway Capital Partners Limited.

Memberships and previous positions

- 2011-2015: THS Partners LLP - Portfolio Manager and Partner.
- 2008-2011: Goldman Sachs Investment Partners / Investment Analyst.

Mr. Nael Kassar

Current position: Member of the Board of Directors representing KCK LLC.

Date of Birth: 8/5/1979

Qualifications: History of Financial Markets / 2011

Masters in Mathematics / 2002

BSC Mathematics / 2001

Current memberships and positions

- 2012: Effective shareholder / KCK LLC.

Memberships and previous positions

- 2007-2012: Business Development Manager / H.S.C (FZCO).
- 2002-2006: Business Development Manager / H.S.C SAL.

Mr. Mohammad Nasser Nassib Barakat

Current position: Member of the Board of Directors representing Farah Electrical and Sanitary Equipment Company.

Date of Birth: 15/1/1969

Qualifications: Master's in Business Administration & Accounting / 1992

Certified Public Accountant (CPA) / 1992

Bachelors of Banking & Finance Sciences / 1989

Current memberships and positions

- 2017 - Present: Chairman of the Board of Directors of Aldar International for Governance Consultancy (Saudi Arabia and Jordan)
- 2017 - Present: Partner in charge of Aldar International for Governance Consultancy (member firm of Allinial Global).
- 2003 - Present: Member of the Association of Certified Public Accountants in Jordan (JCPA)
- 2002 - Present: Certified Operational Risk Executive I & II (CORE)
- 2001 - Present: Control Self-Assessment Practitioner (CCSA)

Memberships and previous positions

- 2010 - 2017: Partner, Service Line Leader - Business Risk Services, Grant Thornton – ME.
- 1997 - 2017: Consultancy Director at Al-Dar Audit Bureau.
- 1994 - 1997: Financial Manager at Bank of Jordan.
- 1992 - 1994: Assistant Director of the Regional Office and Director of Professional Development Department at Talal Abu Ghazaleh International.

Mr. Henry Tawfiq Azzam

Current position: Member of the Board of Directors representing Al Yamamah Company for General Investments.

Date of Birth: 1949

Qualifications: Ph.D. Financial Economics, University of Southern California / 1976

Current memberships and positions

- 2017 - Present: Member of the Board of Eqbal Investment Company.
- 2014 - Present: Professor of Economics and Finance, Olayan School of Business Administration, American University of Beirut, Lebanon.
- 2013 - Present: Member of the Board of Directors, Byblos Bank, Beirut.
- 2010 - Present: Member of the Board of Directors, Rasmala Investment Bank Dubai.

Memberships and previous positions

- 2012 - 2013: Social Security Investment Fund, Hashemite Kingdom of Jordan, Chairman of the Board of Directors and Chief Executive Officer.
- 2006 - 2012: Deutsche Bank, United Arab Emirates Dubai , Chairman and CEO for the Middle East and North Africa Region.
- 2004 - 2006: Amwal Invest, Hashemite Kingdom of Jordan , Founder and CEO.
- 2000 - 2004: Jordinvest, Hashemite Kingdom of Jordan , CEO.
- 1997 - 2000: Middle East Capital Group, the Hashemite Kingdom of Jordan, General Manager.
- 1990 - 1997: National Commercial Bank of Saudi Arabia , Assistant General Manager.
- 1983 - 1990: Gulf International Bank, Kingdom of Bahrain, Vice President and Chief Economist.
- 1977 - 1982: Arab Fund for Economics and Social Development, Kuwait , Financial and Economic Analyst.

Mr. Desmond John Naughton

Current position: CEO of AI - Eqbal Investment Company

Date of Birth: 8/8/1966

Qualifications: Advanced Development Program from Kellogg Business School / 2008

Master of Business Administration with distinction from Aston College of Business Administration / 1997

Birmingham University B.Soc.Sc Jt Hons Geography/ Planning / 1987

Current memberships and positions

- CEO of AI - Eqbal Investment Company

Memberships and previous positions**British American Tobacco Company Limited**

- 2013 - 2015: Director, Next Generation Products/ MD Nicoventures, Management Board.
- 2011 - 2012: Group Operations Director, Management Board.
- 2010 - 2011: Director, Eastern Europe, Management Board.
- 2009 - 2010: Global Brand Director (Dunhill, 555, B&H).
- 2005 - 2008: President, BAT Korea.
- 2002 - 2004: Managing Director, GCC (Saudi & Gulf) Business Unit.
- 2001 - 2001: Marketing Director, Northern Europe Area (Amsterdam)
- 1995 - 2001: General Manager, Czech Republic Country Manager Saudi Arabia, UAE.

Coca-Cola and Schweppes Soft Drinks

- 1993-1995: Business Sector Controller
- 1992-1993: Service Development Manager.
- 1987-1991: Graduate Trainee and Commercial Customer Management.

Mr. Saif Mousa Mustafa Saleh

Current position: Chief Strategy Officer of AI - Eqbal Investment Company.

Date of Birth: 30/5/1977

Qualifications: MBA - California State University Fullerton / 2002

BSc Mechanical Engineering – Jordan University of Science & Technology / 2000

Current memberships and positions

- 2017 - Present: Chief Strategy Officer of AI - Eqbal Investment Company.
- 2016 - Present: Board Member of Istishari Hospital Group.
- 2012 - Present: Vice Chairman of Spectrum International for Renewables.

Memberships and previous positions

- 2012 -2014: General Manager of Spectrum International for Renewables.
- 2009 - 2012: Vice President – Strategy & Business Development of AI - Eqbal Investment Company.
- 2005 - 2009: Senior strategy manager at Ingram Micro North America, California- USA.
- 2002 - 2005: Senior financial consultant at Experian North America, California- USA.

Mr. Hussein Abdel-Jalil Abed Al- Fawair

Current position: Director of Public Relations.

Date of Birth: 7/09/1959

Qualifications: MA in International Marketing / 1996

Bachelor of Business Administration / 1994

Current memberships and positions

- 1/5/2016 - Present Member of the Board of Directors of AI-Iqbal Company for Iron and Metal Trading.

Memberships and previous positions

- 2014 - 2017: Secretary of the Board of Directors of AI-Eqbal Investment Company.
- 2014 - 2016: Member of the Board of Directors of the Trust Company for International Transport - representing the Jordanian Iqbal Company for General Trading.
- 2001 - 2010: Assistant Director of Public Relations / International Tobacco and Cigarette Company during the period.
- 1998 - 2000: Manager of Lubna Group during the period.
- 1996 – 1996: Regional Director / Islamic Corporation for Food Products – Palestine.
- 1996 - 1998: General Manager / Islamic Corporation for Food Products – Palestine.
- 1989 - 1996: Economic Researcher / Export Development Corporation during the period.
- 1980 - 1989: Private business.

Mr. Mohammed Jamil Saeed Abbadi

Current position: Finance Director at Al Fakher Tobacco F.Z.E

Date of Birth: 12/1/1971

Qualifications: Certified Public Accountant / 1998
Bachelor of Accounting / 1993

Current memberships and positions

- 2017 - Present: Acting Finance Manager, Al-Eqbal Investment Company.
- 2016 - Present: Finance Director of Al-Fakher Tobacco Factory.

Memberships and previous positions

- 2014 - 2016: Hikma Pharmaceuticals - Algeria / Finance Director.
- 2001 - 2013: Merck Sharp & Dum / Director of Finance during the period.
- 1998 - 2000: Iridium Middle East Dubai United Arab Emirates / Financial Analyst.
- 1994 - 1998: Deloitte & Touche International- Dubai United Arab Emirates (UAE) / Senior Auditor.

Mr. Anwar Osama Samih Al – Sukari

Current position: Secretary of the Board of Directors.

Date of Birth: 4/9/1984

Qualifications: Master of Law / 2007
Bachelor of Law / 2006

Current memberships and positions

- 2017 - Present: Secretary of the Board of Directors of Al-Eqbal Investment Company.
- 2011 – Present: Board Member of Ekbal Printing and Packaging PLC.
- 2009 - Present: Lawyer / Osama Sukkari & Associates.

Memberships and previous positions

- 2007-2009: Obeidat and Freihah (Lawyers).

Major Shareholders (Owning 5% or more)

Name of Shareholder	31/12/2016			31/12/2017		
	Number of shares	Number of shareholders	Percentage	Number of shares	Number of shareholders	Percentage
Tawfiq Shaker Khader Fakhoury	3,822,002		12.740%	4,073,128		13.577%
Bank of Jordan	3,000,000		10.000%	3,000,000		10.000%
Al-Eqbal Jordan General Trading Company	2,008,834		6.696%	2,008,834		6.696%
IFG Hermes – Oman	6,852,438		22.841%	0		0.000%
Al Maamouri Holding Group Limited	0		0.000%	2,460,000		8.200%
Kingsway Fund Frontier Consumer Franchises	0		0.000%	7,521,762		25.073%
Total	15,683,274	4	52.278%	19,063,724	4	63.546%
Remaining shareholders	14,316,726	1,822	47.722%	10,936,276	1,709	36.454%
Grand Total	30,000,000	1,826	100%	30,000,000	1,713	100%

Competitive Position of Al - Eqbal Investment Company

Al - Eqbal Investment Company has continued to strengthen its position as one of the most successful investment companies in the region. Below are key highlights of our major investments in Al Fakher and Spectrum International for Renewable Energy.

In the flavored molasses sector, Al Fakher has taken major steps to further strengthen its position as the global leader by acquiring the distribution rights in key markets. This will give Al Fakher further consumer insights, control and flexibility to achieve its objective of building a consumer centric company and brand. With its acquisitions in 2017, Al Fakher captured further revenues and profits across the value chain. Due to this 2017 was Al Fakher's most successful year to date marked with record revenues and profits.

As for the Renewable Energy sector, Spectrum International for Renewable Energy continues to grow its technical capabilities and strengthen its position as one of the leading renewable energy firms in the region by implementing major projects. In 2017, Spectrum was able to secure and successfully implement a 13 MWp project for the Royal Hashemite Court, the company's biggest project to date. The experience strengthened in-house and on-ground technical capabilities at Spectrum and reinforced management's insight on dealing with large-scale projects. Positioning the company as one of the top players in the region. As a result, Spectrum has secured an additional 12 MWp in Q1 2018 and an additional 21 MWP of pipeline by end of year.

Most significant achievements of Al-Fakher in 2017:

- Hiring Desmond Naughton as new CEO of Al - Eqbal Investment Company and Al Fakher.
- A comprehensive review and re-articulation of its strategy for the years 2018 - 2022.
- Started operating a state-of-the-art factory in Egypt with the latest quality standards and technology to achieve the company's vision of geographic expansion outside the UAE to meet the growing needs of the regional markets and to increase efficiency and production.
- Acquisition of distributors in major markets to enhance our competitiveness and increase our revenues and profits.
- Built new workers' housing with a capacity of 550 employees, providing them with brand new amenities and comfortable layouts.
- Introduce new products and flavors that meet the desires and tastes of consumers in the local and international markets.
- Establishing the Environment and Sustainability section to enhance the company's contribution to the sustainability of natural & related resources, and to set the guidelines to comply with international standards.
- Establishing the Supply Chain Excellence section to develop the policies and procedures used in warehousing, procurement and other related operations to ensure efficiency in achieving the company's objectives and comply with the latest international standards in the field of supply management.
- Continuously working with major suppliers to ensure continuity of supply, enhance supplier involvement in product development phase, and drive more value through expanding the base of major suppliers to reduce risks, improve contractual terms, and getting better payment terms.
- Continuous investment in our human resources through training courses tailored to employees' competencies. This ongoing initiative has reflected positively on work efficiency and productivity.

AI Fakher Future plans for 2018:

- Establishing a full-fledged Research & Development department to drive research, design and innovation. Developing an end-to-end supply chain to increase the speed to market, enhance responsiveness, and increase the efficiency of the supply chain.
- Building new warehouses in Ajman Free Zone spanning 6,100 square meters with technologies that reduce the use of energy and preserve the environment according to the latest related international standards of the environment and systems of sustainability.
- As part of its strategy, AI-Fakher is seeking further expansion to its geographic footprint by establishing one more manufacturing facility in 2018.
- Continuous development to the Warehouse Management System (WMS) and Enterprise Planning Systems (ERP) that integrates all operations to ensure efficient management of the information.

Most significant achievements of Spectrum International for Renewable Energy in 2017:

- Installed a 13 MW solar power plant Tracker System for the Royal Hashemite Court in Madouna, this project covers 100% of the electricity needs of the Royal Hashemite Court, the National Center for Security and Crisis Management, in addition to 21 governmental and care centers. The project is considered one of the most distinguished Solar Photovoltaic Energy projects in Jordan constructed on a "Wheeling" basis and the first of its kind to be connected to the Jordan Electricity Power Company (JEPCO), representing 70% of JEPCO's total capacity connected in 2017 (Wheeling).
- Installed a 714 KWp solar power plant for Al-Moutakamelah for glass industries in Al Qastal on a BOT basis.
- Started the installation of a 2.05 MW power plant Tracker System project for Specialty Hospital.
- Started the installation of a 1.84 MW power plant Tracker System project for Istiklal Mall

Spectrum International for Renewable Energy Future plans for 2018

- Spectrum was qualified to design and start the construction of PV power plants with a combined capacity of 33 MW during 2018.
- Spectrum is looking to expand operations to outside Jordan by studying the possibility of developing/installing projects in Italy, Palestine, Saudi Arabia and Iraq, where site visits were made in 2017
- Spectrum is also investing in new technologies, especially those utilizing energy storage capabilities; the company is finalizing preparations to co-develop a 10MW solar plant utilizing a combination of both PV (Photo Voltaic) and CSP (Concentrated Solar Power) technologies in Italy.

The financial effect of operations of a non-recurring nature that occurred during the fiscal year and are not included in the Company's main activity:

It is worth mentioning that in 2017 the company incurred some expenses that are non- recurring in nature. Below is a list of the major non-recurring elements.

Details	Amount (JOD)
Professional advisory fees	407,278
Product Development	475,017
Market Research	506,343
Product Launch	482,431
Recruiting expenses	174,397
Discarding Obsolete Packaging Materials	188,442
Destruction of Obsolete Accessories	144,672
Total	2,378,581

The extent of dependency on specific vendors or main agents (local and international)

Agents 2017

Customer Name	Percentage of Dealings
NTDE	18%
AI Fakher Golden	13%
Sierra Network Inc	9%
AI Motawsita General Trading	8%
AI Mamoori Cigarettes & Tobacco L.L.C	6%

Vendors 2017

Supplier	% of Dealings with Total Purchases
Alliance One Rotag	14%
Majan Printing	10%
Mella SRL	9%
Hertz Flavors GMBH	8%
Cosmoplast	8%

Decisions issued by the government or by international organizations or others, which have a material impact on the work of the company, its products or, competitive capabilities.

AI-Eqbal Investment Company is entitled to rights under the currently enforced laws and regulations in Jordan, Whereby the company enjoys: -

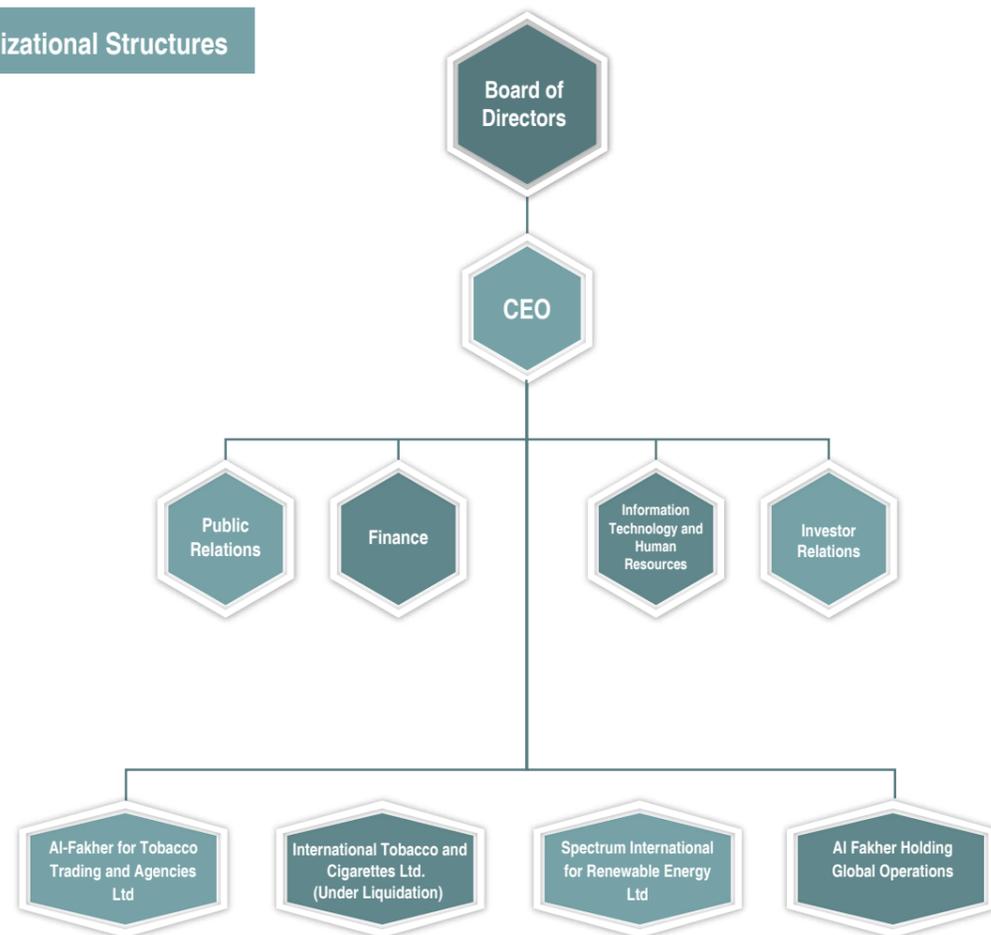
- Protection under enforced intellectual property and trademarks law in the Kingdom, noting that it owns the following trademarks:
 - AI-Eqbal Investment Company: 2 Trademarks
 - AI Fakher International Company: 369 Trademarks.
 - International Tobacco and Cigarettes Company: 50 Trademarks.
 - AI Fakher for Tobacco Trading and Agencies Company: 6 Trademarks.
- Alternative renewable energy systems have obtained exemptions from customs duties and sales tax and that is in accordance with decisions issued by the Ministry of Finance and General Customs Department.
- There are no patents or concession rights.
- AI Fakher operates in a heavily regulated category and commits quite a bit of resources to ensure that it is compliant with all relevant regulations in the different geographies it operates in. The significant excise tax increase in 2017 in some of our major markets disrupted the supply chain temporarily but we expect things to be back to normal in 2018.

AI Fakher is committed to following international quality standards where they exist, and where no such standard exists, AI Fakher applies the same stringent manufacturing practices that are used in other regulated markets.

Furthermore, we are in continual discussions with markets to identify developments in packaging requirements, seek to conform to published regulations, and look for guidance from issuing authorities where ambiguity exists.

Al-Eqbal Investment Company

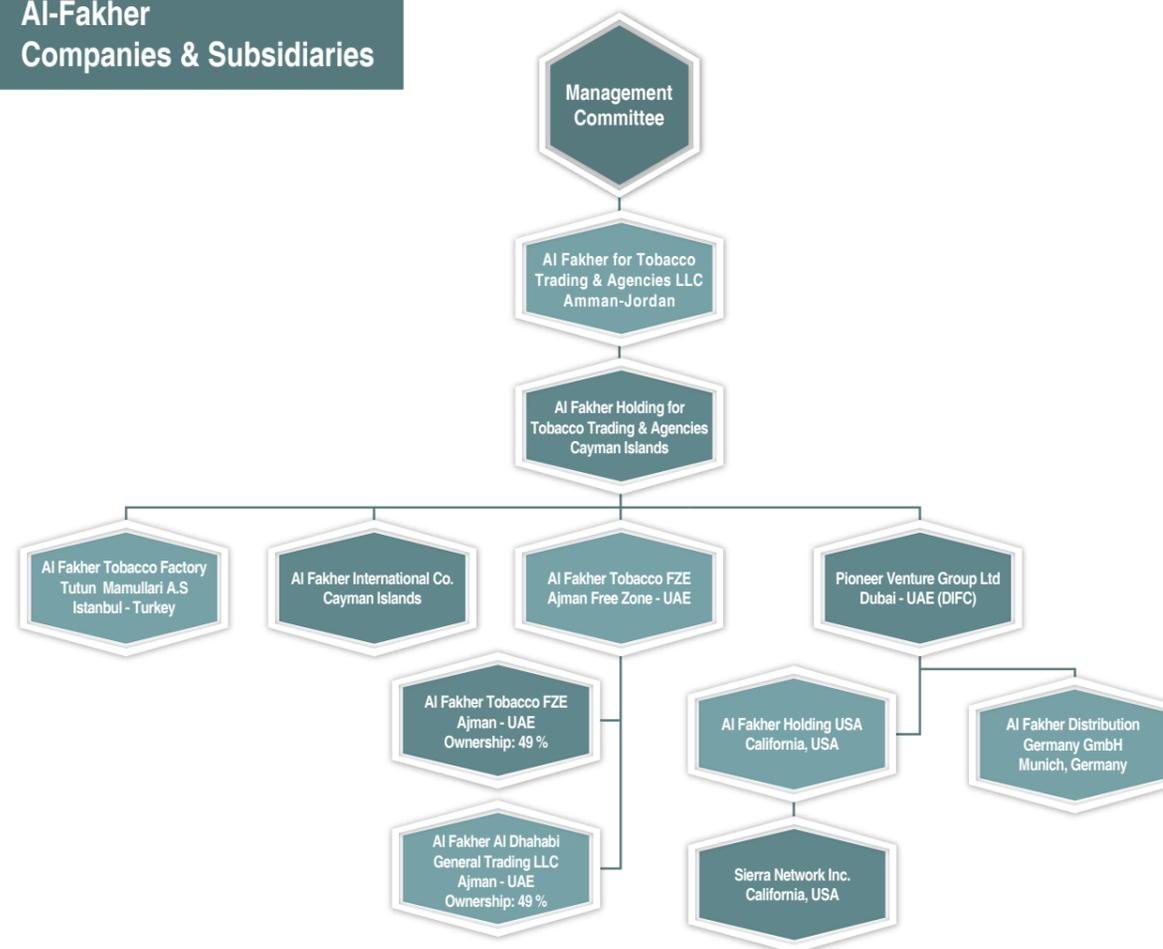
Organizational Structures



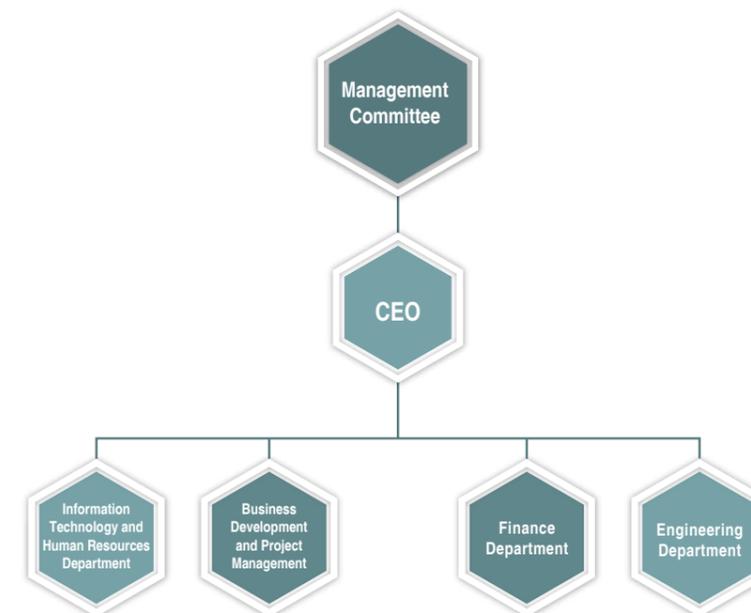
International Tobacco and Cigarettes under Liquidation



Al-Fakher Companies & Subsidiaries



Spectrum International for Renewable Energy



Risks that the Company is subject to:

Due to the nature of its activities, the Company is subject to various risks, which may be summarized as follows:

- Market risk, currency exchange rate fluctuations and interest and credit rates.
- The economic conditions experienced by the region in general.
- Change and/or amendments to government laws and regulations and the negative impact they may have on the plans and objectives of the company.
- The production of low quality goods, by unrecognized entities, bearing the brand of the company, negatively affecting the company's reputation and reducing the demand for its products.

Financial Highlights in 2017:

- The consolidated revenue of the company increased from JOD 142.7 million in 2016 to JOD 161.7 million in 2017 with an increase of JOD 19 million representing an increase of 13%.
- The operating profits of the company increased from JOD 40.3 million in 2016 to JOD 54.7 million in 2017 with an increase of JOD 14.4 million and a percentage increase of approximately 36%.
- There was an increase in shareholders' equity in the company, by JOD 6.7 million, despite the distribution of JOD 40 million in cash dividends to shareholders during the year 2017. The shareholders' equity at the end of 2017 was JOD 93.3 million compared to JOD 86.6 million in 2016.
- The working capital of the company by year end 2017 amounted to JOD (24.6) million compared to JOD 62.9 million in 2016. The group provides financial resources as needed through its operational activities. Accordingly, the group's management does not believe that there will be any difficulty in providing the necessary resources for the maturity of its current liabilities. During January 2018, short term loans were settled by obtaining long term loan which led to the adjustment of the group's working capital position.
- The company's consolidated Gross Profit for the year 2017 was 38.4% compared to 39.9% for 2016.
- The general and administrative expenses amounted to JOD 15.6 million compared to JOD 10.5 million in the previous year. Meanwhile, selling and distribution expenses increased to JOD 7.2 million in 2017 compared to JOD 5.4 million for the same period the previous year. This increase was concentrated in the salaries and wages expenses which increased to JOD 6.42 million in 2017 compared to JOD 4.2 million the year before. Legal and consultancy fees also increased by JOD 620 thousand and advertising increased by JOD 652 thousand.

In conclusion, these financial results show the group achieved positive results by all standards, thanks to the prudent policy adopted by the company's management and the efforts and activities of its employees.

Analysis of financial percentages

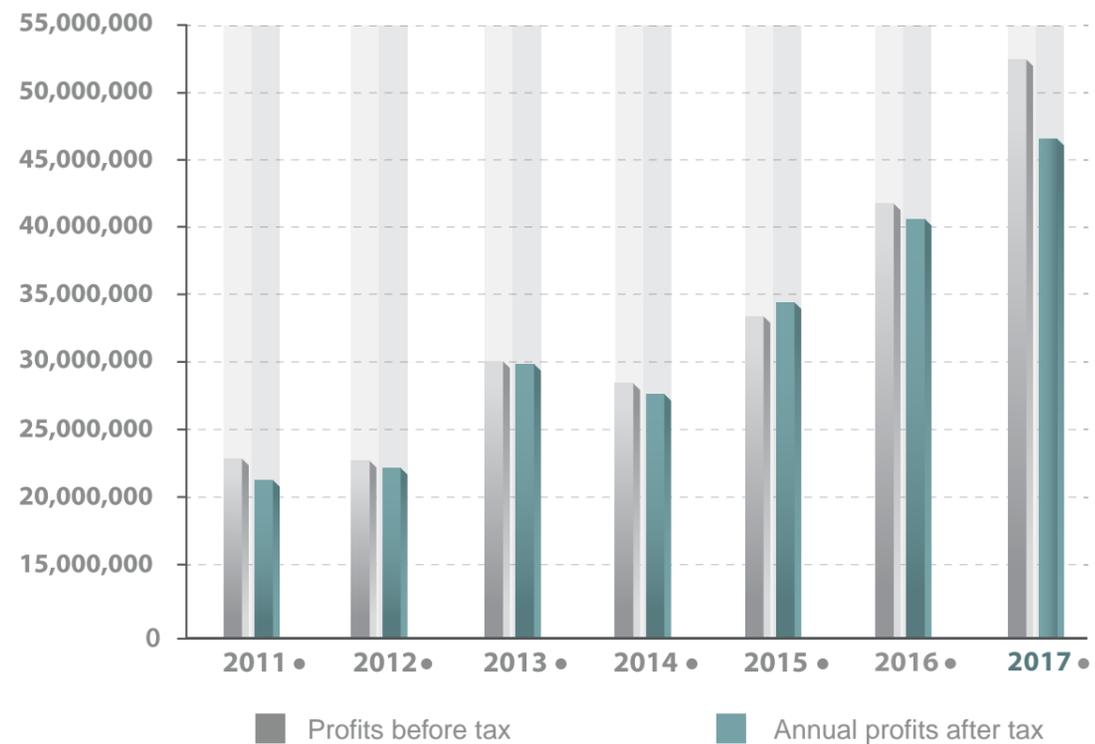
Statement / year	2016	2017
Return on investment	43%	50%
Return on assets	32%	25%
Return on equity	47%	52%
Efficiency Index (Expense / Income)	11%	14%
Administrative and general expenses to sales	7%	10%
Net profit to sales	26%	29%
Distribution and sales expenses to sales	4%	4%

Profit Progression, Net Equity, Share Price and Dividends

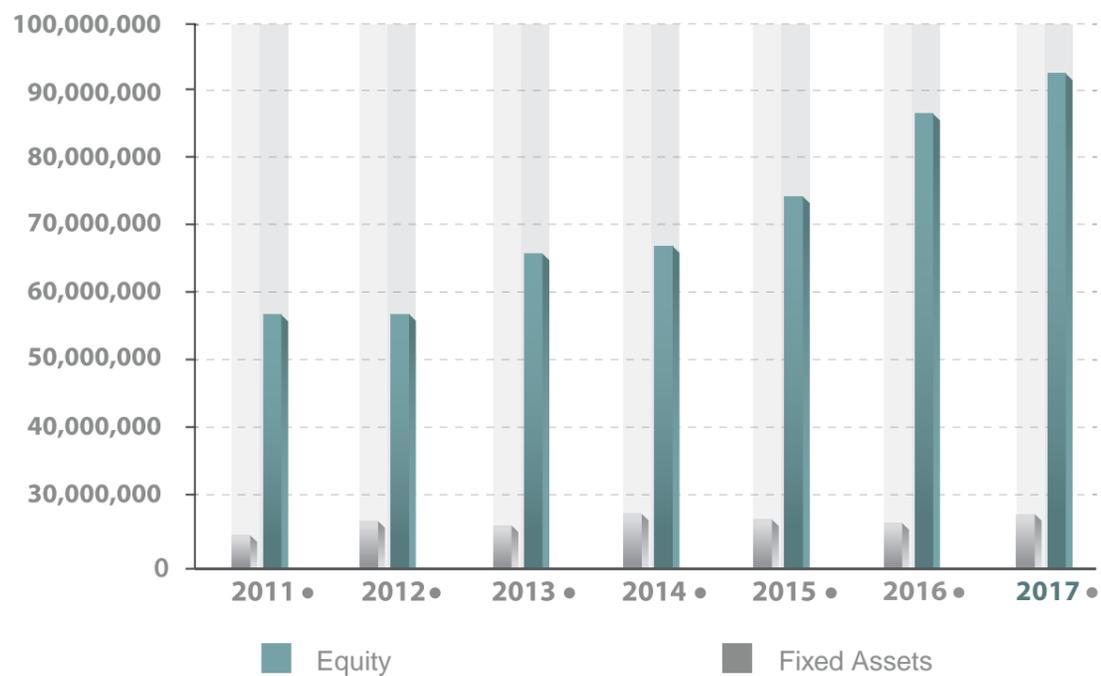
statement/year	2011	2012	2013	2014	2015	2016	2017
Assets	67,662,846	67,873,197	97,701,774	99,620,066	108,234,546	126,982,710	258,636,670
Equity	56,546,503	57,465,334	66,096,666	67,568,459	74,223,601	86,634,986	93,348,847
Profits before tax	22,739,380	22,463,850	30,012,905	28,312,913	33,531,000	41,839,023	52,437,458
Profits after tax	21,340,989	21,004,698	28,039,900	26,462,297	31,280,583	37,398,458	46,744,335
Share distribution			1,821,693			5,000,000	
Dividends	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	25,000,000	40,000,000
Earnings per share	1.063	1.048	1.120	1.056	1.249	1,245	1.56
Per Share Dividends	1.000	1.000	1.000	1.000	1.000	1	1.333
Share price by year end (Dinars)	6.70	9.45	14.00	11.62	17.40	24.95	32.00

Jordanian Dinar = 1.4104 US Dollars

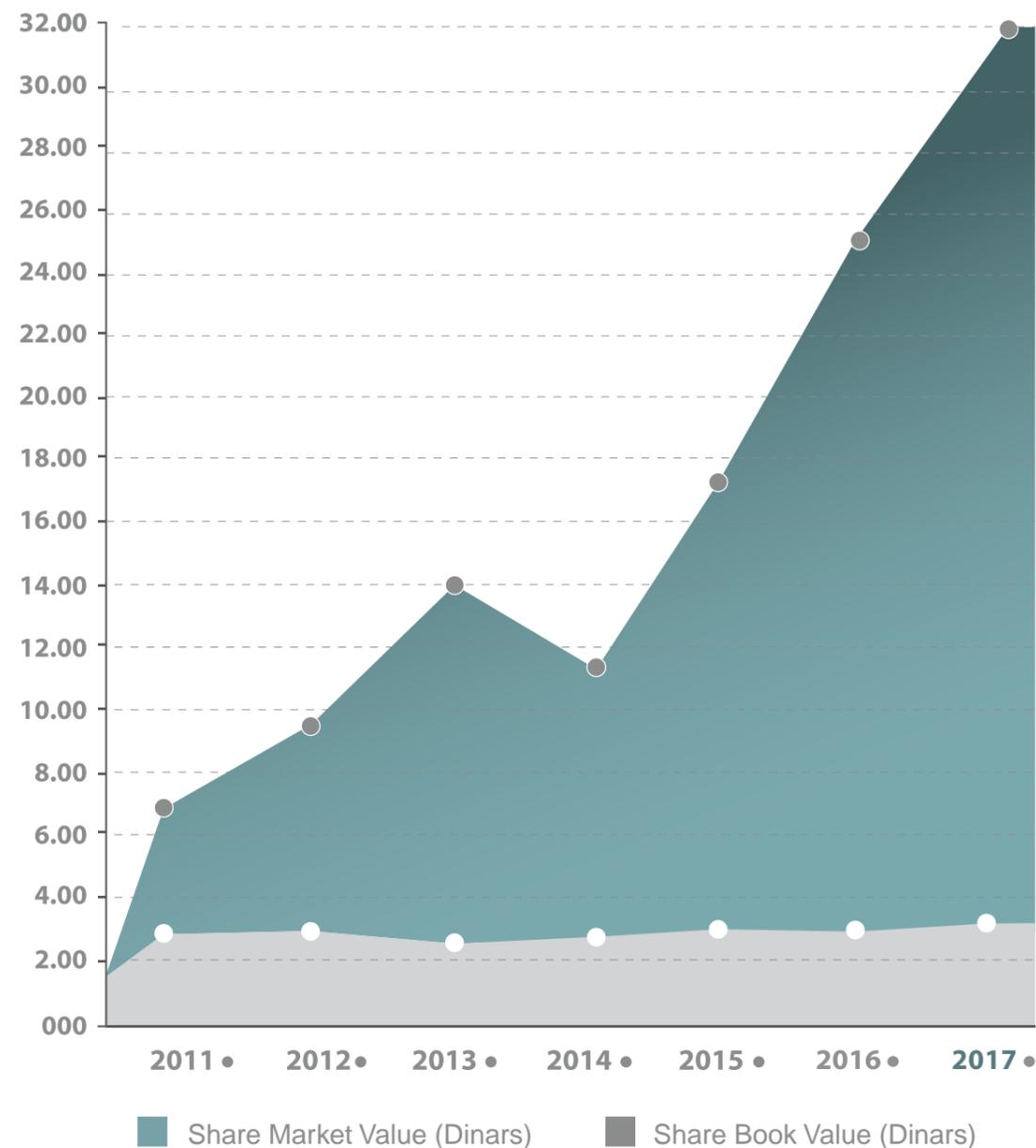
Net Profit (JOD)



Equity and Fixed Assets



EICO Shares Market Price VS. Book Value



Auditor's Fees for the year 2017

KPMG Audit Fee 2017

Company	Amount	Total
Al Eqbal Investment Co.	13,000	13,000
Al Fakher for Tobacco Trading & Agencies Company Ltd.	37,240	37,240
Spectrum International for Renewable Energy	3,000	3,000
Total	53,240	53,240

Shares owned by each the chairman, members of the board of directors, the general manager, senior management and each of their wives, minor children in Al-Eqbal Investment Company and companies in which it has shares and in companies under the control of any of them

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which Al-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Members of the board of directors and their representatives										
Mr. Samer Tawfiq Fakhouri	9721050578	Jordanian	Al-Eqbal Investment Company	General Manager until 31/7/2017	1995		Share	1.000	7,500	7,500
				Chairman of the Board of Directors and representative of the Board Member of ALEqbal Jordan General Trading Company	3/6/2017					
				Controls Al-Nama Investment Company, which has 1.74% Al-Eqbal Investment Company shares			Share	1.000	152	522,628
Child/Jafaar Samer Fakhouri	2001154306	Jordanian	Al-Eqbal Investment Company	Shareholder			Share	1.000	188	188
			Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of Al-Eqbal Investment Company Shareholder		Son of Mr. Samer Tawfiq Fakhouri	Share	1.000	1,971	1,971
Child/Ne'mat Samer Fakhouri	2001419606	Jordanian	Al-Eqbal Investment Company	Shareholder			Share	1.000	151	151
			Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of Al-Eqbal Investment Company Shareholder		Daughter of Mr. Samer Tawfiq Fakhouri	Share	1.000	1,660	1,660
Child/Hamza Samer Fakhouri	2003178343	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of Al-Eqbal Investment Company Shareholder		Son of Mr. Samer Tawfiq Fakhouri	Share	1.000	27	27

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which Al-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
AL-Eqbal Jordanian General Trading Company	1901304522	Jordanian	Al-Eqbal Investment Company	Member of the Board of Directors s from the date of 6/3/2017	3/9/2005	"Represented by Mr. Samer Tawfiq Fakhouri	Share	1.000	2,738,195	2,008,834
			Bank of Jordan	Member of the Board of Directors s of a company owning more than 5% in Al-Eqbal Investment Company		Represented by Mr. Haitham Abu Al-Naser Mufti	Share	1.000	25,735,753	25,735,753
Mr. Khalil Ibrahim Imran Mamoori	1476280535	Saint Kitts and Nevis	Al-Eqbal Investment Company	Deputy Chairman of the Board of Directors s and a representative of Basseterre for Administrative Consultancy	27/8/2017		Share	1.000	333,392	-
Basseterre for Administrative Consultancy	1187404407	Jordanian	Al-Eqbal Investment Company	Member of the Board of Directors	27/8/2017	Represented by Mr. Khalil Ibrahim Mamoori	Share	1.000	-	5,000
Mr. Waleed Tawfiq Fakhouri	9721000980	Jordanian	Al-Eqbal Investment Company	Representative of Member of the Board of Directors, Arabian Gulf Investment Company and Public Transportation	10/3/2009		Share	1.000	7,500	7,500
			Bank of Jordan	Deputy Chairman of the Board of Directors s of Al-Tawfiq Investment House in a company owning more than 5% in Al-Eqbal Investment Company			Share	1.000	11,342	-
Mrs. Shatha Abdelhameed Al Dabbas	9732038721	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of Al-Eqbal Investment Company		Wife of Mr. Waleed Tawfiq Fakhouri	Share	1.000	368	368

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which AI-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Child/Maryam Waleed Fakhouri	2000346160	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company		Daughter of Mr. Waleed Tawfiq Fakhouri	Share	1.000	62,656	67,199
			AI-Eqbal Investment Company	Shareholder			Share	1.000	386	386
Child/Rakan Waleed Fakhouri	2000737776	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company		Son of Mr. Waleed Tawfiq Fakhouri	Share	1.000	34,622	37,212
			AI-Eqbal Investment Company	Shareholder			Share	1.000	362	362
Child/Aisha Waleed Fakhouri	2001097308	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company		Daughter of Mr. Waleed Tawfiq Fakhouri	Share	1.000	14,794	16,051
			AI-Eqbal Investment Company	Shareholder			Share	1.000	385	385
Child/Ahmad Waleed Fakhouri	2001974088	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company		Son of Mr. Waleed Tawfiq Fakhouri	Share	1.000	12,780	13,845
			AI-Eqbal Investment Company	Shareholder			Share	1.000	369	369
Arabian Gulf Investment Company and Public Transportation	1600866537	Jordanian	AI-Eqbal Investment Company	Member of the Board of Directors	3/9/2005	“Represented by Mr. Waleed Tawfiq Fakhoury	Share	1.000	961,574	473,694
			Bank of Jordan	Member of the Board of Directors s of a companyowning more than 5% in AI-Eqbal Investment Company		Represented by Mr. Haitham Mohammad Sameeh Barakat	Share	1.000	10,569	10,569

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which AI-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Mr. Yazeed Adnan Mustafa Al Mufti	9531000644	Jordanian	AI-Eqbal Investment Company	Representative of Member of the Board of Directors Alsabeel for financial Investments Company	5/3/2015		-	-	-	-
M/S Alsabeel for Financial Investments Company	1102850799	Jordanian	AI-Eqbal Investment Company	Member of the Board of Directors	5/3/2015	Represented by Mr. Yazeed Adnan Al -Mufti	Share	1.000	6,000	6,000
			AI-Eqbal Investment Company	Representative of the Board Member of the Bank of Jordan	3/6/2017		-	-	-	-
Mr. Saleh Rajab Elayan Hammad	9621002957	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Invetsment Company			Share	1.000	42,079	42,079
M/S Bank of Jordan	1105698671	Jordanian	AI-Eqbal Investment Company	Member of Board of Directors	9/3/2005	Represented by Mr. Saleh Rajab Hammad	Share	1.000	3,000,000	3,000,000
			Transport Tourism Company Jet	Owning more than 5%			Share	1.000	1,080,000	1,080,000
			Bank of Jordan Syria	Owning more than 5%			Dollar	1\$	2,015,370	2,393,160
			AI Batoun Al Jahez Wal Tawreedat Al Insha'yeh	Member of the Board of Directors		Represented by Mr. Sohrab Aweys	Share	1.000	40,000	40,000
			Asas Lilsinat Al Kharasanyeh	Member of the Board of Directors		Represented by Mr. Sohrab Aweys	Share	1.000	250,000	250,000
			Tafawoq for Financial Investments Company	Subsidiary Company			Share	1.000	3,500,000	3,500,000
			Jordan Company for FinancialLeasing	Subsidiary Company			Share	1.000	10,000,000	20,000,000
			Middle East Insurance Company	Member of the Board of Directors		Represented by Mr. Shaker Fakhouri	Share	1.000	828,253	828,253
Solutions for Mobile Phone Services Company	Owning more than 5%			Share	1.000	250,000	175,000			

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which AI-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Mr.Manuel Stutz	1115697621	German	AI-Eqbal Investment Company	Representative Board Member of KINGSWAY-FRONTIER CONSUMER FRANCHISES	3/6/2017		-	-	-	-
Messrs. Kingsway - Frontier Consumer Franchises	1129379230	Luxembourg	AI-Eqbal Investment Company	Member and Board of Directors	3/6/2017	Represented by Mr.Manuel Stutz	Share	1.000	-	7,521,762
Mr. Nael Kassar	1701966061	French	AI-Eqbal Investment Company	Representative of the Board of Directors Mr. KCK LTD	3/6/2017	Represented by Mr.Manuel Stutz	-	-	-	-
Messrs KCK LTD	1149089893	British Virgin Islands	AI-Eqbal Investment Company	Member and Board of Directors	3/6/2017	Represented by Mr. Nael Kassar	Share	1.000	1,000,000	1,113,600
Mr. Mohammad Naser Naseeb Barakat	9691032238	Jordanian	AI-Eqbal Investment Company	Representative of the Board of Directors /Farah For Electrical & Sanitary Instruments	3/6/2017		-	-	-	-
Mrs. Eqbal Tawfiq Fakhoury	9712000812	Jordanian	Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company		Wife of Mr. Mohammad Naser Barakat	Share	1.000	99,093	99,093
Ms. Zain Mohammad Naser Barakat	2000402278	Jordanian	AI-Eqbal Investment Company	Shareholder		Daughter of Mr. Mohammad Naser Barakat	Share	1.000	6,214	6,214
			Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company			Share	1.000	21,172	21,172

Name	ID Number/ Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which AI-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/ wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Ms. Hala Mohammad Naser Barakat	2002052730	Jordanian	AI-Eqbal Investment Company	Shareholder		Daughter of Mr. Mohammad Naser Barakat	Share	1.000	388	388
			Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of AI-Eqbal Investment Company			Share	1.000	2,364	2,364
Messrs Farah For Electrical & Sanitary Instruments	1117715390	Jordanian	AI-Eqbal Investment Company	Member of the Board of Directors	3/6/2017	Represented by Mr. Mohammad Naser Nasib Barakat	Share	1.000	8,332	7,704
Mr. Henry Tawfiq Ibrahim Azzam	9491014142	Jordanian	AI-Eqbal Investment Company	Representative of AI Yamamah Company for General Investments	3/6/2017		Share	1.000	-	32,589
Messrs AI Yamamah Company for General Investments	1612880043	Jordanian	AI-Eqbal Investment Company	Member of the Board of Directors	3/6/2017	Represented by Mr. Henry Tawfiq Ibrahim Azzam	Share	1.000	5,000	5,000
			Bank of Jordan	Shareholder in a company that is a board member and owning more than 5% in AI-Eqbal Investment Company			Share	1.000	2,490,648	2,490,648

Name	ID Number/Center Number	Nationality	Name of company issuing security	Position in company issuing security (and/or) companies in which Al-Eqbal Investment Company is a shareholder	Election / Appointment Date	Person represented or relation (husband/wives/children)	Type	Nominal value (JOD)	Number of securities as of 31/12/2016	Number of securities as of 31/12/2017
Higher Man Senior Management agement										
Mr. Desmond John Naughton	1596332073	British	Al-Eqbal Investment Company	General Manager	26/7/2017		Share	1.000	-	10,851
Mr. Hussein Abduljaleel Abed Alfawa'eer	9591001635	Jordanian	Al-Eqbal Investment Company	Public Relations Manager	19/2/2001					
Mr. Mohammed Jamil Saeed Abbadi	9711010429	Jordanian	Al-Eqbal Investment Company	Secretary of the Board of Directors until the date of 24/10/2017 Finance Director	19/1/2014 5/9/2017					
Mr. Anwar Osama Sameeh Sukkari	9841043925		Al-Eqbal Investment Company	"Secretary of the Board of Directors as of 24/10/2017 Counsel	24/10/2017 2012		Share	1.000	19,142	28,000
			Bank of Jordan	Member of the Board of Directors	2011		Share	1.000	5,000	5,000
			Al-Eqbal Printing and Packaging Co.							

Benefits and rewards to which the Chairman and members of the Board of Directors were entitled during the year 2017:

Name	Position	Annual Salaries	Transport Allowances	Annual Rewards	Auditing fees	Total Benefits
Samer Tawfiq Fakouri	Chairman of the Board of Directors	-	12,000	5,000	0	17,000
Khalil Ibrahim Mamoori	Deputy Chairman of the Board of Directors	-	5,000	0	0	5,000
Waleed Tawfiq Fakhouri	Member of the Board of Directors	-	12,000	5,000	0	17,000
Abed-Alraheem Al-Zoubi	Member of the Board of Directors	-	2,000	5,000	0	7,000
Moahammad Naser Barakat	Member of the Board of Directors	-	12,000	5,000	2,000	19,000
Saleh Rajab Elayan	Member of the Board of Directors	-	12,000	5,000	0	17,000
Naser Mustafa (Mohammad Saeed) Kherishi	Member of the Board of Directors	-	2,000	5,000	333	7,333
Haitham Mohammad Qteishat	Member of the Board of Directors	-	2,000	5,000	0	7,000
Yazeed Adnan Al-Mufti	Member of the Board of Directors	-	12,000	5,000	2,000	19,000
Fares Osama Al-Talhouni	Member of the Board of Directors	-	7,000	5,000	0	12,000
Dr. Henry Azzam	Member of the Board of Directors	-	10,000	0	1,667	11,667
Nael Kassar	Member of the Board of Directors	-	10,000	0	0	10,000
Manuel Stutz	Member of the Board of Directors		10,000	0	0	10,000
Total			108,000	45,000	6,000	

Benefits and rewards of Senior Management during 2017:

Name	Position	Total Annual Salaries	Transport Allowances	Secretary Bonus	Annual Travel Expenses	Rewards	End of Service Benefit	Total Benefits
Samer Tawfiq Fakhouri	General Manager	28,860	12,000		0	5,000	57,191	103,051
Malek Hussein	Financial Manager	38,579						38,579
Desmond John Naughton	General Manager as of 1/5/2017	5,284						5,284
Anwar Sukkari	Secretary of the Board of Directors	600						600
Hussein Alfawa'eer	Public Relations Manager	68,801	Car for work affairs					68,801

The Management of EICO and all its employees receive wages in return for services provided to Al Fakher Tobacco Trading Company in Ajman which are paid out directly from Al Fakher Company in Ajman.

Contracts, projects and commitments entered into by the Company or its subsidiaries

The subsidiary, Spectrum International Renewable Energy Company, sold energy systems to:

- 1) Chairman of the Board of Directors, Mr. Samer Fakhouri, for JOD 15,950.
- 2) Chairman of the Board of Directors of the Bank of Jordan (Member of the Board of Directors) Mr. Shaker Fakhouri for JOD 4,148

Other than this, there are no contracts, projects or commitments entered into by the Company with any of its subsidiaries, the Chairman of the Board of Directors the members of the Board of Directors or any employee employed by the Company or relatives during 2017

Social Responsibility

Social responsibility is one of the important pillars of our core values as a company. Therefore, the company continued to support several programs aimed at serving the community and its sustainable development by providing financial, medical and educational support to families in need and non-profit organizations. In this context, the cash and in-kind donations provided by the company during 2017 amounted to JOD 474,418. The company's total donations since its establishment reached JOD 4.9 million.

Contributions and grants for 2017

Name of entity to which donations were made	Amount/JOD
Al- Eqbal investment Grants fund	112,985.000
Poor Families care	94,308.000
Elderly Care	26,400.000
Arab Patients Benefits	29,000.000
Health Care	68,700.000
Ramadan's Donations	20,000.000
Eid al-Adha Allowances	15,200.000
Charity Organizations Allowances	23,520.000
Employee Benefits	30,336.000
Total	474.418.000

Report of Governance

A. The company applies all the principles of Governance and complies with the rules of Disclosure and the requirements of the related applicable Laws and regulations. In addition, the company's administration is currently working on updating all of its policies and regulations. Also, the company is applying all the necessary measures in accordance with the regulations of the registered shareholding companies for the year 2017.

B. Names of the Current and Resigned Members of the Board of Directors

Serial No.	Name	Notes	status
1	Samer Tawfiq Fakhouri		Full time/ not independent
2	Walid Tawfiq Fakhouri		Part time/not independent
3	Haitham Mohammed Quteishat	Resigned on 5/3/2017	Part time /independent
4	Abed -Alraheem Al-Zoubi	Resigned on 5/3/2017	Part time/not independent
5	Dr. Naser Mustafa Kherishi	Resigned on 5/3/2017	Part time/not independent
6	Saleh Rajab Hammad		Part time/not independent
7	Mohammad Naser Barakat		Part time/not independent
8	Yazid Adnan Mufti		Part time /independent
9	Fares Osama Al-Talhouni	Resigned on 26/7/2017	Part time /independent
10	Manuel Stotz	Appointed on 6/3/2017	Part time/not independent
11	Nael Kareem Kassar	Appointed on 6/3/2017	Part time /independent
12	Dr. Henry Azzam	Appointed on 6/3/2017	Part time/independent
13	Khaleel Ibrahim Mamoori	Appointed on 27/8/2017	Part time/not independent

C. Names of Representatives of the Legal Members of the Board of Directors

Board of Directors	Representatives	Position	Status
AL-Ekbal Jordanian General Trading Company	Samer Tawfiq Fakhouri	Chairman of the Board of Directors	Full Time / not independent
Basseterre for Administrative Consultancy	Khaleel Ibrahim Mamoori	Deputy – Chairman of the Board of Directors	Part Time/ not independent
Arabian Gulf Investment Company and Public Transportation	Walid Tawfiq Fakhouri	Member of the Board of Directors	Part Time/ not independent
Al-Sabeel for Financial Investments Co.	Yazid Adnan Mufti	Member of the Board of Directors	Part Time Independent
Bank of Jordan Co.	Saleh Rajab Hammad	Member of the Board of Directors	Part Time/ not independent
Kingsway Fund	Manuel Stotz	Member of the Board of Directors	Part Time Independent
K.C.K Group	Nael Kareem Kassar	Member of the Board of Directors	Part Time Independent
Farah For Electrical & Sanitary Instruments	Mohammad Naser Barakat	Member of the Board of Directors	Part Time/ Independent
Al Yamamah Company for General Investments	Dr. Henry Azzam	Member of the Board of Directors	Part Time/ Independent

D. Executive Positions and Names of Occupants

Name	Position	Notes
Desmond Naughton	CEO	Appointed on 26/7/2017
Hussein Alfawa'eer	Public Relations Manager	
Mohammad Jameel Abbadi	Finance Director	Appointed on 1/7/2017
Saif Mousa Saleh	Chief Strategy officer	Appointed on 10/5/2017

E. All Memberships that are occupied by the Members of the Board of Directors at the public shareholding Companies:

Mr. Yazid Adnan Mustafa Mufti

- Chairman of the Board of Directors /Amman Cairo Bank as of 07/10/2012
- Member of the Board of Directors / Middle East Insurance Co. as of 2005
- Member of the Board of Directors/ Zara for Investment Holding Co. as of 2005

Mr. Walid Tawfiq Fakhouri

- Vice –chairman of Board of Directors/representative of Tawfiq Investment House/Jordan- Bank of Jordan since 2017

F. Name of Governance Officer:

Adv. Anwar Osama Sukkari

G. Names of Committees Formed by the Board of Directors:

- 1) Governance Committee
- 2) Auditing Committee
- 3) Nomination and Rewards Committee
- 4) Social Responsibility Committee
- 5) Budget Committee
- 6) Risk Management Committee

Note:

The committees of the Board of Directors were reorganized at the Board of Directors meeting No. 128 held on 19/02/2018.

H. Auditing Committee:

- 2) The Auditing Committee consists of:

Mr. Mohammad Nasser Nassib Barakat

Current position: Member of the Board of Directors representing Farah Electrical and Sanitary Equipment Company.

Date of Birth: 15/1/1969

Qualifications: Master's in Business Administration & Accounting / 1992
 Certified Public Accountant (CPA) / 1992
 Bachelors of Banking & Finance Sciences / 1989

Current memberships and positions

- 2017 - Present: Chairman of the Board of Directors of Aldar International for Governance Consultancy (Saudi Arabia and Jordan)
- 2017 - Present: Partner in charge of Aldar International for Governance Consultancy (member firm of Allinial Global).
- 2003 - Present: Member of the Association of Certified Public Accountants in Jordan (JCPA)
- 2002 - Present: Certified Operational Risk Executive I & II (CORE)
- 2001 - Present: Control Self-Assessment Practitioner (CCSA)

Memberships and previous positions

- 2010 - 2017: Partner, Service Line Leader - Business Risk Services, Grant Thornton – ME.
- 1997 - 2017: Consultancy Director at Al-Dar Audit Bureau.
- 1994 - 1997: Financial Manager at Bank of Jordan.
- 1992 - 1994: Assistant Director of the Regional Office and Director of Professional Development Department at Talal Abu Ghazaleh International.

Mr. Henry Tawfiq Azzam

Current position: Member of the Board of Directors representing Al Yamamah Company for General Investments.

Date of Birth: 1949

Qualifications: Ph.D. Financial Economics, University of Southern California / 1976

Current memberships and positions

- 2017 - Present: Member of the Board of Eqbal Investment Company.
- 2014 - Present: Professor of Economics and Finance, Olayan School of Business Administration, American University of Beirut, Lebanon.
- 2013 - Present: Member of the Board of Directors, Byblos Bank, Beirut.
- 2010 - Present: Member of the Board of Directors, Rasmala Investment Bank Dubai.

Memberships and previous positions

- 2012 - 2013: Social Security Investment Fund, Hashemite Kingdom of Jordan, Chairman of the Board of Directors and Chief Executive Officer.
- 2006 - 2012: Deutsche Bank, United Arab Emirates Dubai , Chairman and CEO for the Middle East and North Africa Region.
- 2004 - 2006: Amwal Invest, Hashemite Kingdom of Jordan , Founder and CEO.
- 2000 - 2004: Jordinvest, Hashemite Kingdom of Jordan , CEO.
- 1997 - 2000: Middle East Capital Group, the Hashemite Kingdom of Jordan, General Manager.
- 1990 - 1997: National Commercial Bank of Saudi Arabia , Assistant General Manager.
- 1983 - 1990: Gulf International Bank, Kingdom of Bahrain, Vice President and Chief Economist.
- 1977 - 1982: Arab Fund for Economics and Social Development, Kuwait , Financial and Economic Analyst.

Mr. Yazid Adnan Mustafa Mufti

Current position: Member of the Board of Directors representing Al-Sabil for Financial Investments

Date of Birth: 27/3/1953

Qualifications: Bachelor of Business Administration from the American University of Beirut / 1976

Current memberships and positions

- 2012 - Present: Chairman of the Board of Directors / Cairo Amman Bank.
- 2005 - Present: Main Shareholder in Al Hikma Company for Financial Services (Financial Agent).
- 2005 - Present: Member of the Board of Directors of Middle East Insurance Company.
- 2005 - Present: Member of the Board of Directors of Zara Investment Holding Company.

Memberships and previous positions

- 1997 - 1989: Various positions the last of which was Deputy Chairman of City Bank.
- 1989 - 2004: General Manager of Cairo Amman Bank.

I. Names of Heads and Members of the Rest of Committees Formed by the Board of Directors:**1) The Nominations and Rewards Committee consists of:**

- Manuel Stotz/ Head
- Yazid Mufti/ Member
- Dr. Henry Azzam/ Member

2) The Governance Committee consists of :

- Yazid Adnan Mufti /Head
- Nael Kareem Kassar/ Member
- Mohammad Naser Barakat/Member

3) The Risk Management Committee consists of :

- Dr. Henry Azzam/Head
- Saleh Rajab Hammad/Member
- Mohammad Naser Barakat/Member

4) The Social Responsibility Committee consists of:

- Mohammad Naser Barakat/ Head
- Saleh Rajab Hammad/Member
- Dr. Henry Azzam/ Member

J. Number of Committees' Meetings and Description of Attending Members***Meetings of the Auditing and Risks committee**

Serial No.	Name	No. of Meetings 4		Notes
		Attendance	Excused Absence	
1	Yazid Adnan Mufti	4	0	
2	Mohammad Naser Barakat	2	2	
3	Dr. Henry Azzam	2	1	Appointed on 6/3/2017
4	Dr. Naser Mustafa Kherishi	1	0	Resigned on 5/3/2017

***Meetings of the Budget Committee During 2017**

Serial No.	Name	No. of Meetings 0		Notes
		Attendance	Excused Absence	
1	Nael Kareem Kassar	0	0	Appointed on 6/3/2017
2	Yazid Adnan Mufti	0	0	Appointed on 6/3/2017
3	Manuel Stotz	0	0	Appointed on 6/3/2017

***Meetings of the Nominations and Rewards Committee During 2017**

Serial No.	Name	No. of Meetings 1		Notes
		Attendance	Excused Absence	
1	Nael Kareem Kassar	0	0	Appointed on 6/3/2017
2	Yazid Adnan Mufti	1	0	
3	Manuel Stotz	0	0	Appointed on 6/3/2017
4	Abed-Alraheem Al-Zoubi	1	0	Resigned on 5/3/2017
5	Fares Osama Al-Talhouni	1	0	Resigned on 5/3/2017

***Meetings of the Social Responsibility Committee During 2017**

Serial No.	Name	No. of Meetings 2		Notes
		Attendance	Excused Absence	
1	Mohammad Naser Barakat	2	0	
2	Dr. Henry Azzam	1	1	Appointed on 6/3/2017
3	Saleh Rajab Hammad	1	0	Appointed on 6/3/2017
4	Fares Osama Al-Talhouni	1	0	Resigned on 5/3/2017

***Meetings of the Governance Committee During 2017**

Serial No.	Name	No. of Meetings 0		Notes
		Attendance	Excused Absence	
1	Saleh Rajab Hammad	0	0	
2	Manuel Stotz	0	0	
3	Mohammad Naser Barakat	0	0	

K. The number of Meetings of the Auditing and Risk Management Committee with the Independent Auditor is (4) meetings.**L. Number of Board of Directors Meetings and Description of Attending Members*****Meetings of the Board of Directors of Al-Eqbal Investment Co. During 2017**

Serial No.	Name	No. of Meetings 8		Notes
		Attendance	Excused Absence	
1	Samer Tawfiq Fakhouri	8	0	
2	Walid Tawfiq Fakhouri	4	4	
3	Haitham Mohammed Quteishat	1	0	Resigned on 5/3/2017
4	Abed-Alraheem Al-Zoubi	1	0	Resigned on 5/3/2017
5	Dr. Naser Mustafa Kherishi	1	0	Resigned on 5/3/2017
6	Saleh Rajab Hammad	8	0	
7	Mohammad Naser Barakat	7	1	
8	Yazid Adnan Mufti	8	0	
9	Fares Osama Al-Talhouni	5	0	Resigned on 26/7/2017
10	Manuel Stotz	4	3	Appointed on 6/3/2017
11	Nael Kareem Kassar	3	4	Appointed on 6/3/2017
12	Dr. Henry Azzam	5	2	Appointed on 6/3/2017
13	Khaleel Ibrahim Mamoori	1	1	Appointed on 6/3/2017

Chairman of the Board of Directors**Samer Tawfiq Fakhouri**

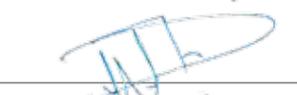
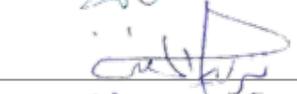
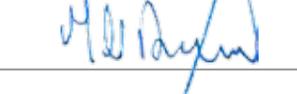
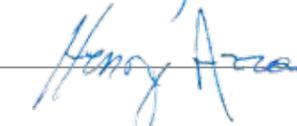

Declarations of the Board of Directors

First Declaration

The Board of Directors of **Al-Eqbal Investment Co.** declares that there are no material matters that may affect the continuity of the company in the financial year 2018.

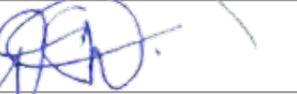
Second Declaration

The Board of Directors of **Al-Eqbal Investment Co.** declares its responsibility for preparing financial statements and providing an effective control system in the company.

Name	Position	Signature
Samer Tawfiq Fakhouri	Chairman of the Board of Directors	
Khaleel Ibrahim Mamoori	Vice Chairman of the Board of Directors	
Walid Tawfiq Fakhouri	Member of the Board of Directors	
Yazid Adnan Mufti	Member of the Board of Directors	
Saleh Rajab Hammad	Member of the Board of Directors	
Manuel Stotz	Member of the Board of Directors	
Nael Kareem Kassar	Member of the Board of Directors	
Mohammad Naser Barakat	Member of the Board of Directors	
Dr. Henry Tawfiq Azzam	Member of the Board of Directors	

Third Declaration

We, the undersigned, acknowledge the validity, accuracy and completeness of the information and data contained in the annual report for the year 2017.

Name	Position	Signature
Samer Tawfiq Fakhouri	Chairman of the Board of Directors	
Desmond John Naughton	General Manager	
Mohammad Jamil Abbadi	Financial Manager	

The Company's contribution to protection of the environment

- As related to the activities of Al-Eqbal Investment Company, Al-Fakher for Tobacco Trading and Agencies Company and International Tobacco and Cigarettes Company, these companies do not own any factories within Jordan which could impact the environment.
- As related to the activities of Spectrum International for Renewable Energy, this company ensure that it installs environmentally-friendly systems whilst implementing renewable energy projects.

INDEPENDENT
FINANCIAL
AUDITOR REPORT





Independent Auditor's Report on Consolidated Financial Statements

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Eqbal Investment Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 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 to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements, Present Fairly, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter

Without qualifying our opinion, we draw attention and as mentioned in note (23) to the consolidated financial statements which describes that the group have contingent tax liabilities related to the years from 2009 to 2014, approximately JOD 20 million and legal compensation approximately JOD 14 million. The lawsuits are still pending in the tax courts. The Group's Management and legal consultant opinion is that the probability of winning the case is high and the recorded provisions are adequate. The ultimate outcome of the lawsuits cannot reliably be determined and Accordingly, no provision has been recorded in the consolidated financial statements against any consequences that may arise on the Group.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion about these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Income Tax

Description of the key audit matter	How the matter was addressed in our audit
Income tax provision requires the management to make judgments and estimates in relation to income tax lawsuits and tax provisions. This matter is considered one of the key areas in our audit on the Group, taking into consideration that subsidiaries are located in different taxable areas.	<p>Our audit procedures included to assess of the Group's tax positions, its correspondence with the relevant tax authorities and with Group's legal and tax consultants and to analyze and challenge the assumptions used to determine tax provisions based on our knowledge and experience of the application of legislation by the relevant authorities and courts. Our assessment included consideration of the adequacy of the taken provisions by the Group to face the liabilities that may rise from income tax lawsuits.</p> <p>Based on the audit procedures performed, we noted that the Group's estimate of the amounts to be recognized as a tax liabilities to be appropriate and that the disclosures provide an adequate description of the current tax status of the Group.</p>

Impairment in Goodwill

Description of the key audit matter	How the matter was addressed in our audit
<p>The group has acquired companies in current and previous years, This acquisition resulted goodwill in favor of the Group with an amount of JD 45 million. The Group's management performed annual goodwill evaluation to determine whether there is any indication on impairment of goodwill.</p> <p>Evaluating goodwill includes many assumptions and estimates, which make it a Key Audit Matters.</p>	<p>Our audit procedures includes obtaining study from expert and review the assumption and methodology used in the study.</p> <p>The study showed that there is no significant impairment on goodwill value as 31 December 2017.</p>



3- Impairment in trade receivables

Description of the key audit matter	How the matter was addressed in our audit
<p>The Group has trade and other receivables with approximately JD 68 million as of December 31, 2017 comparing to approximately 25 million as of 31 December 2016, this increase has mainly resulted from increasing the ceilings granted to some customers in addition to new customers the Group started dealing with during 2017.</p> <p>The adequacy of the recorded provisions for those receivables depend on management estimates, which make it a Key Audit Matters.</p>	<p>Our audit procedures includes testing the Group's controls over the receivables collection processes; including accepting new customers, testing the receipt of cash subsequent to year end; and testing the adequacy of the Group's provisions against trade receivables by assessing the management's assumptions, taking into consideration the external available data on trade credit exposures and our own experience in bad debts in this sector.</p>

Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and audit report on the consolidated financial statements any other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Through performing our audit on the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit. If, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have not been provided with the annual report at the Group or any other information as it relates to this paragraph until the date of this report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our audit report that includes our opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of audit process in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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

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

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

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

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

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

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

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

Determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records. Which are, in accordance in all material respects with the accompanying consolidated financial statements. We recommend the general assembly to approve the consolidated financial statements.

Kawasmy & Partners
KPMG

Hatem Kawasmy
License No. (656)



Amman – Jordan

21 March 2018

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31st

Jordanian Dinar	2017	2016
Assets		
Current assets		
Cash on hand and at banks	21,644,788	49,729,435
Cheques under collection	-	28,360
Trade and other receivables	68,633,332	25,617,883
Inventory	28,348,285	19,477,577
Other debit balances	5,944,212	4,496,347
Total current assets	124,570,617	99,349,602
Non-current assets		
Financial assets at fair value through statement of other comprehensive income	784,716	914,633
Investment property	674,552	674,552
Intangible assets-Goodwill from acquisition of subsidiary	45,555,887	6,602,986
Property, plant and equipment	21,965,209	18,543,871
Advance payment for Investments	65,085,689	897,066
Total non-current assets	134,066,053	27,633,108
Total assets	258,636,670	126,982,710
Liabilities and Shareholders' Equity		
Current liabilities		
Deferred cheques -Short Term	299,479	358,410
Accounts payable	13,901,441	7,163,620
Other credit balances	13,723,642	7,406,230
Income tax provision	6,021,753	5,609,153
Payables due to acquisition-short terms	29,505,610	-
Loans and Bank facilities Mature within a year	85,702,430	15,930,000
Total current liabilities	149,154,355	36,467,413
Non-current liabilities		
Provision of Employees end of service indemnity	4,344,446	3,880,311
Payables due to acquisition-long term	2,658,750	-
Loans and Bank facilities mature more than a year	9,130,272	-
Total non-current liabilities	16,133,468	3,880,311
Total liabilities	165,287,823	40,347,724
Shareholders' Equity		
Capital	30,000,000	30,000,000
Statutory reserve	13,897,311	13,897,311
Cumulative change in fair value	290,046	340,934
Retained earnings	49,161,490	42,396,741
Total Shareholders' Equity	93,348,847	86,634,986
Total Liabilities and Shareholders' Equity	258,636,670	126,982,710

The accompanying notes from pages (61) to (91) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR END DECEMBER 31st

<i>Jordanian Dinar</i>	2017	2016
Net sales	161,654,931	142,737,072
Cost of sales	(99,532,963)	(85,744,745)
Gross profit	62,121,968	56,992,327
Administrative expenses	(15,567,199)	(10,466,804)
Selling and distribution expenses	(7,174,798)	(5,379,338)
Gain on sale of investment in associate Company	-	94,613
Dividends from financial assets at fair value through other comprehensive income	30,811	33,045
Administrative and logistics fees	15,467,068	-
Impairment of advance payments for investments	(149,000)	(950,000)
Operating income for the year	54,728,850	40,323,843
Finance Cost	(2,871,683)	(528,070)
Bank interests revenue	307,956	769,622
Gain on sale of property, plant and equipment	28,900	14,182
Other income	243,435	1,259,446
Profit for the year before income tax and board of directors' remuneration	52,437,458	41,839,023
Income tax expense	(5,693,123)	(4,440,565)
Profit for the year before board of directors' remuneration	46,744,335	37,398,458
Board of directors' remuneration	(45,000)	(45,000)
Profit for the year	46,699,335	37,353,458
Other comprehensive income items:		
Items will never be reclassified to profit or loss statement		
Gain on sale of financial assets at fair value through other comprehensive income	21,624	738,076
Changes in fair value for financial assets through other Comprehensive income	(7,098)	(680,149)
Total comprehensive income for the year	46,713,861	37,411,385
Basic and diluted earnings per share (JD/Share)	1.56	1.25

Note:

To view the board of directors' report please visit our website:

www.eqbal-invest.com

The accompanying notes from pages (69) to (98) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Capital	Statutory Reserve	Cumulative change in fair value	Retained Earnings	Total
Balance as at January 1, 2017	30,000,000	13,897,311	340,934	42,396,741	86,634,986
Profit for the year	-	-	-	46,699,335	46,699,335
Other comprehensive income	-	-	(7,098)	21,624	14,526
Transfer from fair value reserve	-	-	(43,790)	43,790	-
Dividends distribution during the year	-	-	-	(40,000,000)	(40,000,000)
Balance as of December 31, 2017	30,000,000	13,897,311	290,046	49,161,490	93,348,847
Balance as at January 1, 2016	25,000,000	13,897,311	1,021,083	34,305,207	74,223,601
Profit for the year	-	-	-	37,353,458	37,353,458
Other comprehensive income	-	-	(680,149)	738,076	57,927
Dividends distribution during the year	-	-	-	(25,000,000)	(25,000,000)
Capital increase	-	-	-	(5,000,000)	-
Balance as of December 31, 2016	30,000,000	13,897,311	340,934	42,396,741	86,634,986

*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 (69) to (98) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the year end December 31,	
		2017	2016
Cash flows from operating activities			
Profit for the year before income tax		52,392,458	41,794,023
Adjustments:			
Impairment of account receivable	6	-	48,415
Key-money amortization	8	453,594	313,669
Depreciation	12	3,015,791	3,480,877
Gain on sale of property, plant and equipment		(28,900)	(14,182)
Provision for employees' end of service indemnity	22	1,017,149	998,107
Dividends from financial assets at fair value through other comprehensive income		(30,811)	(33,045)
Finance costs		2,871,683	528,070
Provision for slow moving items	7	188,442	-
Impairment of advance payments for investments		149,000	950,000
		-	-
		60,028,406	48,065,934
Change in:			
Trade and other receivables		(43,015,449)	(15,606,780)
Cheques under collection		28,360	169,703
Inventory		(4,120,150)	(102,273)
Other debit balances		(1,724,767)	(1,561,715)
Accounts payable		6,737,821	1,336,223
Due to related party		-	(173,523)
Deferred cheques		(58,931)	168,521
Other credit balances		458,149	1,435,083
Cash flows from operating activities		18,333,439	33,731,173
Income tax paid	20	(5,280,523)	(1,876,892)
Employees' end of service of indemnity paid	22	(553,014)	(23,993)
Net Cash flows from operating activities		12,499,902	31,830,288
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		64,934	23,851
Advance payment for investment		(64,337,623)	(908,403)
Acquisition of property, plant and equipment		(6,447,960)	(2,533,401)
Dividends from financial assets at fair value through other comprehensive income		30,811	33,045
Net cash paid, acquisition of subsidiaries		(6,159,799)	(15,668)
Investment property		-	-
Proceeds from sale of financial assets at fair value through other comprehensive income		144,443	1,673,728
Net cash flows used in investing activities		(76,705,194)	(1,726,848)
Cash flows from financing activities			
Finance costs paid		(2,871,683)	(528,070)
Loans and bank facilities		78,902,702	-
Dividends paid		(39,910,374)	(24,967,312)
Net cash flows from (used in) financing activities		36,120,645	(25,495,382)
Net (decrease) increase in cash on hand and at banks		(28,084,647)	4,608,058
Cash on hand and at banks at the beginning of the year		49,729,435	45,121,377
Cash on hand and at banks at the end of the year	5	21,644,788	49,729,435

The accompanying notes from pages (69) to (98) are an integral part of these consolidated financial statements and should be read with them together with the independent Auditor's report.

CLARIFICATIONS
ON CONSOLIDATED
FINANCIAL
STATEMENTS



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 stock).
- Engaging in brokerage and trading tenders.
- Import and export to serve the company's business.
- 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 needed money from banks.

The consolidated financial statements were approved by the Board of Directors on 19 February 2018 and is subject to the General Assembly's 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, which subject to its control. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial 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 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:

- 1- Power of the investor over the investee;
- 2- Exposure, or rights, to variable returns of the investor from its involvement with the investee; and
- 3- The ability of the investor to use power over the investee to affect the amount of the investee and its returns.

The Parent Company should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

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 statement of profit or loss and other comprehensive income. Extra 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 consolidated 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 was classified as equity. As a result, any transactions are treated through equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated 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 loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities and other elements of owners' equity related to the subsidiary and eliminated from the consolidated financial statements.

Gain or loss associated with the loss of control attributable to the former controlling interest are recognized in the consolidated 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 consolidated financial statement.

- The company owns the following subsidiaries as of December 31, 2017:

Company Name	Capital	Percentage Ownership	Nature of Operation	Country of Operation
Al Fakher for Tobacco Trading and Agencies*	6,000,000	100%	Tobacco	Jordan
Spectrum International for Renewable Energy	7,000,000	100%	Renewable energy	Jordan
International Cigarettes and Tobacco Company	6,000,000	100%	Tobacco	Jordan
Al Fakher Holding-global operations-Cayman Island	35,450	100%	Investment	Cayman Island

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

Company Name	Capital	Percentage Ownership	Nature of operation	Country of Operation
Al Fakher Holding for Tobacco Trading and Agencies **	35,450	100%	Investments	Cayman Island

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

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

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

Company Name	Capital	Percentage Ownership	Nature of operation	Country of Operation
Al Fakher Tobacco Factory F.Z.E	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 is to Al Fakher Tobacco Factory under the approval and pledge from the other partner.

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

Company Name	Partner Contribution	Ownership Percentage	Nature of operation	Country of Operation
Al Fakher Holding- USA*****	7,100	100%	Investment	UAE

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

Company Name	Partner Contribution	Ownership Percentage	Nature of operation	Country of Operation
Sierra Network Company	710	100%	Tobacco	USA

- The following schedule represents the financial position and financial performance of the subsidiaries as of December 31, 2017:

Jordanian Dinar	As of December 31, 2017			
	Total Assets	Total Liabilities	Total Revenue	Total comprehensive income (loss) for the year
Al Fakher for Tobacco Trading and Agencies – Consolidated	251,910,223	190,633,360	152,142,970	49,375,401
Spectrum International for Renewable Energy	6,012,429	1,947,257	9,511,961	(383,483)
International cigarettes and Tobacco Company	4,247,571	-	-	(1,500)

Jordanian Dinar	As of December 31, 2016			
	Total Assets	Total Liabilities	Total Revenue	Total comprehensive income (loss) for the year
Al Fakher for Tobacco Trading and Agencies – Consolidated	120,122,099	38,467,398	140,668,291	43,668,083
Spectrum International for Renewable Energy	5,179,531	705,837	2,068,781	(1,176,186)
International cigarettes and Tobacco Company	4,249,070	-	-	(4,953)

(c) Basis of measurement

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

(d) Functional and presentation currency

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

(e) Use of Judgments and estimates

- The preparation of consolidated financial statements in conformity with IFRS 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 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 group based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the group may incur in the future.
- A provision for impairment on account receivables is taken on the basis and estimates about the recoverability of the receivables 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:

- A- A stand-alone asset or liability; or
- B- A group of assets, a group of liabilities or a group of assets and liabilities (e.g. a cash generating unit or a business).

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.

- Management believes that its estimates and judgements are reasonable and adequate.

(d) Current liabilities exceeding the current assets of the group

The Group's current liabilities exceeded its current assets by JD 24,583,738 as at 31 December 2017, Due to the short terms loans obtained by the Group to acquire the distributions Companies. Noting that the Group has obtained a long term loan during the first quarter of 2018 and repayment most of the short terms loans.

3) Significant Accounting Policies

The accounting policies applied by the Group in these consolidated financial statements for the year ended 31 December 2017 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2016, except the International Financial Reporting Standards effective on January 1, 2017 and after.

New standards adopted now:

- Amendments on IAS (7) : Disclosure Initiative
 - Amendments on IAS (12) : Recognition of Deferred Tax Assets for Unrealized Losses
 - Amendments on IFRS (12) : Ownership of other firms disclosure: Annual Improvements to IFRSs 2014 –2016 Cycle
- The application of these amended standards did not have a significant effect on the consolidated financial statements of the Group.

a) Financial instruments

The Group classifies non-derivative financial assets into the following categories: 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 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 transferred 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 expired.

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 shareholders' 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 shareholders' equity in the consolidated statement of financial position 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 other comprehensive income. For such investments measured at fair value through other comprehensive income, 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.

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 (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) 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:

Items of property, plant and equipment	Depreciation rate %
Vehicles	%20 – %25
Other equipment	%20 – %25
Computers and office equipment	%20 – %25
Furniture and fixtures	%10 – %20
Tools	%25
Machines and equipment	%10 – %20
Buildings and apartments	%5
Leasehold improvements	%20

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

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. Investments Property is recognized initially at cost. Their fair values are disclosed in the notes of the consolidated financial statements, independent real-estate experts based on market values, in an active market, revalue investment property annually.

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.

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 consolidated statement of profit or loss and other comprehensive income.

g) Revenues recognition and expenses realization

Revenue is recognized based on accrual basis.

Revenue is recognized based on accrual basis.

Revenue is recognized when the Group transfers the significant risks and rewards of ownership to the customer and cash recovery of the consideration is probable, when the associated costs and possible costs of goods can be estimated reliably, and there is no continuing management control over the goods. Also, when there is expected economic financial benefits associated from the sale and if trade discount and volume rebate can be measured reliably in order that the trade discount and volume rebate is recorded as recognized.

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 expense on the borrowings and bank facilities.

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.

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 the 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.

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated 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 the consolidated statement of profit or loss and other 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

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

- IFRS 9 Financial Instruments (effective 1 January 2018 with the exception of insurance companies, effective 1 January 2021 with early adoption).
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018 with early application permitted).
- IAS 16 Leasing (effective 1 January 2019 with early application permitted).
- IFRS 17 Insurance Contracts (effective 1 January 2021 with early application permitted).

Amendments

- IFRS 2 Classification and Measurement of Share-based Payment Account (effective 1 January 2018 with early application permitted).
- IFRS 10 and IAS 28 Sale or Contribution of Assets between Investor and its Joint Venture Partners (no date specified).
- IAS 40 (Clarification of the transfer of investment property (effective 1 January 2018).
- Amendments to IFRS 4 in applying IFRS 9 (effective 1 January 2018).
- IFRIC 23: Uncertainty on Income Tax Processes (effective 1 January 2018).
- Amendments to International Financial Reporting Standards (IFRS) (2014-2016) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (effective January 1, 2018).
- IFRIC 22: Foreign currency transactions and prepayment allowance.

Management anticipates that these standards and amendments will be applied in the preparation of the consolidated financial statements at the dates set out above, which will have no material impact on the Group's consolidated financial statements.

Effect of application of International standards No. (9):

The Group is required to apply IFRS 9 as from 1 January 2018. Accordingly, the Group has estimated the expected impact of the adoption of the Standard on the consolidated financial statements. Because the group will show the effects of all estimates and assessments required by the standards requirements when issuing the first condensed consolidated financial information for the Group for the period ended March 31, 2018.

The following are the most important aspects of application:

A- Classification and measurement of financial assets:

The Group's management does not expect any material impact from the application of the Standard. The Group has applied early for the first phase of IFRS 9 as from 1 January 2011 based on the request of the Securities Commission.

B- Classification and measurement of financial liabilities:

IFRS 9 has retained the requirements of IAS 39 regarding the classification of financial liabilities. IAS 39 requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit and loss, whereas IFRS 9 requires:

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

The Group has not classified any financial liabilities in financial liabilities at fair value through profit or loss. There is no intention of

the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS 9, to the consolidated financial statements.

C- Impairment of financial assets

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

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

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the consolidated financial statements.
 - Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the consolidated financial statements.
- The expected credit loss mechanism depends on the probability of default, which is calculated according to the credit risk and future economic factors, the loss in default, which depends on the value of the existing collateral, the exposure at default.

The application of IFRS 9 did not have a significant effect.

4) 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 specific economic environment that distinguish it from other sectors 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
- Energy.

B- Geographical Segment

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

For the year end December 31, 2017 Jordanian Dinar	Tobacco manufacturing and trading	Energy	Investments	Total
Gross Profit	61,622,676	499,292	-	62,121,968
Administrative expenses	(12,735,779)	(743,525)	(2,087,895)	(15,567,199)
Selling and distribution expenses	(7,174,798)	-	-	(7,174,798)
Dividends from financial assets	-	30,811	-	30,811
Impairment in advance payments for investments	-	(149,000)	-	(149,000)
Finance cost	(1,844,466)	(61,592)	(965,625)	(2,871,683)
Bank interests revenue	280,960	-	26,996	307,956
Gain from sale of property, plant and equipment	28,900	-	-	28,900
Administrative and logistics fees	15,467,068	-	-	15,467,068
Other income	242,924	966	(455)	243,435
Segment profits (losses) for the year before tax and board of directors' remuneration	55,887,485	(423,048)	(3,026,979)	52,437,458
Segment total assets	137,605,354	5,404,102	115,627,214	258,636,670
Segment total liabilities	100,948,687	62,857,821	1,481,315	165,287,823
Capital expenditure	6,433,030	5,181	9,749	6,447,960

For the year end December 31, 2016 Jordanian Dinar	Tobacco manufacturing and trading	Energy	Investments	Total
Gross Profit	56,380,602	611,725	-	56,992,327
Administrative expenses	(8,270,654)	(614,800)	(1,581,350)	(10,466,804)
Selling and distribution expenses	(5,379,338)	-	-	(5,379,338)
Gain from investment in associate	-	93,525	1,088	94,613
Dividends from financial assets	-	33,045	-	33,045
Impairment in advance payments for investments	-	(950,000)	-	(950,000)
Finance cost	(485,865)	(40,277)	(1,928)	(528,070)
Interest revenue	769,622	-	-	769,622
Gain from sale of property, plant and equipment	9,491	-	4,691	14,182
Other income	778,213	(227)	481,460	1,259,446
Segment profits (losses) for the year before tax and board of directors' remuneration	43,802,071	(867,009)	(1,096,039)	41,839,023
Segment total assets	120,091,643	4,575,102	2,315,965	126,982,710
Segment total liabilities	38,338,418	373,179	1,636,127	40,347,724
Capital expenditure	2,460,241	51,160	22,000	2,533,401

5) Cash on hand and at banks

Jordanian Dinar	As of December 31,	
	2017	2016
Cash on hand	100,806	1,818,220
Current accounts at banks	16,785,280	19,742,803
Deposits at banks *	4,758,702	28,168,412
	21,644,788	49,729,435

* The maturity date of the deposits is February 28, 2018 and interest is between 4.15% to 4.25%.

6) Trade and other receivables

Jordanian Dinar	As of December 31,	
	2016	2016
Trade receivables	25,414,600	25,414,600
Advancepayment to suppliers	364,266	364,266
	-	-
	25,778,866	25,778,866
Provision for impairment on doubtful debts*	(160,983)	(160,983)
	25,617,883	25,617,883

* Provision for impairment on doubtful debts is calculated once the ceilings which agreed in advance with customers are exceeded.

* Provision is made for the entire balance (the ceiling of the facilities in addition to over limit) in the case of late payment from the customer.

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

Jordanian Dinar	As of December 31,	
	2017	2016
Balance as of January 1,	160,983	213,798
Provision made during the year	-	48,415
Written off provision during the year	-	(101,230)
	160,983	160,983

*Aging customer accrued accounts as follow :

Jordanian Dinar	Total	As of December 31,				
		0 – 90 day	91-180 day	181-270 day	271-365 day	More than 365 day
2017	67,622,683	44,360,499	15,563,299	7,366,610	171,292	160,983
2016	25,414,600	24,633,912	541,120	51,559	27,026	160,983

7) Inventory

Jordanian Dinar	As of December 31,	
	2016	2016
Raw material	20,168,810	15,152,781
Work in process	88,908	164,721
Finished goods	5,919,453	1,980,067
Goods in transit	439,102	60,481
Spare parts inventory	896,070	844,708
Advertisement and accessories goods inventory	890,175	1,170,752
Consumable goods inventory	134,209	104,067
	28,536,727	19,477,577
Provision for slow-moving inventory *	(188,442)	-
	28,348,285	19,477,577

*The factory management and sales and marketing department calculate the provision for slow moving items which will not use in production process.

Jordanian Dinar	As of December 31,	
	2017	2016
Balance as of 1 January	-	-
Provision made during the year	188,442	-
	188,442	

8) Other debit balances

Jordanian Dinar	As of December 31,	
	2016	2015
Key-money*	1,374,013	1,750,407
Accrued interest revenue	9,018	337,450
Prepaid expenses	1,481,753	1,022,157
Prepaid income tax	553,418	552,017
Refundable deposits	525,769	619,977
Employees receivable	79,991	79,888
Sales and income tax deposits	22,185	23,681
Deferred taxes	54,846	-
Taxes on interests	147,669	117,199
Advance payment on projects under construction	180,934	9,412
Excise tax	1,519,676	-
Other	14,940	4,159
	5,964,212	4,516,347
Impairment in employees account	(20,000)	(20,000)
	5,944,212	4,496,347

*Key-money details are illustrated as follow:

Item	Key-money free zone	Key-money Rafy	Key-money Land 72-76	Key-money Tas Land	Total
Jordanian Dinar					
Cost					
Balance at the beginning of January 2017	-	289,500	862,710	1,254,500	2,406,710
Additions during the year	77,200	-	-	-	77,200
Balance as of December 31, 2017	77,200	289,500	862,710	1,254,500	2,483,910
Balance at the beginning of January 2016	-	289,500	862,710	-	1,152,210
Additions during the year	-	-	-	-	1,254,500
Balance as of December 31, 2016	-	289,500	862,710	1,254,500	2,406,710
Accumulated amortization					
Balance at the beginning of January 2017	-	159,225	371,628	125,450	656,303
Amortization during the year	77,200	28,950	159,269	188,175	453,594
Balance as of December 31, 2017	77,200	188,175	530,897	313,625	1,109,897
Balance at the beginning of January 2016	-	130,275	212,359	-	342,634
Amortization during the year	-	28,950	159,269	125,450	313,669
Balance as of December 31, 2016	-	159,225	371,628	125,450	656,303
Net book value as of December 31, 2017	-	101,325	331,813	940,875	1,374,013
Net book value as of December 31, 2016	-	130,275	491,082	1,129,050	1,750,407

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

Jordanian Dinar	As of December 31,	
	2017	2016
Quoted market prices *	483,691	613,608
Unquoted market prices **	301,025	301,025
	784,716	914,633

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

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

10) Investment property

Country	Area	Land no	Piece number	As of December 31,	
				2017	2016
UAE – Ajman *	Aljorf	2 S	2/1/271	271,028	271,028
Jordan – Amman **	Aljbayha	1	1	403,524	403,524
				674,552	674,552

*The fair value for Ajman's land as of December 31, 2017 according to average real estate expert valuation amounted to JOD 331,960 (2016: JOD 318,450) 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 2017 according to average real estate expert valuation amounted to JOD 2,022,535 (2016: JOD 1,845,063) 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) Intangible assets – Goodwill from acquisition of subsidiary

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

Jordanian Dinar	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 and 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	

B- Fakher Holding- USA purchased on December 4, 2017 100% of Sierra Network as follow:

Jordanian Dinar	Fair value on acquisition	Book value on acquisition
Cash and cash equivalents	1,645,571	1,645,571
Other debit balances	176,692	176,692
Inventory	4,939,000	4,939,000
Property, and equipment	25,203	25,203
	6,786,466	6,786,466
Account payables and other credit balances	(5,699,634)	(5,699,634)
Net assets	1,086,832	1,086,832
Cash paid	38,622,629	
Goodwill from acquisition	37,535,797	

C- Alfakher Holding for Tobacco Trading and Agencies – Cayman Island purchased during 2017 100% of Alfakher Factory- Turkey as follow:

Jordanian Dinar	Fair value on acquisition	Book value on acquisition
Net assets	(70,004)	(70,004)
Cash paid	1,347,100	
Goodwill from acquisition	1,417,104	

Jordanian Dinar	As of December 31,	
	2017	2016
Total Goodwill from acquisition	45,555,887	6,602,986

12) Property, plant and equipment

Jordanian Dinar	Land	Vehicles	Other equipment	Computers and office equipment	Furniture and fixture	Tools	Machines and equipment	Buildings	Leasehold investment	Projects under construction	Total
Cost											
Balance as of January 1, 2017	3,515,741	887,971	1,482,197	431,646	780,277	3,083,455	15,527,705	10,668,131	227,246	1,409,986	38,014,355
Additions	-	160,818	174,266	81,687	40,242	245,224	411,630	531,245	-	4,828,051	6,473,163
Disposal	-	(24,939)	(5,191)	(9,246)	-	(17,618)	(405,017)	(980,155)	-	-	(1,442,166)
Transfers	-	-	264,024	84,219	-	2,260	159,912	3,059,799	-	(3,570,214)	-
Balance as of December 31, 2017	3,515,741	1,023,850	1,915,296	588,306	820,519	3,313,321	15,694,230	13,279,020	227,246	2,667,823	43,045,352
Accumulated depreciation											
Balance as of January 1, 2017	-	498,539	1,150,734	320,046	402,762	2,037,824	7,945,877	7,046,529	68,173	-	19,470,484
Depreciation for the year	-	159,378	138,545	53,101	74,611	453,122	1,357,428	734,157	45,449	-	3,015,791
Disposal	-	(24,939)	(5,191)	(8,657)	-	(16,684)	(371,492)	(979,169)	-	-	(1,406,132)
Balance as of December 31, 2017	-	632,978	1,284,088	364,490	477,373	2,474,262	8,931,813	6,801,517	113,622	-	21,080,143
Net book value as of December 31, 2017	3,515,741	390,872	631,208	223,816	343,146	839,059	6,762,417	6,477,503	113,624	2,667,823	21,965,209
Cost											
Balance as of January 1, 2016	3,515,741	746,380	1,439,606	360,995	736,889	2,520,964	14,766,184	10,515,996	227,246	946,139	35,776,140
Additions	-	48,897	59,044	70,651	43,388	222,520	821,873	72,580	-	1,194,448	2,533,401
Disposal	-	(15,000)	(16,453)	-	-	(191,647)	(72,086)	-	-	-	(295,186)
Transfers	-	107,694	-	-	-	531,618	11,734	79,555	-	(730,601)	-
Balance as of December 31, 2016	3,515,741	887,971	1,482,197	431,646	780,277	3,083,455	15,527,705	10,668,131	227,246	946,139	38,014,355
Accumulated depreciation											
Balance as of January 1, 2016	-	358,111	1,035,791	283,809	329,495	1,826,831	6,671,976	5,746,387	22,724	-	16,275,124
Depreciation for the year	-	155,119	131,395	36,237	73,267	400,612	1,338,656	1,300,142	45,449	-	3,480,877
Disposal	-	(14,691)	(16,452)	-	-	(189,619)	(64,755)	-	-	-	(285,517)
Balance as of December 31, 2016	-	498,539	1,150,734	320,046	402,762	2,037,824	7,945,877	7,046,529	68,173	-	19,470,484
Net book value as of December 31, 2016	3,515,741	389,432	331,463	111,600	377,515	1,045,631	7,581,828	3,621,602	159,073	1,409,986	18,543,871

13) Other credit balances

Jordanian Dinar	As of December 31,	
	2017	2016
Accrued expenses – advertisement material	1,807,542	713,179
Yearly rewards provision	4,902,942	4,132,272
Accrued interest	1,075,861	-
Shareholders deposits	769,068	679,442
Contingent liability provision	1,600,103	1,600,103
Accrued expenses	2,793,497	62,130
Jordanian universities provision	76,448	76,448
Board of directors' remuneration	45,000	45,000
Humanitarian cases fund	66,711	49,940
Social security deposits	11,402	10,494
Others	575,068	37,222
	13,723,642	7,406,230

14) Payables due to acquisition

In December 4, 2017, Al Fakher Holding- USA acquired 100% of the capital of Sierra Network USA, as the remaining investment payment will be paid among two years from the consolidated financial statements.

15) Loans and bank facilities

15-1 Loans and bank facilities mature within a year

Bank's name	Facility type	Maturity date	December 31, 2017	December 31, 2016
Bank of Jordan	Overdraft	-	1,080,815	-
Bank of Jordan *	Loan	December 31, 2018	15,930,000	15,930,000
Bank of Jordan **	Finance	December 31, 2018	32,931	-
Bank of Jordan ***	Loan	February 28, 2018	25,000,000	-
Cairo Amman Bank ****	Loan	March 31, 2018	28,359,868	-
Housing Bank*****	Loan	December 31, 2018	1,098,816	-
Arab Jordanian Investment Bank *****	Loan	April 25, 2018	14,200,000	-
			85,702,430	15,930,000

15-2 Loans and Bank facilities mature within more than a year

Bank's name	Facility type	Maturity date	December 31, 2017	December 31, 2016
Bank of Jordan **	Loan	October 13, 2026	317,088	-
Housing Bank *****	Loan	April 1, 2024	8,813,184	-
			9,130,272	-

*Al Fakher Tobacco for Trading and Agencies Company – subsidiary company obtained a credit facilities in the year 2013 from the Bank of Jordan amounted 25,000,000 USD, (17,700,000 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 during the years 2014, 2015, 2016 and lastly in December 27, 2017, as the loan payments due date has been extended to be settled in one payment on December 31, 2018 with a LIBOR 3 months + %3.5 and without a limit and with the guarantee of Al- Eqbal investment company.

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

** Spectrum Company has signed an agreement to grant a loan from bank of Jordan within the program of advances of the Central Bank for the industrial sectors, as the loan is distributed according to the invoices submitted by the company for disbursements and any completed works with a percentage of 100% of the value of invoices and works with a maximum value of JOD 571,200. The loan is subject to 4.25% and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 108 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.

*** Al-Eqbal investment company obtained a credit facilities from Bank of Jordan amounted to JOD 25 million with an interest of 6.75% and ZERO commission. The purpose was for financing working capital were the loan is repayable in one payment on February 28, 2018. The Company repayment the loan during the first quarter of 2018.

**** Al-Fakher Tobacco Holding (UAE) obtained credit facilities from Cairo Amman Bank with an amount of USD 40 million where the loan matures in one installment on December 31, 2017 with interest of 1 month LABOR + 2.5% margin per annum, provided that it is not less than 5.5% per annum calculated based on the daily balance of the loan and added on the monthly balance of the loan, and paid on maturity date of the payment the purpose is expanding the Group's activity. The credit facilities guaranteed by Al-Eqbal Investment Company. In December 7, the loan payments due date were extended to be settled in one payment on March 31, 2018 with the same conditions and guarantees mentioned. The Company repayment the loan during the first quarter of 2018.

***** Al-Fakher for Trading Tobacco and Agencies Company obtained credit facilities from the Housing Bank with an amount of USD 14 million for the purpose of distributing dividends, where the loan is paid over maximum seven years including one year of grace period and installments are paid monthly per annum amounted to USD 194,000 and by the end of the seventh year, the remaining balance of the loan will be paid in one installment with interest of 1 month LABOR + 2.25% margin per annum and minimum of 3.25% guaranteed by Al-Eqbal Investment Company.

***** Al-Fakher for Trading Tobacco and Agencies Company obtained credit facilities from Arab Jordanian Investment Bank with an amount of USD 20 Million where the loan matures in one installment on April 25, 2018 with interest of 1 month of 3% above LABOR. The Company repayment the loan during the first quarter of 2018.

Bank of Jordan is considered related party as the group has obtained total loans and bank credit facilities amounted to JOD 42,360,834 from bank of Jordan.

16) Cost of sales

Jordanian Dinar	For the year end December 31,	
	2017	2016
Raw Materials-beginning of the year	15,152,781	13,321,295
Raw Material purchases-during the year	85,126,717	70,059,517
Raw Materials-end of the year	(20,168,810)	(15,152,781)
Raw Materials used in productions	68,228,031	68,228,031
Work in process - beginning of the year	164,721	139,017
Indirect manufacturing cost*	17,809,543	15,300,663
Work in process - end of the year	(88,908)	(164,721)
Cost of goods Manufactured	97,996,044	83,502,990
Finished Goods-beginning of the year	1,980,067	1,592,530
Finished Goods- End of the year	(5,919,453)	(1,980,067)
Cost of goods Sold	94,056,658	83,115,453
Add:		
Cost of distributed goods and promotional materials	9,548,809	8,739,940
Cost of selling advertising goods	1,116,897	1,378,664
Cost of selling Alo Argheleh	-	15,597
Subtract:		
Cost of free distributed goods	(5,100,445)	(7,365,467)
Cost of goods returned to manufacturing	(88,956)	(139,442)
	99,532,963	85,744,745

*Manufacturing cost includes the following

Jordanian Dinar	For the year end December 31,	
	2017	2016
Depreciation and amortization	3,158,881	3,668,850
Salaries and wages, overtime and related expenses	5,248,481	4,649,262
Employees' rewards	1,156,597	1,496,245
Fuel	851,249	807,147
General maintenance	606,395	416,205
Repairs expenses and spare parts	745,461	686,335
Consumed materials and tools	626,017	478,141
Rent	707,619	739,963
End of services indemnity	405,544	389,799
Damaged materials	56,681	50,809
Training expenses and employees' residency	193,692	159,096
Electricity and water	520,063	396,283
Insurance expense	333,000	291,696
Customs expenses	248,560	-
Research and development fees	85,364	-
Cost of returned goods to manufacturing	6,551	42,695
Project expenses	1,966,697	262,080
Export and shipping fees	62,196	86,480
Fees and subscriptions	162,555	183,069
Food and hospitality expenses	206,896	195,598
Communications expenses	19,566	20,479
Provision for slow moving items	188,442	-
Other expenses	253,036	280,431
	17,809,543	15,300,663

17) Administrative expenses

Jordanian Dinar	For the year end December 31,	
	2017	2016
Salaries, wages and related expenses	4,942,519	3,215,342
Employee's rewards	2,892,880	3,057,701
Donations	361,464	327,649
Travel expenses	716,777	496,088
Studies and consultations	1,648,264	894,158
End of service indemnity	451,239	467,065
Depreciation and amortization	294,169	274,675
Rent expenses	364,889	116,103
Legal and consulting fees	677,197	57,545
Professional, Studies and consultations fees	1,258,403	243,563
Fees and subscriptions	299,505	163,532
Health insurance	194,847	109,381
Communications expenses	147,514	123,359
Board of directors transportation	174,950	168,000
Bdaya project	112,985	98,981
Trade marks expenses	20,899	69,328
Advertisement	20,275	39,422
Transportation	116,273	67,640
Governmental expenses	10,991	12,895
Hospitalities	45,745	54,016
Bank commission	47,111	39,144
Stationary and printings	47,149	36,696
Vehicles expenses	20,022	48,352
General maintenance	33,748	28,591
Consumed materials	11,075	7,527
Computer expenses	53,220	36,072
Electricity and water	14,643	12,076
Cleaning expenses	16,367	15,226
Fuel	24,269	206
Security	1,934	-
Property and equipment insurance	12,376	8,351
Consumed tools and materials	4,040	3,552
Training expenses	66,534	52,328
Audit committee fees	6,000	6,000
Advertising material management	86,159	33,245
Other	370,767	82,995
	15,567,199	10,466,804

• The Company higher executive management Short term salaries and remunerations for the year ended December 31, 2017 amounted to : JOD 358,315 (December 31, 2016: JOD 327,323).

18) Selling and distribution expenses

Jordanian Dinar	For the year end December 31,	
	2017	2016
Distributed goods advertising budget	43,148	30,342
Salaries, wages, overtime and related expenses	1,484,467	1,006,001
Employees' rewards	664,047	814,446
Export and shipping expenses	267,218	289,401
Allowed discount	-	8,046
Exhibit expenses	407,644	287,407
Lawsuits expenses	671,893	142,111
Travel and residency	325,455	197,157
Studies and consultations	56,301	2,125
Designs expense	1,820,551	1,853,413
Materials	235,478	258,525
End of service of indemnity	160,366	141,243
Communications expenses	38,546	23,375
Damaged and absolute goods	154,571	42,932
Advertising expense	664,550	12,398
Rent	11,882	10,844
Health insurance	41,087	26,754
Depreciation and amortization	16,335	9,040
Transportation	43,846	27,405
Hospitality	11,823	11,392
Impairment provision in account receivables	-	48,415
Goods returned to manufacturing	5,893	46,590
Fees and penalties	-	31,511
Training	19,965	17,745
Bills ratification	4,245	13,063
Other	25,487	27,657
	7,174,798	5,379,338

19) Dividends

The following table described the declared dividends by the Group:

Jordanian Dinar	For the year end December 31,	
	2017	2016
Cash Dividends distributed*	40,000,000	25,000,000
	40,000,000	25,000,000

* The General assembly decided in its meeting held on March 6, 2017 to distribute an amount of 40,000,000 JD as dividends for the year 2016.

* The General assembly decided in its meeting held on February 25, 2016 to distribute an amount of 25,000,000 as dividends for the year 2015.

20) Income tax

Income tax expense is recognized based on the group's tax consultant and Group Management estimates of the annual weighted average 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:

Jordanian Dinar	For the year end December 31,	
	2017	2016
Balance at the beginning of the year	5,609,153	3,045,480
Allowance for the year	5,693,123	4,440,565
Income tax paid during the year	(5,280,523)	(1,876,892)
Balance at the end of the year	6,021,753	5,609,153

Group tax position

a- Parent company – Al Eqbal for Investment PLC

The income tax was settled until 2015. The income and sales tax department audited the financial year 2012 where the company has objected on the final decision of the income and sales tax department at court. In the tax consultant opinion the claim was misplaced and will be separated for the company.

The tax return for the year 2016 was submitted within the legal period and the department hasn't audited the company's accounts and did not issue the final decision till the date of the consolidated financial statements.

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

b- Subsidiary – AL Fakher for Tobacco trading 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 2009, 2010, 2011, 2012, 2013, 2014 which was objected to the court of the tax, in the Company's management and tax consultant's opinion, the decision of the Tax Department is misplaced and will be dismissed in favor of the company.

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

In the tax consultant and company's management opinion, the company should take a provision by an amount of JD 5,693,123 as a provision of 10% of net profit of the investment in Al Fakher Holding- Cayman Island for the year ended December 31, 2017.

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 didn't issue its final decisions till the date of the preparation of the consolidated financial statements.

The division has stopped operating since the end of 2016, and a tax clearance form was sent showing that the taxes owed were paid and clear.

c- Subsidiary – Spectrum International for Renewable Energy LLC

The Income Tax was settled until the financial year 2014. The tax return was submitted for the financial year 2015 and 2016 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.

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

Income tax expense recognized based on group's management estimate of enacted of average annual tax rate for the whole financial year which is applied on the profit before tax for the year. The group makes a reconciliation between taxable income and financial income. The tax rate based on prevailing local law is 20% for Al Eqbal Company and Al Fakher Amman and 10% on the profit of Al Fakher Holding-Cayman Island, in addition, the effective tax rate for the group which applied on the profit is 10.85% as for the year ended December 31, 2017 (December 31, 2016: 10.61%) .

21) Earningsper share

Jordanian Dinar	As of December 31,	
	2017	2016
Profit for the year (JD)	46,699,335	37,353,458
Weighted average for number of shares (Share)	30,000,000	30,000,000
Earnings per share for the year	1.56	1.25

The earnings per share was calculated by dividing the profit for the year on the number of outstanding shares amounting to 30 million shares as of December 31, 2017.

22) Provision of employees' end of service indemnity

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

Jordanian Dinar	As of December 31,	
	2017	2016
Balance as of 1 January	3,880,311	2,906,197
Provision for the year	1,017,149	998,107
Paid during the year	(553,014)	(23,993)
Balance at the end of the year	4,344,446	3,880,311

23) Contingent liabilities

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

Jordanian Dinar	As of December 31,	
	2017	2016
Bank guarantees	2,405,471	2,504,422
	2,405,471	2,504,422

Against cash margins represented as follow:

Jordanian Dinar	As of December 31,	
	2017	2016
Cash margins	170,755	181,096
	170,755	181,096

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. A decision was issued in the case to accept the lawsuit and prevent the tax department from claiming the company the amount of the tax difference because of a formal error in the procedures of issuing the final decision of the Tax Department.

Note that the lawsuit and before the issuance of the decision was conducted with accounting experience in which the expert concluded that the company is obliged to pay amount of JOD 23,960 as a tax difference for the same year and the amount of JOD 10,920 as legal compensation.

Based on the tax consultant and the group's management opinion, the company will not commit to more than the amounts contained in the experience report, and it will gain the final degree.

-The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by an employee passed on the Tax Department for imposing sales tax on the company amounted to JD 288,000 in addition to Legal Fees JD 576,000 and fees resulted from selling lands and buildings which are related to Phillip Morris. The Tax Court Decision was issued containing the cancellation of the decision of the Income Tax Department as well as preventing them from claiming the company for the amounts mentioned.

Based on the tax consultant and company's management the probability of winning the legal case and cancelling the claims is high and it will gain the final degree.

- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes for the years of 2009, 2010 and 2011 with an amount of JD 7,843,927 and Legal compensation amount of JD 3,889,245 and 111,372 for the education support fund, were the Tax Court decision was issued containing the cancelation of the decision of the Income Tax Department as well as preventing them from claiming the company for the amounts mentioned, and reserving an amount of JOD 2,635,992 for income tax and JOD 111,372 for the education support fund and JOD 1,620,845 as a legal compensation. The company appealed the decision issued in the case in the section concerning not to calculate the amounts paid by the Aqaba Income Tax department as the payment was JOD 2,447,311 and the case was still under appeal.

Based on the group's management and tax consultant opinion, the probability of winning the legal case is high because Aqaba tax department is related to income and sales tax department in Amman, and the payment in Aqaba is not considered under any circumstances that the company has not paid the taxes. hence the profit is from a branch and not from an investment, and the company will not have any further liability more than what already paid to the income sales tax department in Aqaba private zone in addition to tax rate differences.

- 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.

24) Other (Expenses) Income

Jordanian Dinar	For the year end December 31,	
	2017	2016
Foreign exchange rate and prices	(749,619)	594,787
Scrap sales	966,140	138,880
Lawsuit provision reversal	-	480,151
Other	26,914	45,628
	243,435	1,259,446

25) Advance Payment for Investments

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

- The Company has paid an amount of JD 64,301,744 for purchasing the distribution activities of AL- Fakher Products in 53 country on 26 July 2017, and based on the agreed terms and conditions, Al Fakher Holding Company in the process of completing the control over distribution companies which choose Al Fakher Holding to distribute the products on the markets. That were acquired with reference that the agreement is purchasing agreement for the rights of distribution activities.

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

The owner of the distribution activity will be charged costs related administrative and logistic services, by an amount to JOD 13,103,735 for the year ended 31 December 2017.

The previous owner of Sierra Network Company will be charged costs related to administrative and logistic services before acquisition process by an amount of JOD 2,363,333 for the year ended 31 December 2017.

- The entry of Spectrum International for Renewable Energy- a subsidiary company in a joint venture agreement worth JOD 1,882,945.

The company has booked impairment provision with an amount of JOD 950,000 during the year of 2016 to face the foreign currency differences. During 2017, an extra provision was taken for the amount of JOD 149,000 to face the foreign currency.

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. Group management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

- 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 at banks and deposits, cheques under collections, 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 date of consolidated financial statements was as follows:

Jordanian Dinar	Carrying value as of	
	2017	2016
Current accounts and deposits at banks	21,543,982	47,911,215
Cheques under collection	-	28,360
Trade and other receivables	68,633,332	25,617,883
Other debit balances	1,015,353	1,259,126
	91,192,667	74,816,584

- 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:

December 31, 2016	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
Deferred cheques -Short Term	299,479	(299,479)	(299,479)	-
Accounts payable	13,901,441	(13,901,441)	(13,901,441)	-
Other credit balances	13,723,642	(13,723,642)	(13,723,642)	-
Income tax provision	6,021,753	(6,021,753)	(6,021,753)	-
Payables due to acquisitions	32,164,360	(32,164,360)	(29,505,610)	(2,658,750)
Loans and Bank facilities	94,832,702	(94,832,702)	(85,702,430)	(9,130,272)
Provision of employees' end of service indemnity	4,344,446	(4,344,446)	-	(4,344,446)
	40,347,724	(165,287,823)	(149,154,355)	(16,133,468)
December 31, 2015	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
Deferred cheques -Short Term	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)	-
Income tax provision	5,609,153	(5,609,153)	(5,609,153)	-
Loans and Bank facilities mature within a year	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
	40,347,724	(40,347,724)	36,467,413	3,880,311

- 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, US Dollar and UAE Dirhams, and due to the fact that the Jordanian Dinar is pegged with US Dollar and UAE Dirhams, the Company's management believes that the foreign currency risk is not material on the consolidated financial statements.

- 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:

Jordanian Dinar	As of December 31,	
	2017	2016
Fixed Rate Instruments:		
Financial Assets	4,758,702	28,168,412
Variable rate instrument		
Financial Liabilities	(94,832,702)	(15,930,000)

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JD 948,327, a decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JD 948,327.

- 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.

- Share 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.

As of December 31, 2017 Jordanian Dinar	Equity	
	5% Increase	5% decrease
Financial assets at fair value through other comprehensive income	39,236	(39,236)
	39,236	(39,236)
As of December 31, 2016		
Financial assets at fair value through other comprehensive income	45,732	(45,732)
	45,732	(45,732)

- 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, retained earnings and 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.

The group is not subject to externally imposed capital requirements.

Debt-to-adjusted Capital Ratio

Jordanian Dinar	As of December 31,	
	2017	2016
Total Debt	165,287,823	40,347,724
(Less) cash on hand and at banks	(21,644,788)	(49,729,435)
Net Debt	143,643,035	(9,381,711)
Net Shareholders' equity	93,348,847	86,634,986
Adjusted capital	93,348,847	86,634,986
Debt - to- adjusted capital ratio	1.54	-

28) 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: valuation method can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level includes instruments valued 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 (unobservable inputs).

- Assets and liabilities measured at fair value:

The Group measures below assets and liabilities at fair value

December 31, 2017 Jordanian Dinar	Fair Value			
	Book value Fair Value	level (1)	level (2)	level (3)*
Cash on hand and at banks	21,644,788	21,644,788	-	-
Financial assets at fair value through statement of other comprehensive income	784,716	483,691	-	301,025
December 31, 2016				
Cash on hand and at banks	49,729,435	49,729,435	-	-
Financial assets at fair value through statement of other comprehensive income	914,633	613,608	-	301,025

*Fair Value

- Assets and liabilities not measured at fair value:

These financial instruments are measured at amortized cost and the fair value of these instruments do not differ significantly from their amortized cost.

December 31, 2017 Jordanian Dinar	Fair Value			
	Book value Fair Value	level (1)	level (2)	level (3)*
Trade and other receivable	68,633,332	-	-	-
Deferred cheques	(299,479)	-	-	-
Accounts payable	(13,901,441)	-	-	-
Payables due to acquisition	(32,164,360)	-	-	-
Loans and bank facilities	(94,832,702)	-	-	-
December 31, 2016				
Cheques under collection	28,360	-	-	-
Trade and other receivable	25,617,883	-	-	-
Deferred cheques	(358,410)	-	-	-
Accounts payable	(7,163,620)	-	-	-
Loans and bank facilities	(15,930,000)	-	-	-

- 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, 2017 and 2016.

* 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 Group portion in North manufacturing Company -Jenin-. The Group 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.

29) Comparative figures

Certain comparative figures have been reclassified to conform to current year figures. The effect of reclassification as at 31 December 2016 is shown in the following table:

Item	2016		
	Before reclassification	Before reclassification	After reclassification
Cost of Sales	(77,004,805)	(8,739,940)	(85,744,745)
Selling and distribution expenses	(14,119,278)	8,739,940	(5,379,338)

30) Subsequent events

The Group obtained syndicated loan during the first quarter of 2018 amounted to USD 250 Million to complete the process of a acquired the distribution Companies and repayment the short terms as 31 December 2017.