Twenty-Seventh
Annual Report
2018

شركة الإقبال للإستثمار م.ع.م
Al - Eqbal Investment Co. (PLC)

His Majesty King Abdullah Bin Al Hussein the Second

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


eico

COMPANY IDENTITY

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.

OUR 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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MEMBERS OF THE BOARD **OF DIRECTORS**

01 **MR. MANUEL STOTZ**
Chairman Kingsway Capital

02 **MR. YAZID MUFTI**
Vice Chairman of the Board of Directors
Al-Sabeel Financial Investment Co.

03 **MR. NAEL KASSAR**
Member of the Board of Directors
KCK Group LPP

04 **MR. DESMOND JOHN NAUGHTON**
Member of the Board of Directors
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05 **MR. AHMED ADEL BADRELDIN**
Member of the Board of Directors
Kingsway FCF Overflow SPC- Segregated Portfolio

06 **MR. TAMIR SAEED**
Member of the Board of Directors
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07 **MR. SALEH RAJAB**
Member of the Board of Directors
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08 **MR. NABIL ALRANTISI**
Member of the Board of Directors
Alyamama General Investment Co

09 **MR. KHALEEL MAMOORI**
Member of the Board of Directors
Basseterre for Administrative Consultancy

CHAIRMAN'S MESSAGE

Dear EICO shareholders,

It is my privilege to be writing to you about EICO's achievements this past year and the future ahead. I couldn't send a clearer message of confidence in the EICO business than our recent increase in our shareholding and consequent election as Chairman of the Board. Our team at Kingsway Capital scan the world for great businesses for potential investment and when we discovered EICO in 2016, we saw everything that meets our criteria, all embodied by Samer Fakhouri.

It was indeed fortunate that his vision for the future of EICO included broadening his shareholder base to bring in top quality international investors. A significant part of our capital comes from very successful family offices, and with the whole Fakhouri family we saw those common characteristics of business flair and acumen together with a deep sense of values and integrity. Samer's achievements as CEO and Chairman, and his inspiration for this business, have been remarkable. Perhaps even rarer is his long-held vision and sense of timing to move to the next stage for EICO.

Since initially joining the EICO Board of Directors in 2017, I have been able to oversee and contribute to the development of our forward strategy and building of the talent required to achieve it. Our investment in EICO is our largest single position in our fund, and it warrants and receives our full attention. I personally thank Samer for his great contribution and am reassured in his continued support for the business.

Our increased investment comes on the back of a rigorous process and you can conclude that I am confident on the future of the business. It has a sound strategy and increasingly the team to achieve it. That said, there is still much to be done whilst our continued delivery of results needs to be sustained.

I would say 2018 was a year where our results were good, particularly in the context of some regional and country-specific headwinds, where the underlying strength and potential of the category were again shown, and where the quality of the earnings improved in line with management's strategy. What the numbers don't show is the progress made in the capabilities and strategic building blocks that will underpin future growth. From my vantage point I can tell you that excellent progress has been made as a result of increased investment. The Board of Directors together with management remain vigilant in managing both growth and costs.

Looking ahead to 2019 we expect continued progress on the strategy and another year of good results whilst we continue to invest in the future. There does remain continued regional and specific country risks whilst the regulatory landscape around the category continues to evolve and can hold some risks to growth. Management are very focused on this area and I was particularly pleased to see that we have embarked on a regulatory engagement strategy underpinned by scientific evidence. Through proactive engagement with our stakeholders we aim to find the right way for societies around the world to appropriately embrace shisha culture whilst minimizing potential issues.

The entrepreneurial spirit of the business remains intact and I have had a good vantage point to see the transition between Samer and Des. Although they have travelled different paths to this point they share a lot in common in their business views and approach and most of all a common vision and passion for the business.

Together with my Board of Directors and the whole management team we share a clear sense of duty to continuing the great Al Fakher story.

I would like to take this opportunity to share my special thanks to Samer and the Fakhouri Family for welcoming us into EICO and for all their continued support. I would like to thank all our partners for being a vital part of our continued success. To our Board of Directors, I say thank you for your contributions and insights in formulating our strategies. Finally, I would like to express my appreciation for our employees across our different subsidiaries for their hard work, passion, and dedication.

Chairman of the Board
Manuel Stotz

CEO MESSAGE

Dear EICO shareholders,

When I first met Samer Fakhouri in January 2017 he talked of his vision of making shisha a global phenomenon saying that for Al Fakher to go from a great chapter one, on which he was too modest to mention his leadership, to a great chapter two it needed a different cast of skills and experiences. I was of course captured at that moment and over the last 2 years the very deliberate strategy of Samer has played out as we have transitioned into Chapter 2.

Samer has a rare strategic ability and the fundamental shifts we have made in transitioning the company were contained in his vision. The transition has been fast and fun, and I have enjoyed Samer's guidance and support. Although the baton has changed hands, the same vision remains at the center of what we do.

This next chapter is about leading the shisha category and growing it across the world. It is about our brand, our people, our markets and working for the people who choose to enjoy their shisha experience across the world.

In 2018, when we acquired our main distribution partners we became a business that works end to end from our product development and production all the way to the markets in which we operate. We now have people living and working in our major markets building teams to drive our business in the future.

We have grown our leadership team to bring in great breadth and depth of experience all united in the excitement and anticipation of what lies ahead for our business. There is a tremendous energy for our brands and markets, for our innovation, new places and our constant engagement with our customers and trade partners.

Although there are some underlying one offs and specific events our results this year overall reflect the momentum we feel building in the business.

Our volume has grown 7%, leading to a revenue growth of 17%.

The increase in margin we secured through the distributor acquisitions is reflected in the gross profit growth of 51%.
We continue to invest for the future and hence our operating expenses grew by 53% which is result of the operational expenses in the distribution businesses as well as growing our management talent and bandwidth to further grow geographically.
This produces growth in our operating profit of 28%.

We financed our acquisitions through debt and when this is factored in we grew net income by 11%.
Our business starts out with focus on our top markets and when we look at in-market sales we can see our top 5 markets grew by over 20% year over year, an excellent proof point for our strategy. In 2019 we will continue to build our portfolio, distribution and marketing capabilities in these markets.

We are opening our newest production facility in April 2019 in the EU and we will continue to expand our factory footprint as it improves the quality and sustainability of our future profit growth together with providing a platform for innovation.

We conducted extensive work into customers, the people who we work to choose us whenever they choose shisha and have built a compelling brand strategy together with a first-class marketing team. We have also conducted scientific analysis of our current and future products to further our positive engagement with our regulators and customers. Our view that shisha is very much its own category and experience is borne out by the results and we look forward to engaging with relevant stakeholders this year whilst continuing our program of research.

Our business is in full swing of its transformation, which requires us to continue investing in developing and adding to our capabilities as well as further acquisitions, which will maximize value for our shareholders over the next few years.

As the baton of Chairman also changes into Manuel's hands the whole team at Al Fakher have a sense of excitement and anticipation as we grow into 2019 and continue to enjoy the opportunity to build a great business together with our Board, shareholders, regulators, other stakeholders, our trade partners and most of all our customers who choose our products.

I would like to echo Manual's thanks to our employees and partners. I would like to take this opportunity to express my special thanks to Samer for his support and welcoming me into EICO and to Manuel and EICO's board of directors for their invaluable contributions and continued support.

CEO

Desmond J. Naughton

REPORT OF THE **BOARD OF DIRECTORS**

Company's main activities:

Al-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. Spectrum International for Renewable Energy Ltd.
3. International Tobacco and Cigarettes Ltd. (Under Liquidation).
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: (8)
Number of Branches: None
Paid-up capital: JOD 60,000,000.
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 based on their qualifications end of 2018:

- The number of employees at Al-Eqbal Investment Company and its subsidiaries reached a total of 740 employees as of 31/12/2018.

The following are the number of employees categorized according to their qualifications as of the end of 2018:

Qualification	Al Eqbal Investment Co. (EICO)	Subsidiaries		Total
		Al Fakher for Tobacco Trading and Agencies Company/Jordan	Spectrum International for Renewable Energy /Jordan	
Doctorate	0	0	1	1
Masters	3	27	0	30
Higher Diploma	0	0	0	0
Bachelor's	4	130	15	149
Diploma	1	34	0	35
High School	0	66	1	67
Less than High School	0	452	5	457
Total	8	709	22	739

Training Courses:

Employees Training Courses in 2017	
Al-Fakher For Tobacco Trading:	
Training Course	**Number**
Business model & innovation	3
Certified NLP & Coaching program Level-1	1
Compensation & Benefits Forum 2018	1
Digital Innovation	1
Excel & Power Point (Beginner)	1
Excel (Inter & Advanced)	6
Installation, Storage and Compute with Windows Server 2016	1
Kaizen	6
Laboratory Quality Management	2
NEBOSH Certificate in Environmental Management	1
Project Monitoring, Reporting & Control	1
Project Planning & Control Using Primavera P6	1
Qlik Sense	4
Supply Chain Finance Masterclass	3
The Financial Modeling Master	8
Project Management Professional	1
Total	**41**
Spectrum International for Renewable Energy:	
Project Management Professional	1
Grand Total	**42**

Nature of work and fields of activity of the subsidiary companies

Name of Company	Company Type	Main Activity	Paid-up capital (JOD)	Shareholding percentage
Al Fakher for Tobacco Trading and Agencies *	Limited Liability	Manufacturing and sale of molasses and its supplies to various countries	6,000,000	100%
International Tobacco and Cigarettes **	Limited Liability	Manufacturing of cigarettes	6,000,000	100%
Spectrum International for Renewable Energy	Limited Liability	Investment in alternative energy	7,000,000	100%
Al Fakher Holding – Global Operations (Cayman Islands).	Limited Liability	Investing in manufacturing and distribution businesses	35,450	100%

The company has a subsidiary in Cayman Island under the name of Al-Fakher holding company (Under liquidation)

Al Fakher for Tobacco Trading and Agencies LLC

- Legal Form: Limited Liability Company.
- Main Activities: The manufacturing and distribution of flavored molasses and related accessories.
- 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: (4)
- Registration: 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).

* Al Fakher for Tobacco Trading and Agencies LLC wholly owns Al 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 Al Fakher subsidiaries including the following companies:

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

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

3) Al 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 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 (22)
- 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
- Number of employees : (0)
- Registration: The company is registered in the Cayman Islands under registration number (325097)

Bios of the Members of the Board of Directors 04/04/2019

Mr. Manuel Stotz

Current position: Member of the Board of Directors representing Kingsway Capital.
Date of Birth: 13/07/1984
Nationality: German
Qualifications: Bachelor of Economics from the London School of Economics (LSE) /2008

Current memberships and positions

- 2017: Present: Member of the Board of Directors representing Kingsway Frontier Consumer Franchises, in first class membership.
- 2015: Present: Kingsway Capital Ltd./Chief Executive Officer/Managing Partner.

Memberships and previous positions

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

Mr. Yazid Adnan Mustafa Mufti

Current position: Vice Chairman of the Board of Directors representing Al-Sabil for Financial Investments as of 06/01/2019.
Date of Birth: 27/03/1953
Nationality: Jordanian
Qualifications: Bachelor of Business Administration from the American University of Beirut / 1976

Current memberships and positionss

- 2015 - present: Member of the Board of Directors representing Al-Sabeel Financial Investment Co, at Al-Eqbal Investment Co.
- 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.
- 2005 - Present: Member of the Board of Directors of Palestine Development and Investment LTD (PADICO Holding).

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. Nael Kassar

Current position: Member of the Board of Directors representing KCK Ltd.
Date of Birth: 08/05/1979
Nationality: French
Qualifications: - History of Financial Markets / 2011
- Masters in Mathematics / 2002
- BSC Mathematics / 2001

Current memberships and positions

- 2012: Present: 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. Desmond John Naughton

Current position: General Manager
Date of Birth: 08/08/1966
Nationality: British
Qualifications: - Advanced Development Program from Kellogg Business School / 2008
- Master of Business Administration with distinction from Aston College of Business Administration / 1997
- Double Major Bachelor of Geography and Planning, Birmingham University

Current memberships and positions

- May 2017 – Present: CEO of Al Fakher for Tobacco Trading and Agencies.
- July 2017 – Present: General Manager of Al-Eqbal Investment Co.

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. Saleh Rajab Elayyan Hammad

Current position: Member of the Board of Directors representing Bank of Jordan.
Date of Birth: 27/07/1962
Nationality: Jordanian
Qualifications: B.Sc. in Computer Science from University of Jordan /1985

Current memberships and positions

- 2018 - Present: General Manager, Bank of Jordan.
- 2017 - Present: Member of the Board of Directors representing the Bank of Jordan in Al-Iqbal Investment Company.
- 2015 – Present: Chairman of the Board of Directors of Jordan Leasing Company.
- 2016 – Present: Vice Chairman of the company of the superiority of financial investments
- 2016 - Present: Member of the Board of Directors of the Bank of Jordan - Syria.
- 2017 – Present: Member of the Board of Directors of the Jordanian Company for Payment Systems and Privatization Private Limited.

Memberships and previous positions

- 2016 - 2017: Member of the Board of Directors of the Association of Banks in Jordan.
- 2015 - 2017: Assistant General Manager / Compliance and Risk Manager at Bank of Jordan
- 2015 - 2017: Secretary of the Board of Directors.
- 2015 - 2015: Assistant Director General / Compliance and Risk Sector Management
- 2009 - 2014: Executive Director / compliance and risk department.
- 1994 - 2008: Director of Compliance and Operational Risk Department, Bank of Jordan

Mr. Ahmed Adel Badreldin

Current position: Member of the Board of Directors representing Kingsway FCF Overflow SPC- Segregated Portfolio One, as of 06/01/2019.
Date of Birth: 10/02/1972
Nationality: British
Qualifications: Bachelor of Mechanical Engineering, the American University – Arab Republic of Egypt. /1996

Current memberships and positions

- 2018 – Present: Consultant – Abraaj Investment Management Limited Company.

Memberships and previous positions

- 1996 - 2000: Engineer- Baker Hughes Company.
- 2001- 2008: Manager - Barclays Capital Company.
- 2008 - 2018: Private property partner at special ownership – Head of Middle East and North Africa Department - Abraaj Group.

Mr. Tamir Saeed

Current position: Member of the Board of Directors representing Al-Sultan for Investment in Financial Securities as of 06/01/2019.
Date of Birth: 20/10/1984
Nationality: British
Qualifications: - Master of Economics from Cambridge University, the United Kingdom, 2006.
- Chartered Financial Analyst.

Current memberships and positions

- Managing Partner – Kingsway Capital Advisors LLP, as of 2014.

Memberships and previous positions

- Vice-President– Goldman Sachs International, during the period (2006-2014).

Mr. Nabil Ismail Al-Rantisi

Current position: Member of the Board of Directors representing Al Yamamah Public Investment Company.
Date of Birth: 10/03/1977
Nationality: Palestinian
Qualifications: - Master's degree in Business Administration, 2000.
- Bachelor's degree in Finance and Banking Sciences., 1998.

Current memberships and positions

- 2018 – Present: Designated Member- Daman Investments.
- 2018 – Present: Member of the Board of Directors representing Al Yamamah Public Investment Company at Al-Eqbal Investment Co.

Memberships and previous positions

- 2008 - 2011: Brokerage Regional Manager/ Rasmala Investment Bank.
- 2012 - 2018: Designated Member / Menacorp Financial Services.

Mr. Khaleel Ibrahim Mamoori

Current position: Member of the Board of Directors representing Pasteur Management Investments.
Date of Birth: 16/02/1967
Nationality: Jordanian
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. Saif Mousa Mustafa Saleh

Current position: Chief Strategy Officer of Al - Eqbal Investment Company.
Date of Birth: 30/05/1977
Nationality: Jordanian
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 Al - 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 Al - 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.
- 2015 – 2017: Vice President – strategy and business development at Al-Fakher.

Mr. Hussein Abdel Jalil Abed Faouri

Current position: Director of Public Relations.
Date of Birth: 07/09/1959
Nationality: Jordanian
Qualifications: - MA in International Marketing / 1996.
- Bachelor's degree in Business Administration.

Current memberships and positions

- 2016 – Present: Member of the Board of Directors of Al-Eqbal Company for Iron and Metal Trading.

Memberships and previous positions

- 2014 - 2017: Secretary of the Board of Directors of Al-Eqbal Investment Company.
- 2014 - 2016: Member of the Board of Directors of the Trust Company for International Transport - representing the Jordanian Al-Eqbal 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
Date of Birth: 12/01/1971
Nationality: Jordanian
Qualifications: - Bachelor of Accounting / 1993.
- Certified Public Accountant / 1998.

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.
- 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: 04/09/1984
Nationality: Jordanian
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 Al-Eqbal Printing and Packaging PLC.
- 2009 - Present: Lawyer / Osama Sukkari & Associates.

Memberships and previous positions

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

Mr. Stuart Brazier

Current position: Chief Financial Officer

Stuart was appointed Chief Financial Officer in January 2019. He joins with a wealth of international business experience in a global multinational environment having spent the previous twenty three years with British American Tobacco (BAT). During his time at BAT, Stuart held a large number of senior leadership roles across Europe, Asia and Africa. His most recent designation being the Head of Finance for BAT's Europe and North Africa division, a role which he held for four and a half years.
Stuart has a degree in Economics and Accountancy, has completed executive studies at both Harvard Business School and IMD and is a Chartered Management Accountant

Major Shareholders (Owning 5% or more)

Name of Shareholder	31/12/2017			31/12/2018		
	Number of shares	Number of shareholders	Percentage	Number of shares	Number of shareholders	Percentage
Kingsway-Frontier Consumer Franchises	7,521,762		25.073%	15,092,378		25.154%
Al-Eqbal Investment Co.	0		0.000%	9,373,017		15.622%
Kingsway FCF - Segregated Portfolio	0		0.000%	9,000,000		15.000%
Mamoori Holdings Group Limited Company	2,460,000		8.200%	4,920,000		8.200%
Bank of Jordan	3,000,000		10.000%	3,207,198		5.345%
Total	12,981,762	5	43.273%	41,592,593	5	69.321%
Remaining shareholders	17,018,238	1,708	56.727%	18,407,407	1,773	30.679%
Grand Total	30,000,000	1,713	100%	60,000,000	1,778	100%

Competitive Position of Al - Eqbal Investment Company

The company continued to build on its competitive position this past year. As disclosed to the market in 2017 the company acquired some of its distribution activities/partners in the Levant, GCC, North Africa and the USA. These acquisitions allowed us to capture the profit pools and position ourselves closer to our customers and partners in these markets. To maximize the potential of these acquisitions, the company in 2018, invested to build out capabilities and insure sustainable high-quality earnings from these markets.

These investments will allow us to provide high-quality value-added products and services which will further build up our brand equity. Another benefit of being closer to the markets, is that it will allow us to identify joint venture and acquisition targets that will help accelerate achieving our strategic objectives, grow our portfolio and improve our earnings.

A significant part of our investment goes to attracting the right resources/talent that will help us realize the vision that we have laid out. We believe that a big part of our competitive advantage stems from the collective talent we have already recruited and those we plan on bringing into our business. It is worth mentioning that Marketing and Corporate and Regulatory Affairs are two functions we will continue to invest in as they are crucial to our success over the next few years.

The following are the most important achievements of 2018 that contributed to achieving the above results:

1- Established a dedicated corporate and regulatory affairs department.
2- Establishment of the Sales and Operational Planning "S&OP" function and process.
3- Hiring of Top Marketing Talent with deep FMCG experience.
4- Finalization of the global marketing strategy and new branding.
5- Development of an Innovation and R&D capability/function.
6- Launched 15 new flavors across our core and fusion range.
7- The integration division has been established under the supply chain department to ensure the company headquarter and subsidiaries (factories and distribution centers) are integrated through a clear set of policies, procedures and processes under a structured process framework.
8- Implementation of the warehouse Management System (WMS) in company headquarter and continuously working on enhancing the system to automate the selection, introduce performance measure and enhance related analytics.
9- Activation of the ERP system across distribution entities to ensure the accuracy of information and its effectiveness in decision making.

The following are the most important plans to be completed in 2019:

1- Continue to launch new products, flavors and packaging that cater to the different needs of the markets
2- The launch of the new state of the art warehouses in the free zone on a total area of 6,100 square meters in early second quarter of 2019.
3- Expand and renovate the existing production facility including mixing area in the headquarter premises in Ajman, UAE.
4-Improve efficiencies by introducing automated solutions and improve the production floor activities.

5- Launch of production facilities in Europe factory by April 2019,
6- Finalize the feasibility studies of production expansion in other regions as part of the strategy and global growth plan.
7- Expand the S&OP demand planning process to incorporate a higher number of forecasted SKUs
8- Complete the integration of the distribution entities and factories
9- Exploring the balance between centralized and localized procurement activities across different entities of Al-Fakher to seek opportunities in reduction in cost and lead-time.

Most significant achievements for Spectrum International for Renewable Energy in 2018:

Spectrum International for Renewable Energy is currently developing and executing Solar Energy projects and was successful to add a sum of 12 MWp of projects inside Jordan and 10 MWp of projects outside Jordan to its track record portfolio as follows:

- Completed the Engineering, Procurement and Construction of 4 MWp Solar Power Plant for Messrs. Specialty Hospital and Istiklal Mall in Wadi El Esh. The project was operated in November 2018.
- Accomplished the Development and EPC of the 1.1 MWp Solar Power Plant for Messrs. Jabal Al Zaytoun Hospital, and investment over 7 years where Spectrum is both the Developer and EPC Contractor. The project was operated in December 2018.
- Completed the EPC of its first Carpark Solar Project for Messrs. Powerhut Gym of a total capacity of 120 KWp.
- Spectrum is currently the Developer and the EPC Contractor for a 4.5 MWp Solar Power Plant serving Messrs. Armoush Tourist Investment Co. (Mcdonald's Restaurant).
- Spectrum is currently the Developer and the EPC Contractor for a 1.2 MWp Solar Power Plant serving Messrs. Najah Sousan and Partners Co. (Ward Restaurant).
- Spectrum is developing a 10 MW solar plant in Italy utilizing a combination of both PV (Photovoltaic) and CSP (Concentrated Solar Power) technologies, the project is under construction and is planned to be connected in August 2019.

Future Plans in 2019:

- Spectrum is qualified to design and start the construction of PV power plants with a combined capacity of 25 MW during 2019-2020.
- Co-developing an additional 23 MW solar plants utilizing both PV (Photovoltaic) and CSP (Concentrated Solar Power) technologies in Italy.

Government protection or privileges to the company or any of its products and any patents or franchises.

Al-Eqbal Investment Company enjoys privileges under applicable laws and regulations in Jordan,
Where the company enjoys the following:

- Protection under the Intellectual Property and Trademark Law in the Kingdom – knowing that the company owns the following trademarks:

1. Al-Eqbal Investment Company (2 Trademarks)
2. Al-Fakher International Company (369 Trademarks)
3. International Tobacco and Cigarettes Company (40 Trademarks)
4. Al-Fakher Company for Tobacco Trading and Agencies (1 Trademarks)

- Renewable alternative energy systems have been exempted from customs duties and sales taxes in accordance with the decisions of the Ministry of Finance and the General Customs Department.
- There are no patents or franchises.

- The company is committed to adopting international quality standards and insures the application of necessary health warnings on its products in addition to conformity of the products to the standards and specifications adopted locally and internationally.

- On this note, it's important to note that the GCC's standards organization "GSO" has recently adopted a new standard for flavored molasses and that our products are compliant with the new standards.

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 2018 the company incurred some expenses that are non- recurring in nature. Below is a list of the

Details	Amount (JOD)
Consultation fees	419,366
Fees Subscriptions	12,090
General maintenance	40,897
Legal fees	10,506
Employment expenses	355,349
Rent	28,950
Total	**867,157**

Major non-recurring elements.
The extent of dependency on specific vendors or main agents (local and international) year 2018

Agents

Customer Name	Percentage of Dealings
Al-Mithaliyah Trading Group Co.	20%
Al Fakher Al Dahabi	17%
National Trading and Developing Est.	15%
Al-Mutawasitah for General Trading	8%
Al Mamoori Cigarettes and Tobacco Co.	8%
Sierra	7%

Vendors 2018

Vendor	Percentage of Dealings
Majan Printing	8.4%
Alliance One Rotag AG	7.7%
COSMOPLAST INDUSTRIAL CO	7.4%
HERTZ FLAVORS GMBH & CO. KG	6.7%
Vilmar Trading	6%

ORGANIZATIONAL STRUCTURES

Public Relations Department

Finance Department

Information Technology and Human Resources Department

Investor Relations Department

Al Fakher for Tobacco Trading and Agencies LLC
Amman - Jordan

Al Fakher Holding for Tobacco Trading and Agencies (Cayman Islands)

Spectrum International for Renewable Energy

Management Committee

CEO

Al Fakher Tobacco FZE Ajman Free Zone UAE

Pioneer Venture Group Ltd
Dubai - UAE

Al Fakher Tobacco Factory Tutun Mamulleri A.S
Istanbul - Turkey

Al Fakher International Co Cayman Islands

Information Technology and Human Resources Department

Finance Department

Business Development and project Management

Engineering Department

Risks that the Company is subject to:

The company is exposed to a range of risks due to the nature of its business. These risks can be summarized as follows:

- Market risk, currency exchange rate fluctuations, 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 2018:

- The net profit of the company increased from JOD 47 million in 2017 to JOD 52 million in 2018 with an increase of 11%.
- Consolidated net sales for the year 2018 is JOD 189 million compared with JOD 162 million for the year 2017 with an increase of 17%.
- Operating profit for 2018 is 70 million compared with JOD 55 million for the year 2017 with an increase of 25%.
- Total Shareholders' equity increased from 93 million in 2017 to JOD 145 million by the end of 2018.
- Net working capital end of 2018 reached an amount of JOD 97 million compared to 64.6 million by end of 2017. This increase in net working capital of JOD 32.4 M is driven by:
  (1) Increase in Accounts Receivable of JOD 11.3 M.
  (2) Increase in Inventories by JOD 9.4 M.
  (3) Increase net Other current assets and liabilities of JOD 15.4 and.
  (4) Decrease in Accounts Payable of JOD 3.7 M.
- General and Administrative expenses for the year 2018 increased by JOD 7.3 million compared to year 2017. This increase is mainly driven by the acquisition of new distribution entities and building capacity in most functions to drive growth plans in the years to come.

Financial position analysis:

First, we present you a brief about the mother company (Al-Eqbal Investment Company) and its subsidiaries as basis for analyzing the company's results:

Al-Eqbal Investment Company

It is a public joint stock company established on 1/6/1992. It operates according to the objectives of the company represented by the commercial and industrial agencies, investing and engaging the company's funds as it deems appropriate by establishing branches or owning existing companies or various financial investments. The company's value assets are about JD 96 million.

Al-Fakher Company for Tobacco Trading and Agencies

A limited liability company with a capital of 6 million dinars. The percentage of ownership of the company is 100% and it works in the field of manufacturing, trading and distribution of molasses.
The company has a subsidiary in the Cayman Islands under the name of Al-Fakher Holding Company for tobacco trade and agencies with a capital of 50 thousand dollars and 100% ownership.

Al-Fakher Holding Company for Tobacco Trading and Agencies has subsidiaries as follows:

* Al-Fakher International Company in the Cayman Islands with a capital of $ 10,000 and 100% ownership.
* Al-Fakher Tobacco Company in the Emirate of Ajman - United Arab Emirates with a capital of 50 thousand dollars and owns 100%. It has subsidiaries as follows:
  - Al-Fakher Tobacco factory with a capital of 40 million dirhams (7.72 million dinars) and is engaged in the manufacturing, production and trade of molasses. These products are distributed locally (United Arab Emirates), regionally and in many countries around the world

* Al-Fakher Tobacco Company in Turkey with a capital of approximately $ 27 thousand and a 100% ownership by Al-Fakher Holding for Tobacco Trading and Agencies.
* Pioneer Venture Group with a capital of around 50 thousand dollars and a 100% ownership noting that this company was a subsidiary of Al-Eqbal Investment Company whereas its ownership is was transferred to Al-Fakher holding – Cayman Island in 2017 and owns the following subsidiaries:
  - Al-Fakher Holding Company - America, founded in 2017 with a 100% ownership stake and owns 100% of Sierra
  - Al-Fakher Distribution Company - Germany was established in 2017 and owns 100%
  - Al-Fakher Distribution Company - Saudi Arabia and owns 100%
  - Al-Fakher Distribution Company - Egypt and owns 100%
  - Al-Fakher Factory - Egypt and owns 100%

Spectrum International Renewable Energy Company

A limited liability company with a capital of 7 million dinars, 100% ownership. It works in the field of buying, selling and investing in real estate, setting up residential projects, importing, selling and installing renewable energy components and systems, and started its activities related to renewable energy in late 2012. Its total value assets is around 7.7 million JD.

International Tobacco and Cigarette Company (under liquidation)

Limited Liability Company with a capital of JD 6 million 100% ownership. After the sale of the Company's assets, machinery and land to Philip Morris International Company and to the end of the purpose for which the Company was established, the Extraordinary General Assembly of the Company decided on October 7, 2012 to willingly liquidate the company and it is still under liquidation.

The Company's operational activities and business results for 2018:

- The company's net profit for the year 2018 compared to the same period of 2017 increased from 47 million dinars to 52 million dinars, an increase of 11%
- The company's net sales for the year 2018 compared to the same period of 2017 increased from 162 million dinars to 189 million dinars an increase of 17%
- The company's operating profit for 2018 compared to the same period of 2017 increased from 55 million dinars to 70 million dinars, an increase of around 25%.
- Increase the Shareholders' equity from JD 93 million in 2017 to JD 145 million in 2018.
- The working capital of the company reached JD 97 million at the end of 2018 compared to JD 64.6 million in 2017. This increase amounted to JD 32.4 million came through: 1. An increase of JD 11.3 million in receivables; 3. Increase in other receivables and credit balances by JD15.4 million. 4. Decrease in accounts payable by JD 3.7 million.
- The increase in administrative and public expenses for the current year 2018 worth 7.3 million dinars compared to 2017.
- This increase in expenses is mainly due to the acquisition of new companies and the expansion plans for the coming years.

Considering the above, the financial results show that the Group achieved positive results in the following years thanks to the wise policy pursued by the company's management and the efforts and activities of its employees.

Analysis of Financial Ratios

Statement / year	2017	2018
Return on investment	50%	36%
Return on assets	24%	15%
Return on equity	52%	43%
Efficiency Index (Expense / Income)	14%	19%
Administrative and general expenses to sales	10%	12%
Net profit to sales	29%	27%
Distribution and sales expenses to sales	4.4%	6.3%

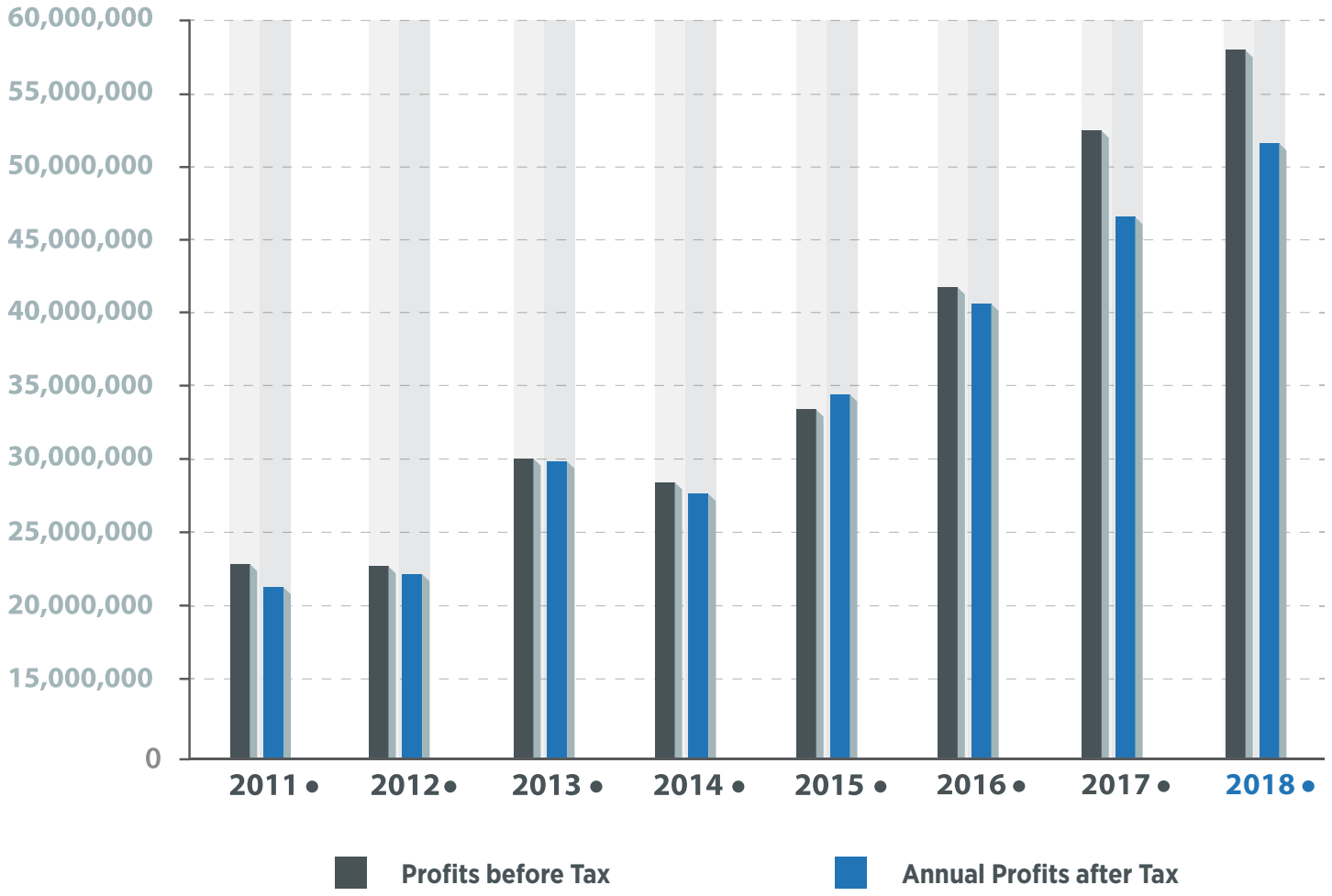
Profit Growth, Net Equity, Share Price and Dividends

statement/year	2011	2012	2013	2014	2015	2016	2017	2018
Assets	67,662,846	67,873,197	97,701,774	99,620,066	108,234,546	126,982,710	258,636,670	414,009,416
Equity	56,546,503	57,465,334	66,096,666	67,568,459	74,223,601	86,634,986	93,348,847	145,169,332
Profits before tax	22,739,380	22,463,850	30,012,905	28,312,913	33,531,000	41,839,023	52,437,458	57,896,798
Profits after tax	21,340,989	21,004,698	28,039,900	26,462,297	31,280,583	37,398,458	46,744,335	51,698,944
Dividends distributed	0		1,821,693			5,000,000		
Cash dividends distributed	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	25,000,000	40,000,000	0
Earnings Per Share (EPS)	1.063	1.048	1.120	1.056	1.249	1,245	1.56	0.864
Share of Dividends	1.000	1.000	1.000	1.000	1.000	1.000	1.333	0
Distributed (Dinar)	0	0	0	0	0	0	0	0
Year-end share price (JD)	6.70	9.45	14.00	11.62	17.40	24.95	32.00	13.00

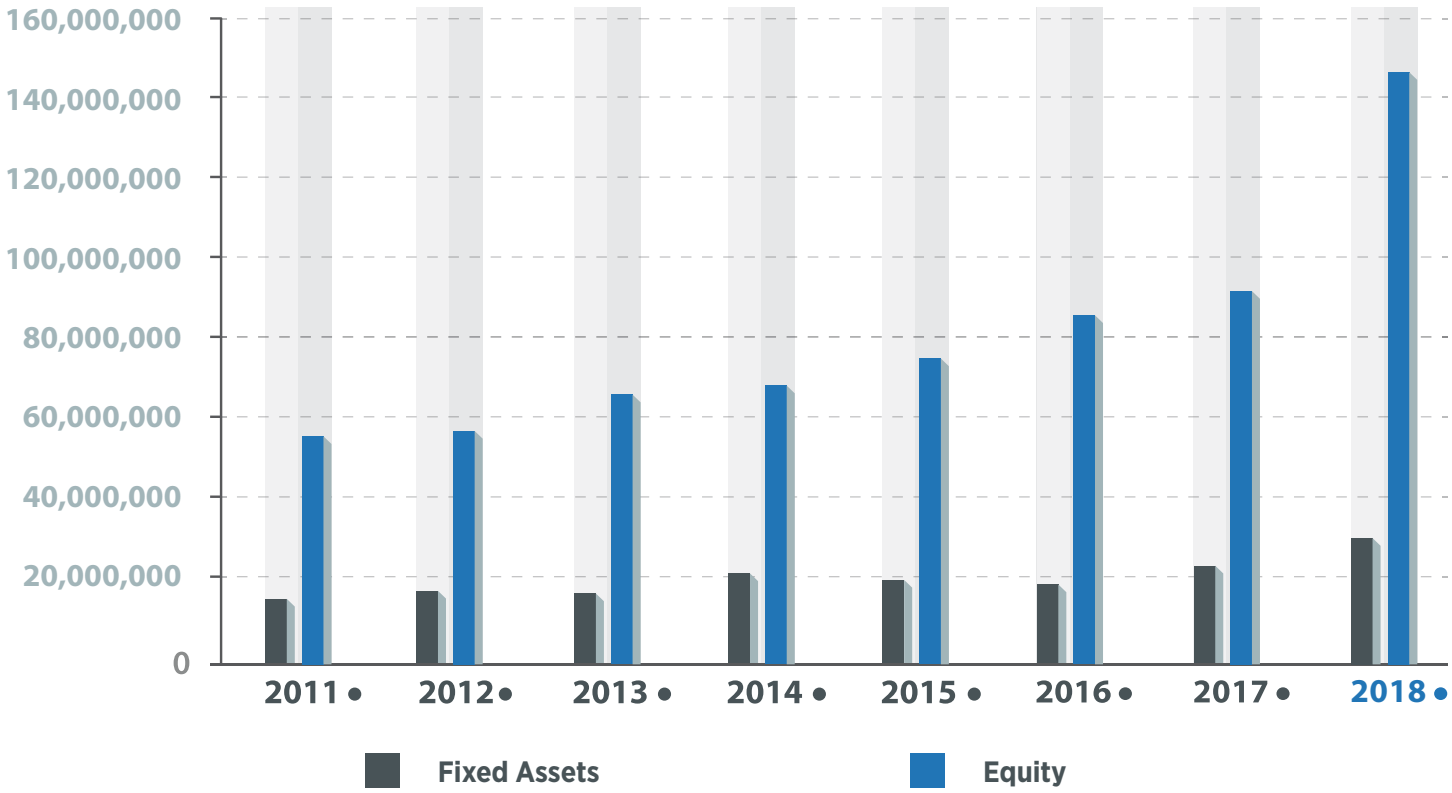
Financial reports and charts

YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Profits before tax	22,739,380	22,463,850	30,012,905	28,312,913	33,531,000	41,839,023	52,437,458	57,896,798
Profits after tax	21,340,989	21,004,698	28,039,900	26,462,297	31,280,583	37,398,458	46,744,335	51,698,944
YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Equity	56,546,503	57,465,334	66,096,666	67,568,459	74,223,601	86,634,986	93,348,847	145,169,332
Fixed Assets	14,354,282	17,750,141	17,393,784	20,848,849	19,501,016	18,543,871	21,965,209	29,351,887
YEAR	2011	2012	2013	2014	2015	2016	2017	2018
Share Market Value (Dinars)	6.70	9.45	14.00	11.62	17.40	24.95	32.00	32.00
Share Book Value (Dinars)	2.82	2.87	2.64	2.70	2.97	2.89	3.11	2.42
	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	60,000,000
	1.88	1.92	2.20	2.25	2.47	2.89	3.11	2.42

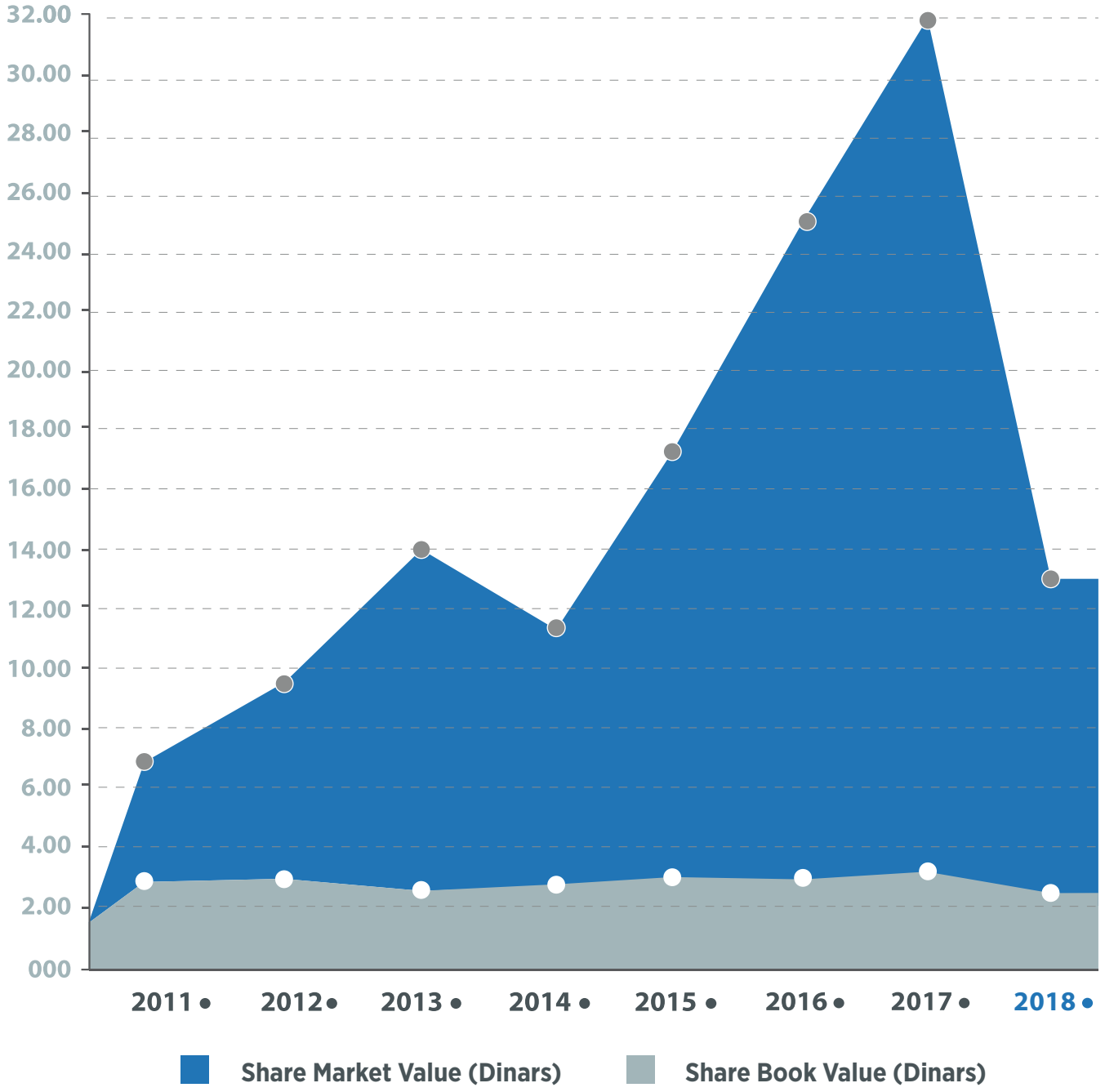
Net Profit (JOD)



Equity and Fixed Assets



EICO Shares
Market Price VS Book Value



An amount of JD 80,000 was paid as auditors' fee for 2018

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 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	Representative Person or Relationship (Husband/ Wives/ children)	Security Type	Nominal Value JOD	Number of Securities as on 31/12/2017	Number of Securities as on 31/12/2018
Members of the Board of Directors and their Representatives										
Mr.Manuel Stutz	1115697621	German	Al-Eqbal Investment Company	The Chairman of the Board of Directors and the representative of the Board of Directors Member, Messrs./ Kingsway - Frontier Consumer Franchises in the first class membership	1/6/2019		-	-	-	-
Mr. Desmond John Naughton	1596332073	British	Al-Eqbal Investment Company	General Manager	26/7/2017		-	-	-	-
				The representative of the Board of Directors Member, Messrs./ Kingsway - Frontier Consumer Franchises in the second class membership	1/6/2019		Share	1.000	10,851	21,702
Messrs. Kingsway - Frontier Consumer Franchises	1129379230	Luxembourg	Al-Eqbal Investment Company	Member of the Board of Directors with two Memberships	3/6/2017	Represent by Mr. Manuel Stotz and Mr. Desmond John Naughton	Share	1.000	7,521,762	15,092,378
Mr. Yazeed Adnan Mustafa Al Mufti	9531000644	Jordanian	Al-Eqbal Investment Company	Vice-Chairman of the Board of Directors and representative of the Board of Directors Member, Al-Sabeel for Financial Investment Co.	3/5/2015		-	-	-	-
M/S Alsabeel for Financial Investments Company	1102850799	Jordanian	Al-Eqbal Investment Company	Member of the Board of Directors	3/5/2015	Represented by Mr. Yazeed Adnan Al -Mufti	Share	1.000	6,000	12,000
Mr. Nael Kassar	1701966061	French	Al-Eqbal Investment Company	Representative of the Board of Directors Mr. KCK LTD	3/6/2017		-	-	-	-
Messrs KCK LTD	1149089893	British Virgin Islands	Al-Eqbal Investment Company	Member and Board of Directors	3/6/2017	Represented by Mr. Nael Kassar	Share	1.000	1,113,600	2,227,200

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	Representative Person or Relationship (Husband/ Wives/ children)	Security Type	Nominal Value JOD	Number of Securities as on 31/12/2017	Number of Securities as on 31/12/2018
Mr. / Ahmed Adel Badreldin	1212777161	British	Al-Eqbal Investment Company	Representative of the Board of Directors Member Messrs./ Kingsway FCF - Segregated Portfolio Company	6/1/2019		-	-	-	-
Messrs./ KingswayKingsway FCF - Segregated Portfolio Company	1206919078	Cayman Islands	Al-Eqbal Investment Company	Member and Board of Directors	6/1/2019	Represented by Mr. Ahmed Adel Badreldin	Share	1.000	-	9,000,000
Mr.Tamir Saeed	1689700704	British	Al-Eqbal Investment Company	Representative of the Board of Directors Member Messrs./ Al-Sultan For Investment In Financial Securities	6/1/2019	-	-	-	-	-
Messrs./ Al-Sultan For Investment In Financial Securities	1838233845	Jordanian	Al-Eqbal Investment Company	Member of the Board of Directors	6/1/2019	Represented by Mr.Tamir Saeed	Share	1.000	-	5,000
Mr. Saleh Rajab Elayan Hammad	9621002957	Jordanian	Al-Eqbal Investment Company	Representative of the Board Member of the Bank of Jordan	3/6/2017		-	-	-	-
			Bank of Jordan	Shareholder in member of the board of directors company owning more than 5% of Al-Eqbal Invetsment Company			Share	1.000	42,079	42,079

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	Representative Person or Relationship (Husband/ Wives/ children)	Security Type	Nominal Value JOD	Number of Securities as on 31/12/2017	Number of Securities as on 31/12/2018
M/S Bank of Jordan	1105698671	Jordanian	Al-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
			Jordan Express Tourist Transprot Co. (Jett)	Owning more than 5%			Share	1.000	1,080,000	-
			Bank of Jordan Syria	Owning more than 5%			Dollar	1$	2,393,160	2,393,160
			Ready Mix Concrete & Construction Supplies	Member of the Board of Directors		Represented by Mr. Sehrab Awees	Share	1.000	40,000	40,000
			Assas for Concrete Products	Member of the Board of Directors		Represented by Mr. Sehrab Awees	Share	1.000	250,000	250,000
			Excel Invest Co.	Affiliate company owning 100 %			Share	1.000	3,500,000	3,500,000
			Jordan Financial Leasing Co.	Affiliate company owning 100 %			Share	1.000	20,000,000	20,000,000
			Middle East Insurance Company	Member of the Board of Directors		Represented by Mr.Shaker Fakhouri	Share	1.000	828,253	869,665
			Solutions for Mobile Services	Owning more than 5%			Share	1.000	175,000	175,000
Mr. Nabil Ismael Al-Rantisi		Palestinian	Al-Eqbal Investment Company	Representative of the Board of Directors Member, Messrs./ Al Yamamah Public Investment Company	18/4/2018		-	-	-	-
Messrs Al Yamamah Company for General Investments	1612880043	Jordanian	Al-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 Al-Eqbal Investment Company			Share	1.000	2,490,648	5,000
Mr. Khalil Ibrahim Imran Mamoori	1476280535	Saint Kitts and Nevis	Al-Eqbal Investment Company	Debuty Chairman of the Board of Directors s and a representative of Basseterre for Administrative Consultancy	27/8/2017		Share	1.000	-	-

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	Representative Person or Relationship (Husband/ Wives/ children)	Security Type	Nominal Value JOD	Number of Securities as on 31/12/2017	Number of Securities as on 31/12/2018
Messrs./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	10,000
Senior Management										
Mr. Hussein Abduljaleel Abed Alfawa'eer	9591001635	Jordanian	Al-Eqbal Investment Company	Public Relations Manager	19/2/2001		-	-	-	-
				Secretary of the Board of Directors until the date of 24/10/2017	19/1/2014		-	-	-	-
Mr./ Mohammad Jamil Saeed Abbadi	9711010429	Jordanian	Al-Eqbal Investment Company	Finance Director	5/9/2017		-	-	-	-
Prof. Anwar Osama Sameeh Sukkari	9841043925		Al-Eqbal Investment Company	Secretary of the Board of Directors as of 24/10/2017	24/10/2017		-	-	-	-
			Bank of Jordan	Legal Adviser	2012		Share	1.000	28,000	78,800
			Al-Eqbal for Printing & Packaging Co.	Member of the Board of Directors	2011		Share	1.000	5,000	5,000

Benefits and rewards to which the Chairman and members of the Board of Directors were entitled during the year 2018

Name	Position	Annual Salaries	Transport Allowances	Annual Rewards	Auditing fees	Total Benefits
Samer Tawfiq Fakhouri	Chairman of the Board of Directors	0	12000	5000	0	17000
Khalil Ibrahim Mamoori	Vice- Chairman of the Board of Directors	0	12000	5000	0	17000
Waleed Tawfiq Fakhouri	Member of the Board of Directors	0	12000	5000	0	17000
Mohammad Naser Barkat	Member of the Board of Directors	0	12000	5000	2000	19000
Saleh Rajab Elayan	Member of the Board of Directors	0	12000	5000	0	17000
Yazeed Adnan Al-Mufti	Member of the Board of Directors	0	12000	5000	2000	19000
Dr. Henry Azzam	Member of the Board of Directors	0	4000	1666.66	666.666	6333.326
Nael Kassar	Member of the Board of Directors	0	12000	5000	0	17000
Manuel Stotz	Member of the Board of Directors	0	12000	5000	0	17000
Nabil Ismail Al-Rantisi	Member of the Board of Directors	0	8000	3333.333	1333.333	12666.666
Total			108,000	45,000	6,000	159,000

Benefits and rewards of Senior Management during 2018:

Name	Position	Total Annual Salaries	Annual Transport Allowances	Annual Travel Expenses	Rewards	End of Service Benefit	Total Annual Benefits
Desmond John Naughton	General Manager	12,000.000					12,000.000
Hussein Al-Fawair	Public Relations Manager	71,531.000	Car for work affairs				71,531.000
Anwar Sukkari	Secretary of Board of Directors	3,600.000					3,600.000

The management of the mother company (Al-Eqbal) 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 by the Company or its subsidiaries

There were no contracts, projects or commitments entered by the company with any of its subsidiaries, Chairman of the Board of Directors, members of the Board of Directors, General Manager, or any employee working for the company or any relatives during the year 2018.

Social Responsibility

Social responsibility is considered one of the most valuable commitments required by national companies and institutions, in order to show their continuous consideration and contribution in developing and improving the educational, cultural, economic and social levels for community individuals by providing different services.

The most important theory which social responsibility is based on "the needs and desires of the community will be best achieved through a collaborative work among commercial organizations & institutions and the social work enterprises" – this direction still consists the basis of market economics nowadays.

Therefore, the Company has continued to launch many programs aiming to serve the community and its sustainable development by providing the resources as moral and educational support for families under poverty live and charitable associations. Within this frame, the value of cash and in-kind donations granted by the company during 2018 reached (JOD 503,340.00), therefore, the total company donations since its inception has amounted to around (JOD 5,404.000).

The following table shows the parties receiving donations:

Beneficiarie	Amount – Jordanian Dinar
Al-Eqbal Investment grants fund Programme	101 570,000
Support families under poverty line Programme	101 000,000
Programme for grants centers of the elderly	26 400,000
Arab patient grants Programme	38 500,000
Health care Programme	100 771,000
Holy month of Ramadan subsidies Programme	30 000,000
Eid Al-Adha grants Programme	15 000,000
Charity grants Programmes	7 000,000
Employee grants Programme	29 072,977
Subsidiaries donations (Al-Fakher Ajman)	50 170,000
Total Amount	**499 483,98**

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 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	Position	status	Notes
1	Mr. Manuel Stotz	Chairman of the Board of Directors	Part time/not independent	Appointed as Chairman of the Board of Directors on 06/01/2019
2	Mr. Yazid Adnan Al-Mufti	Vice Chairman of the Board of Directors	Part time / independent	
3	Mr. Nael Kassar	Member of the Board of Directors	Part time/not independent	
4	Mr. Desmond Naughton	Member of the Board of Directors	Full Time / not independent	Appointed on 06/01/2019
5	Mr. Ahmed Adel Badreldin	Member of the Board of Directors	Part time/not independent	Appointed on 06/01/2019
6	Mr. Tamir Saeed	Member of the Board of Directors	Part time / independent	Appointed on 06/01/2019
7	Mr. Saleh Rajab Elayan Hammad	Member of the Board of Directors	Part time/not independent	
8	Mr. Nabil Al-Rantisi	Member of the Board of Directors	Part time / independent	
9	Mr. Khalil Ibrahim Mamoori	Member of the Board of Directors	Part time / independent	
10	Mr. Samer Fakhouri	Chairman of the Board of Directors	Full Time / not independent	Resigned on 06/01/2019
11	Mr. Waleed Fakhouri	Member of the Board of Directors	Part time/not independent	Resigned on 06/01/2019
12	Mr. Mohammad Naser Barkat	Member of the Board of Directors	Part time/not independent	Resigned on 06/01/2019
13	Dr. Henry Azzam	Member of the Board of Directors	Part time/not independent	Resigned on 18/04/2018

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

Board of Directors	Representatives	Position	Status
Kingsway Capital Fund	Mr. Manuel Stotz	Chairman of the Board of Directors	Part time/not independent
Al-Sabeel for Financial Investments Co.	Mr. Yazid Adnan Al-Mufti	Vice Chairman of the Board of Directors	Part time / independent
KCK Company	Mr. Nael Kassar	Member of the Board of Directors	Part time/not independent
Kingsway Capital Fund	Mr. Desmond Naughton	Member of the Board of Directors	Full Time / not independent
Kingsway FCF	Mr. Ahmed Adel Badreldin	Member of the Board of Directors	Part time/not independent
Al-Sultan for Investment in Financial Securities	Mr. Tamir Saeed	Member of the Board of Directors	Part time / independent
Bank of Jordan Co.	Mr. Saleh Rajab Elayan Hammad	Member of the Board of Directors	Part time/not independent
Al Yamamah Public Investment Company	Mr. Nabil Al-Rantisi	Member of the Board of Directors	Part time / independent
Basseterre for Administrative Consultancy	Mr. Khalil Ibrahim Mamoori	Member of the Board of Directors	Part time / independent

D. Executive Positions and Names of Occupants

Executive Positions at the Company

Name	Position	Notes
Desmond John Naughton	General Manager	
Saif Mousa Saleh	Chief Strategy officer	
Mohammad Jameel Abbadi	Finance Manager	
Hussein Faouri	Public Relations Manager	

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

F. Name of Governance Officer:

Adv. Anwar Osama Sukkari

G. Names of Committees Formed by the Board of Directors for 2018:

1) Governance Committee
2) Auditing Committee
3) Nominations and Rewards Committee
4) Social Responsibility Committee
5) Risks Management Committee
6) Budget Committee

H. Auditing Committee:

The Auditing Committee consists of:

Mr. Mohammad Naser Barakat/ Head

Current position: Master of Business Administration & Accounting/1992, Bachelor of Banking & Finance Sciences/1989.
Date of Birth: 15/01/1969
Qualifications: - Master's in Business Administration & Accounting / 1992
- Certified Public Accountant (CPA) / 1992
- Bachelors of Banking & Finance Sciences / 1989

Current memberships and positions

- Control Self-Assessment Practitioner (CCSA).
- Member of the Association of Certified Public Accountants (CPA).
- Partner in charge of Business Risk Management in the Middle East Region/ Grant Thornton Co. as of 2010.
- Chairman of the Board of Directors of Aldar International for Governance Consultancy.

Memberships and previous positions

- 1992 – 1994: Assistant Director of the Regional Office and Director of Professional Development Department at Talal Abu Ghazaleh International.
- 1994 - 1997: Financial Manager at Bank of Jordan.
- 1997 – 2010: Consultancy Director at Al-Dar Audit Bureau.

Mr. Nabil Ismail Al-Rantisi

Current position: Member of the Auditing Committee
Date of Birth: 10/03/1977
Qualifications: 1999: Master of Business Administration, 1998: Bachelor of Banking & Financial Sciences

Current memberships and positions

- 2018 – Present: Executive Manager of Daman Investments.

Memberships and previous positions

- 2012 – 2018: Designated Member / Menacorp Financial Services.
- 2008 – 2011: Director of Regional Financial Markets-Rasmala Investment Bank.

Mr. Yazid Adnan Al-Mufti

Current position: Member
Date of Birth: 27/03/1953
Qualifications: 1976 Bachelor's in Business Administration; the American University of Beirut

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 in each of the following
  - Middle East Insurance Company
  - Zara Investment Holding Company
  - Palestine Development and Investment Company (PADICO)

Memberships and previous positions

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

I. Names of Heads and Members of the Remaining Committees Formed by the Board of Directors:

1) The Nominations and Rewards Committee consists of:

- Manuel Stotz/ Head.
- Yazid Al-Mufti/Member.
- Nabil Al-Rantisi/Member.

2) The Governance Committee consists of :

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

3) The Risk Management Committee consists of :

- Nabil Al-Rantisi//Head
- Saleh Rajab Hammad/Member
- Mohammad Naser Barakat/Member

4) The Social Responsibility Committee consists of:

- Mohammad Naser Barakat/ Head
- Saleh Rajab Hammad/Member
- Nabil Al-Rantisi/Member

4) The Budget Committee consists of:

- Nabil Al-Rantisi/ Head.
- Yazeed Adnan Al-Mufti/ Member
- Manuel Stotz/ Member

J. Number of Committees' Meetings and Description of Attending Members

*Meetings of the Risk Management Committee During 2018

Serial No.	Name	No. of Meetings 0		Notes
		Attendance	Excused Absence	
1	Nabil Al-Rantisi	0	0	
2	Mohammad Naser Barakat	0	0	
3	Saleh Rajab Hammad	0	0	

*Meetings of the Auditing Committee

Serial No.	Name	No. of Meetings 5		Notes
		Attendance	Excused Absence	
1	Mohammad Naser Barakat	5	0	
2	Nabil Al-Rantisi	2	1	Appointed on 18/04/2018
3	Yazid Al-Mufti	5	0	
4	Dr. Henry Azzam	1	0	Resigned on 18/04/2018

*Meetings of the Nominations & Rewards Committee During 2018

Serial No.	Name	No. of Meetings 1		Notes
		Attendance	Excused Absence	
1	Nael Kareem Kassar	1	0	
2	Yazid Adnan Al-Mufti	0	0	
3	Manuel Stotz	0	0	

*Meetings of the Social Responsibility Committee During 2018

Serial No.	Name	No. of Meetings 2		Notes
		Attendance	Excused Absence	
1	Mohammad Naser Barakat	2	0	
2	Nabil Al-Ranteesi	1	1	
3	Saleh Rajeb Hammad	1	0	

*Meetings of the Governance Committee During 2018

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

***K. The number of Meetings of the Auditing Committee with the Independent Auditor is (5) meetings**

Serial No.	Name	No. of Meetings 5		Notes
		Attendance	Excused Absence	
1	Mohammad Nasser Barakat	5	0	
2	Yazeed Al-Mufti	5	0	
3	Dr. Henry Azzam	1		Resigned on 18/04/2018
4	Nabil Al-Rantisi	3	0	Appointed on 18/04/2018

Remark: The committees of the Board were reformed at the meeting of the Board of Directors no. 134 on 06/01/2019 to become as follows:

1) The Governance Committee consists of:
- Yazeed Adnan Al-Mufti/ Head
- Manuel Stotz/Member
- Tamir Saeed/ Member

2) The Auditing Committee consists of:
- Yazeed Al-Mufti/Head
- Tamir Saeed/ Member
- Nabil Al-Rantisi/ Member

3) Nominations & Rewards Committee consists of:
- Tamir Saeed/ Head
- Manuel Stotz/Member
- Yazeed Al-Mufti/ Member

4) The Social Responsibility Committee consists of:
- Desmond Naughton/ Head
- Saleh Rajab Hammad/ Member
- Nabil Al-Rantisi / Member

5) The Risk Management Committee consists of:
- Tamir Saeed/ Head
- Desmond Naughton/ Member
- Nabil Al-Rantisi/ Member

6) Cancellation of the Budget Committee

L. Number of Board of Directors Meetings and Description of Attending Members

Serial No.	Name	No. of Meetings 6		Notes
		Attendance	Excused Absence	
1	Samer Tawfiq Fakhouri	6	0	
2	Waleed Tawfiq Fakhouri	3	3	
3	Saleh Rajeb Hammad	4	2	
4	Mohammad Nasser Barakat	5	1	
5	Yazeed Adnan Al-Mufti	6	0	
6	Manuel Stotz	5	1	
7	Nael Kareem Kassar	2	4	
8	Nabil Ismail Al-Rantisi	5	0	Appointed on 18/04/2018
9	Khalil Ibrahim Mamoori	5	1	
10	Dr. Henry Azzam	1		Resigned on 18/04/2018

Manuel Stotz
Chairman of Board of Directors

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 2019.

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
Manuel Stotz	Chairman of the Board of Directors	
Yazid Adnan Al-Mufti	Vice Chairman of the Board of Directors	
Nael Kareem Kassar	Member of the Board of Directors	
Desmond John Naughton	Member of the Board of Directors	
Saleh Rajab Hammad	Member of the Board of Directors	
Ahmed Adel Badreldin	Member of the Board of Directors	
Tamir Saeed	Member of the Board of Directors	
Nabil Ismail Al-Rantisi	Member of the Board of Directors	
Khalil Ibrahim Mamoori	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 2018.

Name	Position	Signature
Manuel Stotz	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 Co., 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 have an environmental impact.

• As related to the activities of Spectrum International Renewable Energy, this company ensures that it installs environmentally-friendly systems whilst implementing renewable energy projects.

Main Company activities for 2018

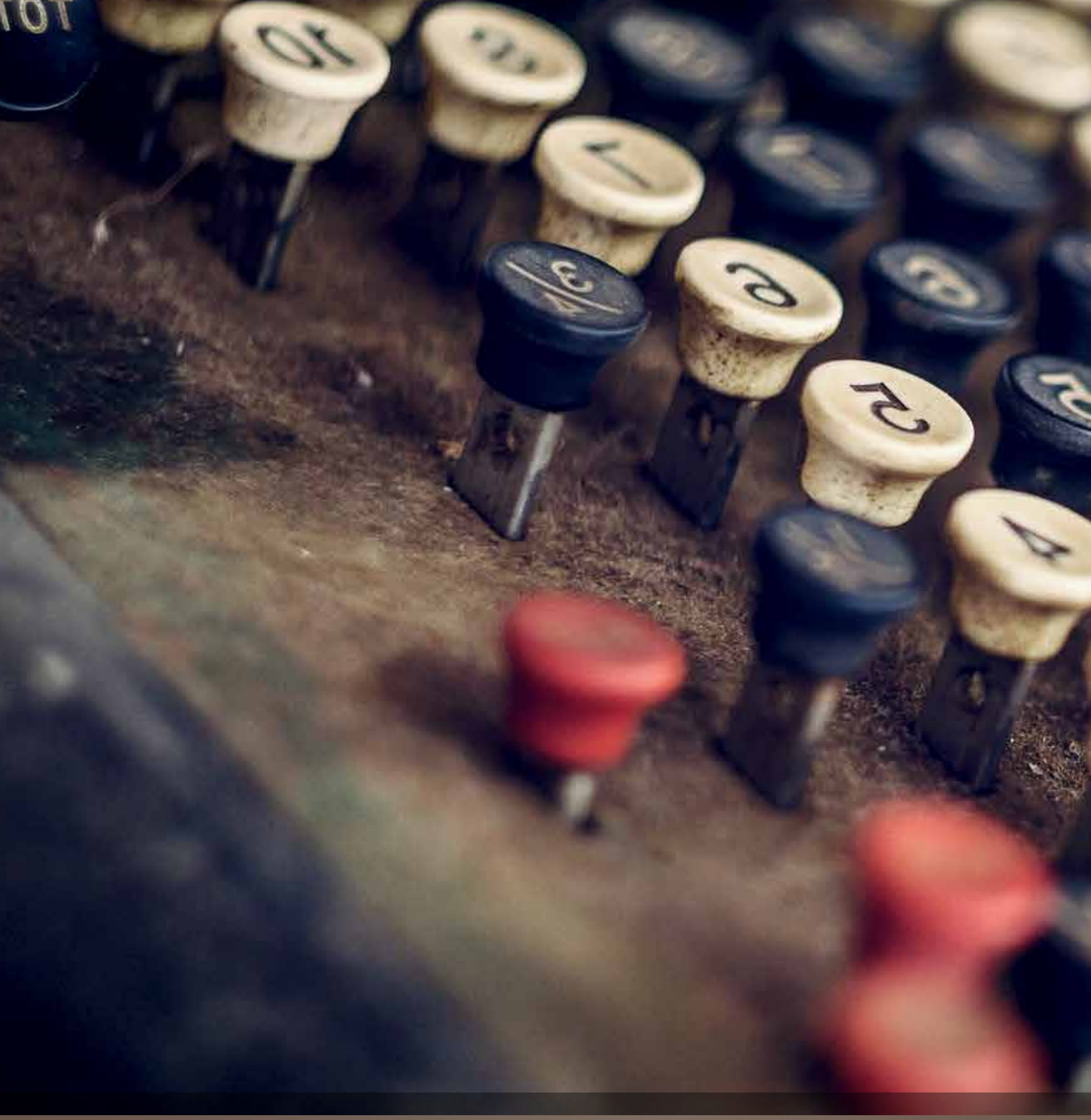
• In January, the general meeting was held between the executive management and all departments during which the company's agenda for 2018 was discussed.
• In February, a lunch was held for all employees of Al-Fakher / Ajman.
• On 13/02/2018 an Audit Committee meeting No. 17 was held with the independent accountant to discuss the company's results for the fiscal year 2017.
• On 19/02/2018 the Board of Directors' meeting No. 128 was held to approve the company's results for the fiscal year 2017.
• On 23/04/2018 an audit committee meeting No. 18 was held with the independent auditor to discuss the results of the company in the first quarter of the financial year 2018.
• On 30/04/2018 a meeting of the Board of Directors Meeting No. 129 was held to approve the Company's results for the first quarter of 2018.
• On 30/04/2018 the Ordinary Assembly General Meeting No. 28 was held for Al-Eqbal Investment Company and discuss the most important decisions taken by the Commission.

1. Approving the report of the Board of Directors for the financial year 2017.
2. Approval of the consolidated financial statements for the year 2017 as received from the independent auditor
3. Financial clearance of the Chairman and members of the Board of Directors for the financial year 2017 within the limits stipulated by law.
4. Election of Qawasmi & Partners Office (KPMG) - Mr. Hatem Al-Qawasmi (No. 656) as auditor for the financial year 2018 and the Board of Directors will determine their fees.
5. Approval of the appointment of Pasteur Management Consulting as a member of the Board of Directors, replacing the resigned member Mr. Fares Talhouni.
6. Ratify the decision of the Board of Directors dated 19/12/2017 guaranteeing the liabilities of the subsidiary (Al-Fakher Holding Company for Tobacco Trading and Agencies) in the credit facilities granted by Credit Suisse to the amount of US $ 250 million.
7. Recommending the distribution of free shares to the shareholders at a rate of (100%) of the capital, and the delegation of the Board of Directors to invite the General Assembly to attend an extraordinary meeting in order to take the decision.

- In May, an Iftar was held for employees of the company on the occasion of the holy month of Ramadan.
- On 3/6/2018 the Extraordinary General Assembly Meeting No. 14 was held for Al-Eqbal Investment Company. The most important decisions taken are as follows:

1. Approve the increase of the company's authorized, subscribed and paid-up capital from (30.000.000) thirty million JD to become the authorized capital of the company (60.000.000) sixty million dinars.
2. Approve the coverage of the amount of the increase of (30.000.000) thirty million dinars by capitalizing round profits and distribute the increase as a free share to the shareholders respectively by 100% of their shares each by his contribution in the capital of the company.
3. Approval of the amendment of Article (3) in the Articles of Association and Article (6) of the Articles of Association. Each of them shall consist of (60,000,000) sixty million Jordanian Dinars divided into (60,000,000) sixty million shares, the value of each share being JD 1.
4. Authorizing the Board of Directors to complete the legal and official procedures related to the increase through the concerned departments in the company.

- On 3/06/2018, the Board of Directors held its meeting No. 130.
- On 23/07/2018, the meeting of the Audit Committee No. 19 was held with the independent auditor to discuss the results of the company for the first half of the fiscal year 2018.
- On 25/07/2018, the Board of Directors Meeting No. 131 was held to approve the results of the company in the first half of 2018.
- On 20/09/2018, the meeting of the Audit Committee No. 20 was held with the independent auditor to discuss the fees of the independent auditor
- On 28/10/2018, the meeting of Audit Committee No. 21 was held with the independent accountant to discuss several issues of concern to the company.
- On 29/10/2018, the Board of Directors' meeting No. 132 was held to approve the results of the Company in the third quarter of 2018.
- November 2018 - Participation in the celebration of UAE flag day
- On 17/12/2018, the Board of Directors Meeting No. 133 was held to discuss the estimated budget for 2019.



INDEPENDENT FINANCIAL **AUDITOR REPORT**

KPMG

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 2018, and the related consolidated statements of profit or loss and other comprehensive income, consolidated changes in shareholders' equity and consolidated 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, the consolidated financial position of the Group as at 31 December 2018, 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 2016, approximately JOD 16 million and lagel compenstion approximately JOD 10 million. The lawsuits are still pending in the tax courts. The Group's Management and legal consultant opinion is that the probability of winning the case is high and the recorded provisions are adequate.The ultimate outcome of the lawsuits cannot reliably be determined and Accordingly, no additional provision has been recorded in the consolidated financial statements against any consequences that may arise on the Group.

KPMG

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.

1- 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.	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.

2- Impairment in Intangible Assets

Description of the key audit matter	***How the matter was addressed in our audit***
The group has acquired companies during the current and previous years, This acquision resulted in an intangible assets amounted to JD 182 million. The Group's management performed annual valuation for its intangible assets to determine whether there is any indication on impairment of intangible assets. Evaluating intangible assets includes many assumptions and estimates, which make it a Key Audit Matters.	Based on the followed audit procedures, a study from expert has been obtained and the assumptions and methodology used in the study has been reviewed.

KPMG

3- Expected credit loss in trade receivables

Description of the key audit matter	***How the matter was addressed in our audit***
The Group has trade and other receivables with approximately JD 80 million as of December 31, 2018 comparing to approximately 68 million as of 31 December 2017, this increase has mainly resulted from trade receivables recognized in the accounts of the subsidiaries acquired during 2017 and 2018. In addition to an increase in the ceilings granted to some customers and dealing with new customers during 2018. The adequacy of the recorded provisions for those receivables depend on management estimates, and according to IFRS (9). which make it a Key Audit Matters.	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 ecpected credit loss provision against trade receivables by assessing the management's assumptions, taking into consideration the external available data on trade credit exposures in this sector.

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.

KPMG

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 the purpose of 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.

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

Kawasmy &Partners
KPMG

HatemKawasmy
LicenseNo,(656)

KPMG
Kawasmy & Partners Co.

Amman– Jordan
March 26, 2019

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31st

Jordanian Dinar	2018	2017
Assets		
Current assets		
Cash on hand and at banks	57,772,284	21,644,788
Trade and other receivables	80,019,775	68,633,332
Inventory	37,725,583	28,348,285
Other debit balances	25,198,616	5,944,212
Total current assets	**200,716,258**	**124,570,617**
Non-current assets		
Financial assets at fair value through statement of other comprehensive income	150,525	784,716
Investment property	674,552	674,552
Intangible assets	182,297,000	45,555,887
Property, plant and equipment	29,351,887	21,965,209
Advance payments for Investments	863,871	65,085,689
Total non-current assets	**213,337,835**	**134,066,053**
Total assets	**414,054,093**	**258,636,670**
Liabilities and Shareholders' Equity		
Current liabilities		
Deferred cheques -Short Term	380,655	299,479
Accounts payable	17,615,290	13,901,441
Other credit balances	15,412,439	13,723,642
Income tax provision	7,223,590	6,021,753
Payables due to acquisition-short term	4,183,378	29,505,610
Loans and Bank facilities-short term	78,069,047	85,702,430
Total current liabilities	**122,884,399**	**149,154,355**
Non-current liabilities		
Provision of Employees end of service indemnity	5,284,983	4,344,446
Payables due to acquisition-long term	14,180,000	2,658,750
Loans and Bank facilities-long term	126,535,379	9,130,272
Total non-current liabilities	**146,000,362**	**16,133,468**
Total liabilities	**268,884,761**	**165,287,823**
Shareholders' Equity		
Capital	60,000,000	30,000,000
Statutory reserve	13,897,311	13,897,311
Cumulative change in fair value	(20,734)	290,046
Translation reserve	236,323	-
Retained earnings	71,056,432	49,161,490
Total Shareholders' Equity	**145,169,332**	**93,348,847**
Total Liabilities and Shareholders' Equity	**414,054,093**	**258,636,670**

The accompanying notes from pages (71) to (105) 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

Jordanian Dinar	2018	2017
Net sales	188,606,262	161,654,931
Cost of sales	(95,025,684)	(99,532,963)
Gross profit	**93,580,578**	**62,121,968**
Administrative expenses	(22,838,391)	(15,567,199)
Selling and distribution expenses	(11,868,442)	(7,174,798)
Dividends from financial assets at fair value through other comprehensive income	28,900	30,811
Administrative and logistics fees	10,955,274	15,467,068
Impairment loss on advance payments for investments	-	(149,000)
Operating income for the year	**69,857,919**	**54,728,850**
Finance Cost	(10,948,057)	(2,871,683)
Bank interests revenue	185,166	307,956
Gain on sale of property, plant and equipment	10,416	28,900
Other income	310,398	243,435
Profit for the year before income tax and board of directors' remuneration	**59,415,842**	**52,437,458**
Income tax expense	(7,716,898)	(5,693,123)
Profit for the year before board of directors' remuneration	**51,698,944**	**46,744,335**
Board of directors' remuneration	(45,000)	(45,000)
Profit for the year	**51,653,944**	**46,699,335**
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	85,173	21,624
Changes in fair value for financial assets through other Comprehensive income	(154,955)	(7,098)
Foreign currency translation differences	236,323	-
Total comprehensive income for the year	**51,820,485**	**46,713,861**
Basic and diluted earnings per share (JD/Share)	**0.86**	**0.78**

The accompanying notes from pages (71) to (105) 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	Translation Reserve	Retained Earnings	Total
Balance as at January 1, 2018	30,000,000	13,897,311	290,046	-	49,161,490	93,348,847
Profit for the year	-	-	-	-	51,653,944	51,653,944
Other comprehensive income	-	-	(154,955)	236,323	85,173	166,541
Transfer from fair value reserve to retained earnings	-	-	(155,825)	-	155,825	-
Increasing capital - Note (27)	30,000,000	-	-	-	(30,000,000)	-
Balance as of December 31, 2018	**60,000,000**	**13,897,311**	**(20,734)**	**236,323**	**71,056,432**	**145,169,332**
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 to retained earnings	-	-	(43,790)	-	43,790	-
Dividends distribution during the year - Note (19)	-	-	-	-	(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**

*According to the Jordanian Securities Commission instructions the negative value of the cumulative change in fair value in the retained earnings is prohibited from distributionto shareholders

The accompanying notes from pages (71) to (105) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the year end December 31, 2018	2017
Cash flows from operating activities			
Profit for the year before Income tax		**59,370,842**	**52,392,458**
Adjustments:			
Expected credit loss provision	6	251,238	-
Key-money amortization	8	375,422	453,594
Depreciation	12	3,730,447	3,015,791
Gain from sale of property, plant and equipment		(10,416)	(28,900)
Provision for employees' end of service indemnity	22	1,055,014	1,017,149
Dividends from financial assets at fair value through other comprehensive income		(28,900)	(30,811)
Finance costs		10,948,057	2,871,683
Provision for slow moving items	7	1,145,970	188,442
Impairment of advance payments for investments		-	149,000
		76,837,674	**60,028,406**
Change in:	7		
Trade and other receivables		(11,637,681)	(43,015,449)
Cheques under collection		-	28,360
Inventory		(10,523,268)	(4,120,150)
Other debit balances		(19,629,826)	(1,699,564)
Accounts payable		3,713,849	6,737,821
Deferred cheques		81,176	(58,931)
Other credit balances		1,688,797	458,149
Cash generated from operating activities		**40,530,721**	**18,358,642**
Income tax paid	20	(6,515,061)	(5,280,523)
Employees' end of service of indemnity paid	22	(114,477)	(553,014)
Net Cash flows from operating activities		**33,901,183**	**12,525,105**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		48,653	64,934
Advance payment for investment		-	(64,337,623)
Acquisition of property, plant and equipment		(11,155,362)	(6,473,163)
Dividends from financial assets at fair value through other comprehensive income		28,900	30,811
Net cash paid for acquisition of subsidiaries and distribution rights		(86,320,277)	(6,159,799)
Proceeds from sale of financial assets at fair value through other comprehensive income		564,409	144,443
Net cash flows used in investing activities		**(96,833,677)**	**(76,730,397)**
Cash flows from financing activities			
Finance costs paid		(10,948,057)	(2,871,683)
Loans and bank facilities		109,771,724	78,902,702
Dividends paid		-	(39,910,374)
Net cash flows from (used in) financing activities		**98,823,667**	**36,120,645**
Net (decrease) increase in cash on hand and at banks		**35,891,173**	**(28,084,647)**
Cash on hand and at banks at the beginning of the year		21,644,788	49,729,435
Translation reserve		236,323	-
Cash on hand and at banks at the end of the year	5	**57,772,284**	**21,644,788**

The accompanying notes from pages (71) to (105) 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. with authorized paid up capital amounted to JD 5 millions (1 JD /share).

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

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

The general assembly decided in the extraordinary meeting on June 3, 2018 to increase its capital by 30,000,000 shares through capitalizing retained earnings by an amount of JD 30,000,000 to become the authorized and paid-up capital of 60,000,000 (1 JD/share). The Company completed its legal procedures of increasing the capital in the Ministry of Industry and Trade on July 17, 2018.

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 March 20, 2019 and is subject to the General Assembly's approval.

2) BASIS OF PREPARATION CONSOLIDATED FINACIAL 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 invested 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 subsidiaries' operations results are included in consolidated profit or loss and other comprehensive income from the date of owning them, which is the date on which the control commences.
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 ot the invetor 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 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 consolidated 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.

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 date of acquisition.

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 statement of profit or loss and other comprehensive income.

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

- The company owns the following subsidiaries as of December 31, 2018:

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 (Under liquidation)	6,000,000	100%	Tobacco	Jordan
Al Fakher Holding-global operations	35,450	100%	Investment	Cayman Island

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

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 owns subsidiaries of which related information are as follows:

Company Name	Partner Contribution	Ownership Percentage	Nature of operation	Country of Operation
Al Fakher Holding- USA ***	7,100	100%	Investment	USA
Al Fakher Tobacco Factory - Egypt *	119,662	100%	Tobacco	Egypt
Al Fakher Tobacco Factory - Germany *	21,734	100%	Tobacco	Germany
Qameh Al Fakher Trading Est **	4,567	100%	Tobacco	KSA
Global Arab Trading and Export Company *	239,325	100%	Tobacco	Egypt
Charms for Importation and Distribution *	79,775	100%	Tobacco	Egypt

* Pioneer Venture Group has acquired the above companies in 2018.

** Pioneer Venture Group has acquired Qameh Al Fakher Trading Est Company in 2018, Where the financial and administrative control is to Pioneer Venture Group under the approval and pledge from the other partner.

***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
Al Fakher Distribution – USA (Previously Sierra Network)	710	100%	Tobacco	USA

The following schedule represents the financial position and financial performance of the subsidiaries as of December 31, 2018:

Jordanian Dinar	As of December 31, 2018			
	Total Assets	Total Liabilities	Total Revenue	Total comprehensive income (loss) for the year
Al Fakher for Tobacco Trading and Agencies – Consolidated	406,623,796	340,770,656	187,209,826	54,227,272
Spectrum International for Renewable Energy	7,752,497	3,386,179	1,396,436	(541,423)
International cigarettes and Tobacco Company	4,247,571	-	-	-

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)

(a) 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 other comprehensive income measured at fair value, financial assets and liabilities measured at amortized cost.

(b) Functional and presentation currency

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

(c) Use of Judgments and estimates

In preparing these consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses, provisions and to disclose the contingent liabilities. These estimates and judgments also affect the income, expenses and provisions as well as the reserve for the valuation of financial assets at fair value and in particular require management to make judgments to estimate future cash flow amounts. The estimates are necessarily based on assumptions and factors with varying degrees of judgment and uncertainty and that actual results may differ from estimates due to the changes resulting from the conditions and circumstances of those estimates in the future.

A- Judgements

The following are the most significant judgments that have effect on the amounts of assets and liabilities in the consolidated financial statements applied in 2018 only:
Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for ncorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

B- Assumptions

The following are materially significant estimates of the consolidated financial statements as at December 31, 2018:
Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

Applicable to 2018 and 2017:

The estimates included in the consolidated financial statements are reasonable and are 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 incurred in the future.
- Provision is made for credit losses expected for receivables based on judgment and assumptions approved by the Group's management to estimate the provision to be made in accordance with the requirements of International Financial Reporting Standards.
- 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 it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.
- Management review annually the recoverable amount of the intangible 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 :

The level in the fair value hierarchy in which the fair value measurements are to be fully classified and fair value measurements should be determined and disclosed in accordance with the levels set out in IFRS. The difference between level 2 and level 3 of fair value measurements means assessing whether information or inputs are observable and the extent of information that is not observable, which requires careful judgment and analysis of the inputs used to measure fair value including consideration of all factors relating to the asset or liability, When assessing the fair value of financial assets or liabilities, the Group uses market information when available. In the absence of first level inputs, the Group deals with independent parties qualified to prepare the valuation studies. The appropriate valuation methods and inputs used to prepare the assessment are reviewed by management.

Management believes that its estimates and judgments are reasonable and sufficient.

3) Significant Accounting Policies

The accounting policies applied by the Group in these consolidated financial statements for the year ended 31 December 2018 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2017, except the International Financial Reporting Standards effective on January 1, 2018 and after which are as the followings:

- IFRS (9): Financial Instruments.
- IFRS (15): Revenue from Contracts with Customers.
- IFRS (2): Share-based Payments.
- Amendments on IAS (40): Transfers of Investment Property.
- Annual Improvements to IFRSs 2014-2016 cycle (Amendment to IFRS (1): First-time Adoption of International Financial Reporting Standards and IAS (28): Investments in Associates and Joint Ventures.
- Applying IFRS (9): Financial Instruments with IFRS (4): Insurance Contracts (Amendments to IFRS (4)).
- IFRIC (22): Foreign Currency Transactions and Advance Consideration.
- IFRIC (14): Deferred accounts.

The application of these amended standards did not have a significant effect on the consolidated financial statements of the Group. The following IFRS (9) and (15) implementation details:

IFRS (15): Revenue from Contracts with Customers

IFRS (15) Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized, applies to all entities entering into contracts for the supply of services and goods with customers except for contracts subject to other accounting standards such as IFRS (9) and IAS (17), which replaces this Standard instead of IAS (1): Construction Contracts, IAS (18) Revenue and IFRIC (13): Customer Loyalty Program, IFRIC (15): Agreements of the construction of real estate, IFRIC (18): Transfer of Assets form Customers and SIC (31) Revenue - Barter Transactions Involving Advertising Services, and based on management review and the annual review, there was no significant effect of the application of the standard on the consolidated financial statements of the Group.

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

IFRS (9): Financial Instruments

The Group has adopted IFRS (9) as a whole starting on 1 January 2018. IFRS (9) defines requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS (39) Financial Instruments: (Recognition and Measurement).

The details of the new significant accounting policies and the nature and impact of changes in previous accounting policies are the below:

A) Classification and measurement of financial assets and financial liabilities:

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

Financial assets:

The Group has applied the first adoption of first stage of IFRS (9) as of 1 January 2018 based on the JSC's request, there were no significant differences between the first stage of the Standard and the final version of the Standard issued on July 24, 2011.

According to IFRS (9), upon initial recognition, financial assets are classified and measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS (9) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS (9) eliminates the previous IAS (39) categories of held to maturity, loans and receivables and available for sale. Under IFRS (9), derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

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

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

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

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

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

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

The following table and the accompanying notes below explain the original measurement categories under IAS (39) and the new measurement categories under IFRS (9) for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS (9) on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Jordanian Dinar	Classification under IAS (39)	New classification under IFRS (9)	Currying amount under IAS (39)	New Currying amount under IFRS (9)
Financial assets				
Cash on hand and at banks	Loans and receivables	Amortized cost	21,644,788	**21,644,788**
Trade and other receivables	Loans and receivables	Amortized cost	68,633,332	**68,633,332**

Financial liabilities:

The implementation of IFRS (9) has no significant impact on the applied accounting policies by the Group which related to financial liabilities whether. IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS (39) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the 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 statement of comprehensive income.
* The remaining amount of fair value valuation differences is recognized in the 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 through profit and loss. Therefore, there is no impact from the application of IFRS (9), to the consolidated financial statements.

B) Impairment on financial assets:

IFRS (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors. The model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other comprehensive income but not to investments in equity instruments. Where credit losses are recognized in accordance with IFRS (9), which is earlier than IAS (39).

Under IFRS (9), impairment loss are measured on either of the following bases:

Lifetime ECLs: These ECLs result from all possible default events over the expected life of a financial instrument until the maturity date from the date of consolidated financial statements.

The expected impairment of the life of the financial instrument to maturity is calculated in the event of a significant increase in credit risk. The expected credit loss model requires recognition of the expected loss over the life of the asset debt instruments are very similar to the requirements of IAS (39).

When determining whether the credit risk of financial assets has increased significantly since initial recognition and in estimating the expected credit loss, the Group relies on reasonable and supportive information available and relevant, including quantitative and qualitative information and analysis of this information based on the Group's past experience and credit study.

The Group considers financial assets to be impaired when:

- The client / buyer will not be able to settle its obligations to the Group without resorting to the use of collateral held against such obligations (if any).
- If more than 90 days have elapsed on maturity of financial assets.

Expected credit loss measurement:

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

Credit rating impairment:

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

Disclosure about impairment:

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

The followings are the most significant accounting policies:

Financial assets and liabilities

A) Recognition and initial measurement

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 when the group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

B) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI; or FVTPL.

A financial assets measured at amortized cost if it meets both of the following Conditions and is not designated as at FVTPL:
Its held within a business model whose objective is to hold assets to collect contractual cash flows, and
Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All other financial assets are measured at FVTPL.

Business model assessment: Policy was adopted from January 1, 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because the best reflects the way the business is managed and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sa1e of the assets.

- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held w thin that business model) and how those risks are managed.
- How managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest- Policy was adopted from January 1, 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest. the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

-Contingent events that would change the amount or timing of cash flows.
-Prepayment and extension features.
-Terms that limit the Group's claim to cash flows from specified assets.

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

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

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

D) Non-derivative financial assets – measurement

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments for the purpose of retaining them over the long term.

These assets are recognized on acquisition at fair value plus acquisition costs and subsequently revalued at fair value, the change in fair value is reflected in consolidated statement of other comprehensive income, shareholders' equity in the consolidated statement of financial position, including changes in fair value arising from translation differences on non-monetary items in foreign currencies, In the event of the sale of these assets or part thereof, the resulting gain or loss is recognized in consolidated comprehansive income and in equity in the consolidated statement of financial position. The balance of the asset valuation reserve sold directly to retained earnings or accumulated losses not through consolidated statement of profit or loss and other comprehensive income.

The Group may elect to recognize the initial gain or loss and recognize it on the statement of comprehensive income on equity investments that are not held for trading and are recognized at fair value through consolidated statement of other comprehensive income. These assets are not subject to impairment testing. Dividend income is recognized in the consolidated statement of profit or loss in a separate line item.

Financial assets at amortized cost

The financial assets that the Group's management intends to maintain in order to collect the contractual cash flows which consist of payments of principal and interest on the outstanding debt balance on fixed and fixed payment dates. These assets have no active market prices and the Group has no intention of selling these assets in the near future.

These assets are recognized at cost, plus acquisition costs, and the allowance / discount is amortized using the effective interest method, restricted or credited to the interest. Any impairment provisions that result in the non-recovery of the asset or part thereof are written off, any impairment is recorded in the consolidated statement of profit or loss and other comprehensive income.

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

Any financial assets from / to this item are reclassified only in cases determined by the IFRS. If any of these assets are sold before their due date, such sales should be recorded in the statement of profit or loss and other comprehensive income in a separate item and disclosed in accordance with the requirements of the International Financial Reporting Standards.

Non-derivative financial liabilities at fair value

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.

E) Leases

Leases in which the Group is a lessee – Financing

Leases of assets, that transfer to the group substantially all of the risks and rewards of ownership are classified as finance leases, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

The minimum lease payments under operating lease is allocated between finance cost and principal payment.

Leases in which the Group is a lessee – Operating
Assets held under other leases are classified as operating leases and are not recognized m the Group's consolidated statement of financial position.

Payments made under operating lease are recognized in consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Leases in which the Group is a lessor– Financing
The Group classifies leases of assets in lease contract which transfer most of risks and rewards to the lessee as finance lease, and a receivables recognized which equal to the net investment of financial assets in granted loans.

F) 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	%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.

G) Impairment

Financial Assets - Policy was adopted from January 1, 2018

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 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.

H) 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, revaluate investment property annually.

I) 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 (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 statement of profit or loss and other comprehensive income; however, intangible assets without definite useful lives are required to be tested for impairment at the same date of the consolidated financial statement. Impairment loss shall be recognized in the consolidated statement of 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.

Revenues recognition -Policy was adopted from January 1, 2018
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.

K) 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.

L) 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.

M) 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.

N) 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.

O) 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.

P) 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.

Q) 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 the countries where the companies are located.

R) Earnings per share

The Group 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 Group 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.

S) New standards and interpretations not yet adopted

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

Standards

Standards	Application Date
IAS 16 Leasing	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

Amendments

Standards	Application Date
IFRIC 23: Uncertainty on Income Tax Processes	1 January 2019
Repayment features with negative confirmation – Amendments to IFRS (9)	1 January 2019
Long term interest in Associates and Joint Ventures – Amendments to IAS (28)	1 January 2019
Plan amendments, Curtailment or Settlement – Amendments to IAS (19)	1 January 2019
• Annual improvements to IFRSs 2015 – 2017 Cycle – various standards.	1 January 2019

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. Except for IFRS 16, the impact of which is expected to be as follows:

IFRS (16) Leases

The Group is required to adopt IFRS (16) "Leases" from January 1, 2019. The Group has assessed the estimated impact that initial application of IFRS (16) will have on its financial statement, as described below. The actual impact of adopting the standard on January 1, 2019 may change because:

- The Group has not finalized the testing and assessment of controls over its new IT systems. The new accounting policies are subject to change until the Group presents its first consolidated financial statement that include the date of initial application.

IFRS (16) introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short-term leases and leases of low value-items. Lessor accounting remains similar to the current standard. IFRS (16) replaces existing leases guidance, including IAS (17) Leases and IFRIC 4 determining whether as arrangement contains a lease.

The estimated impact on applying IFRS (16) on the assets and liabilities is as follows:

Estimated impact of adoption of IFRS (16)

Jordanian Dinar	As reported at December 31, 2018	Estimated adjustments due to adoption of IFRS (16)	Estimated adjustments at January 1, 2019 due to adoption of IFRS (16)
RoU assets	-	6,334,000	6,334,000
Prepaid expenses	45,597	-	(45,597)
Lease liabilities	-	(6,334,000)	(6,334,000)

Leases in which the Group is a lessee

The Group will recognize new assets and liabilities for its operating leases of sites and rentals. The nature of expenses related to those leases will now change:

Because the Group will recognize a depreciation charge for right-of-use (RoU) assets and interest expenses on lease liabilities. Previously, the Group recognized operating lease expense on straight-line basis over the term of the lease, and recognized the asset and liabilities only to the extent that there was a timing difference between actual lease payments and the expenses recognized.

In addition, the Group will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

Based on the information currently available, the Group estimates that it will recognize additional lease liabilities of JD 6,334,000 as at January 1, 2019.

No significant impact is expected on other leases in which the Group is a lessee.

Transition to new standard

The Group plans to apply IFRS (16) on January 1, 2019, using the second option of the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS (16) will not impact the opening balance of retained earnings at January 1, 2019, and with no restatement of comparative information.

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 Group 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, 2018 Jordanian Dinar	Tobacco manufacturing and trading	Energy	Investments	Total
Segment Gross Profit	93,324,510	256,068	-	**93,580,578**
Administrative expenses	(17,441,981)	(808,525)	(4,587,885)	**(22,838,391)**
Selling and distribution expenses	(11,868,442)	-	-	**(11,868,442)**
Dividends from financial assets at fair value through other comprehensive income	-	28,900	-	**28,900**
Finance cost	(1,518,237)	(102,350)	(9,327,470)	**(10,948,057)**
Bank interests revenue	183,665	-	1,501	**185,166**
Gain from sale of property, plant and equipment	10,416	-	-	**10,416**
Administrative and logistics fees	-	-	10,955,274	**10,955,274**
Other income	221,450	(689)	89,637	**310,398**
Segment profits (losses) for the year before tax and board of directors' remuneration	**62,911,381**	**(626,596)**	**(2,868,943)**	**59,415,842**
Segment total assets	222,784,797	7,144,170	184,125,126	414,054,093
Segment total liabilities	67,026,148	2,721,029	199,137,584	268,884,761
Capital expenditure	11,138,901	12,918	3,543	11,155,362

For the year end December 31, 2017 Jordanian Dinar	Tobacco manufacturing and trading	Energy	Investments	Total
Segment 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 at fair value through other comprehensive income	-	30,811	-	**30,811**
Impairment loss on 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	6,458,233	5,181	9,749	6,473,163

5) Cash on hand and at banks

Jordanian Dinar	As of December 31,	
	2018	2017
Cash on hand	100,443	100,806
Current accounts at banks	54,989,233	16,785,280
Deposits at banks *	2,682,608	4,758,702
	57,772,284	**21,644,788**

* The maturity date of the deposits is on monthly basis and the interest rate is between 1% to 5.6%.

6) Trade and other receivables

Jordanian Dinar	As of December 31,	
	2018	2017
Trade receivables	77,525,553	67,622,683
Advance payments to suppliers	2,499,500	1,171,632
Other receivables*	406,943	-
	80,431,996	**68,794,315**
Provision for impairment on doubtful debts*	(412,221)	(160,983)
	80,019,775	**68,633,332**

* Other receivables represent the amount due from the old partner of Global Arab Trading and Export Company, which will be collected during 2019.

**The movement on the expected credit loss provision was as follow:

Jordanian Dinar	As of December 31,	
	2018	2017
Balance as of January 1,	160,983	160,983
Additions during the year	251,238	-
	412,221	**160,983**

*Aging customer accrued accounts as follow :

Jordanian Dinar	Total	0 – 90 day	91-180 day	181-270 day	271-365 day	More than 365 day
2018	77,525,553	48,957,508	18,468,896	9,555,522	145,415	398,212
2017	67,622,683	44,360,499	15,563,299	7,366,610	171,292	160,983

7) Inventory

Jordanian Dinar	As of December 31,	
	2018	2017
Raw material	20,242,862	20,168,810
Work in process	212,878	88,908
Finished goods	15,240,671	5,919,453
Goods in transit	515,263	439,102
Spare parts	812,057	896,070
Advertisement and accessories goods inventory	1,670,129	890,175
Consumable goods inventory	177,693	134,209
	38,871,553	**28,536,727**
Provision for slow-moving inventory *	(1,145,970)	(188,442)
	37,725,583	**28,348,285**

The Group's management which represented by sales and marketing department calculate the provision for slow moving items which will not use in production process or it is not expected to sell in the coming period for finished and advertising:

Jordanian Dinar	As of December 31,	
	2018	2017
Balance as of 1 January	188,442	-
Provision made during the year	1,145,970	188,442
Disposed during the year	(188,442)	-
	1,145,970	**188,442**

8) Other debit balances

Jordanian Dinar	As of December 31,	
	2018	2017
Key-money*	998,591	1,374,013
Prepaid expenses	3,824,312	1,481,753
Prepaid income tax	902,249	553,418
Refundable deposits	14,453,590	525,769
Employees receivable	180,078	79,991
Sales and income tax deposits	41,167	22,185
Deferred taxes	46,405	54,846
Taxes on interests	161,719	147,669
Advance payment on projects under construction	1,808,375	180,934
Excise tax	2,626,000	1,519,676
Other	176,130	23,958
	25,218,616	**5,964,212**
Impairment in employees account	(20,000)	(20,000)
	25,198,616	**5,944,212**

*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 2018	77,200	289,500	862,710	1,254,500	2,483,910
Additions during the year	-	-	-	-	-
Balance as of December 31, 2018	77,200	**289,500**	**862,710**	**1,254,500**	**2,483,910**
Balance at the beginning of January 2017	-	289,500	862,710	-	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**
Accumulated amortization					
Balance at the beginning of January 2018	77,200	188,175	530,897	313,625	1,109,897
Amortization during the year	-	28,978	158,086	188,358	375,422
Balance as of December 31, 2018	**77,200**	**217,153**	**688,983**	**501,983**	**1,485,319**
Balance as of December 31, 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
Net book value as of December 31, 2018	**-**	**72,347**	**173,727**	**752,517**	**998,591**
Net book value as of December 31, 2017	**-**	**101,325**	**331,813**	**940,875**	**1,374,013**

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

Jordanian Dinar	As of December 31,	
	2018	2017
Quoted market prices *	-	483,691
Unquoted market prices **	150,525	301,025
	150,525	**784,716**

* This balance 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, 2018 and 2017.

** This balance 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,	
				2018	2017
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, 2018 according to average real estate expert valuation amounted to JOD 289,782 (2017: JOD 331,960) 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 2018 according to average real estate expert valuation amounted to JOD 1,818,482 (2017: JOD 2,022,535) 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

A- Intangible assets consist of goodwill resulted from acquiring subsidiaries in addition to intangible assets arising from distribution rights as the following details:

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**	

B- Fakher Holding- USA purchased on December 4, 2017 100% of Al-Fakher Distribution (Previously 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- Al-Fakher Holding for Tobacco Trading and Agencies – Cayman Island purchased during 2017 100% of Al-Fakher 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**	

D- Pioneer Venture Group - purchased during 2018 100% of Al-Fakher Factory- Egypt as follow:

Jordanian Dinar	Fair value on acquisition	Book value on acquisition
Net assets	**(702,514)**	**(702,514)**
Cash paid	2,979,552	
Goodwill from acquisition	**3,682,066**	

E- In 2017, the Group purchased the rights of distribution activities for Al Fakher products in 53 countries under an agreement by Al-Fakher Holding Company for Tobacco Trading and Agencies.
On 31 October 2018, the Group completed the acquision process of purchase the rights of distribution product activities in the market that have been acquired. With reference that the agreement is purchasing agreement for the rights of distribution activities.

Based on the study provided by an expert on distribution activity, the Group's management recognized the value of distribution rights as follows:

Jordanian Dinar	2018
Distribution rights	79,810,367
Goodwill	53,248,680
	133,059,047

The owner of the distribution activity was charged costs related administrative and logistic services before completing the acquisition of distribution activities, and the amount of services charged to the owner of the distribution activity amounted to JD 10,955,274.

Jordanian Dinar	As of December 31,	
	2018	2017
Total intangible assets	**182,297,000**	**45,555,887**

12) Property, plant and equipment

Jordanian Dinar	Land	Vehicles	Other equipment	Computers and office equipment	Furniture and fixture	Tools	Machines and equipment	Buildings	Leasehold improvements	Projects under construction	Total
Cost											
Balance as of January 1, 2018	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
Additions	108,130	208,005	348,933	376,524	80,157	294,488	551,414	507,272	35,095	8,645,344	11,155,362
Disposal	-	(54,205)	(40,043)	-	-	(44,192)	(84,276)	-	-	-	(222,716)
Transfers	-	-	-	-	-	83,608	-	-	-	(83,608)	-
Balance as of December 31, 2018	**3,623,871**	**1,177,650**	**2,224,186**	**964,830**	**900,676**	**3,647,225**	**16,161,368**	**13,786,292**	**262,341**	**11,229,559**	**53,977,998**
Accumulated depreciation											
Balance as of January 1, 2018	-	632,978	1,284,088	364,490	477,373	2,474,262	8,931,813	6,801,517	113,622	-	21,080,143
Depreciation for the year	-	244,439	235,030	168,644	65,290	476,407	1,358,164	1,123,946	58,527	-	3,730,447
Disposal	-	(29,991)	(39,715)	-	-	(31,496)	(83,277)	-	-	-	(184,479)
Balance as of December 31, 2018	**-**	**847,426**	**1,479,403**	**533,134**	**542,663**	**2,919,173**	**10,206,700**	**7,925,463**	**172,149**	**-**	**24,626,111**
Net book value as of December 31, 2018	**3,623,871**	**330,224**	**744,783**	**431,696**	**358,013**	**728,052**	**5,954,668**	**5,860,829**	**90,192**	**11,229,559**	**29,351,887**
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**

13) Other credit balances

Jordanian Dinar	As of December 31,	
	2018	2017
Accrued expenses – advertisement material	1,063,889	1,807,542
Bonus provision	7,686,015	4,902,942
Accrued interest	48,426	1,075,861
Shareholders deposits	679,125	769,068
Contingent liability provision	1,812,708	1,600,103
Accrued expenses	3,433,307	2,793,497
Jordanian universities provision	76,448	76,448
Board of directors' remuneration	45,000	45,000
Humanitarian cases fund	85,583	66,711
Social security deposits	8,642	11,402
Others	473,296	575,068
	15,412,439	**13,723,642**

14) Payables due to acquisition

Short term -Payables due to acquisition 1-14

In December 4, 2017, Al Fakher Holding- USA acquired 100% of the capital of Alfakher Distribution USA (Previously Sierra Network), as the remaining investment amount will be paid during 2019.

Long term -Payables due to acquisition 2-14

The Group completed the purchase of the rights of distribution activities for Al Fakher products in 53 countries under "an agreement of purchasing the rights of distribution activates". Which resulted in a deferred amount for old owner of the distribution activities of JD 14,180,000 which will be paid in 2020.

15) Loans and bank facilities

15-1 Loans and bank facilities - Short term

Bank's name	Facility type	Maturity date	December 31, 2018	December 31, 2017
Bank of Jordan	Overdraft	-	1,205,470	1,080,815
Bank of Jordan (1)	Loan	March 31, 2019	15,930,000	15,930,000
Bank of Jordan (2)	Loan	December 31, 2019	37,155	32,931
Bank of Jordan (3)	Loan	December 31, 2019	129,300	-
Bank of Jordan (4)	Loan	December 31, 2019	37,116	-
Housing Bank (5)	Loan	December 31, 2019	1,646,673	1,098,816
Credit Suisse (6)	Syndicated loan	December 31, 2019	59,083,333	-
Bank of Jordan	Loan	February 28, 2018	-	25,000,000
Cairo Amman Bank	Loan	March 31, 2018	-	28,359,868
Arab Jordanian Investment Bank	Loan	April 25, 2018	-	14,200,000
			78,069,047	**85,702,430**

15-2 Loans and Bank facilities - Long term

Bank's name	Facility type	Maturity date	December 31, 2018	December 31, 2017
Bank of Jordan (2)	Loan	October 13, 2026	282,378	317,088
Bank of Jordan (3)	Loan	June 30, 2025	711,050	-
Bank of Jordan (4)	Loan	August 31, 2025	210,324	-
Housing Bank (5)	Loan	April 1, 2024	7,164,960	8,813,184
Credit Suisse (6)	Syndicated loan	December 31, 2021	**118,166,667**	-
			126,535,379	**9,130,272**

1- Al Fakher Tobacco for Trading and Agencies Company – subsidiary company obtained 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 2017 and lastly in December 27, 2018, as the loan payments due date has been extended to be settled in one payment on March 31, 2019 with a LIBOR 3 months + %3.75 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.

2- 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 disbursments 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 4.5% 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 invetment 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 paymment on February 28, 2018. The Company repayment the loan during the first quarter of 2018.

3- 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 disbursments and any completed works with a percentage of 100% of the value of invoices and works with a maximum value of JOD 905,000. The loan is subject to 4 % and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 84 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.

4- Spectrum Company has signed an agreement to grant a loan from bank of Jordan to purchase a land for Al zaytoun maounten project amounted to JOD 282,000. The loan is subject to 8.375% and commission of zero and repaid on equal monthly premium inclusive of interest and shall commence payment of 84 equal monthly payments including interest, the first installment after 6 months from the date of execution until full repayment.

5- 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 LIBOR + 2.25 with minimum of 3.25% with a guarantee of Al-Eqbal Investment Company.

6- Al-Fakher for Trading Tobacco and Agencies Company – Cayman island obtained a bank loan amounted to USD 250 Million with an interest rate ranging from 3% to 3.25% + 3 months of LIBOR. And the first installment is due on June 30, 2019. With the following guarantees:

Guarantee the shares of Al-Eqbal Investment Company in Al-Fakher Holding Company for Tobacco and Agencies Trading - Cayman Islands.
- Guarantee the shares of Al-Fakher Holding Company for Tobacco and Agencies Trading in Al Fakher Tobacoo Company.
- Guarantee the shares Al-Fakher international in Pioneer Venture.
- Mortgaging the equipment only in addition to the land lease of Ajman.

The Bank of Jordan is considered related party as the group has total loans and bank facilities amounted to 18,542,793 JD from bank of Jordan.

16) Cost of sales

Jordanian Dinar	For the year end December 31,	
	2018	2017
Raw Materials beginning of the year	20,168,810	15,152,781
Raw Material from the acquired companies	493,919	-
Raw Material purchases during the year	72,331,998	85,126,717
Raw Materials end of the year	(20,242,862)	(20,168,810)
Raw Materials used in productions	**72,751,865**	**80,110,688**
Work in process - beginning of the year	88,908	164,721
Indirect manufacturing cost*	19,902,554	17,809,543
Work in process - end of the year	(212,878)	(88,908)
Cost of goods Manufactured	**92,530,449**	**97,996,044**
Finished Goods-beginning of the year	5,919,453	1,980,067
Finished Goods from the acquired companies	7,529,790	-
Cost of finished goods purchases	1,343,570	-
Finished Goods- End of the year	(15,240,671)	(5,919,453)
Cost of goods Sold	**92,082,591**	**94,056,658**
Add:		
Cost of distributed goods and promotional materials	3,711,182	9,548,809
Cost of selling advertising goods	510,235	1,116,897
Subtract:		
Cost of free distributed goods	(1,036,513)	(5,100,445)
Cost of goods returned to manufacturing	(241,811)	(88,956)
	95,025,684	**99,532,963**

*Manufacturing cost includes the following

Jordanian Dinar	For the year end December 31,	
	2018	2017
Depreciation and amortization	3,504,175	3,158,881
Salaries, wages, overtime and related expenses	5,900,755	5,071,487
Employees' rewards	1,923,730	1,156,597
Fuel	1,044,569	851,249
General maintenance	326,932	606,395
Repairs expenses and spare parts	778,874	745,461
Consumed materials and tools	591,753	626,017
Rent	844,257	707,619
End of services indemnity	372,174	405,544
Damaged materials	312,249	56,681
Training expenses and employees' residency	176,987	193,692
Electricity and water	479,956	520,063
Insurance expense	416,282	333,000
Travel and transportation	191,743	176,994
Customs expenses	-	248,560
Cost of returned goods to manufacturing	219,542	6,551
Project expenses	691,236	1,966,697
Export and shipping fees	124,941	62,196
Fees and subscriptions	206,362	114,139
Consulting expenses	44,160	48,417
Food and hospitality expenses	348,386	206,896
Cleaning expenses	183,957	196,760
Provision for slow moving items	1,145,970	188,442
Other expenses	73,564	161,205
	19,902,554	**17,809,543**

17) Administrative expenses

Jordanian Dinar	For the year end December 31,	
	2018	2017
Salaries, wages and related expenses	6,739,108	4,942,519
Employees' rewards	5,300,947	2,892,880
Donations	398,550	361,464
Travel expenses	834,962	716,777
Studies and consultations	1,026,169	1,648,264
End of service indemnity	519,854	451,239
Depreciation and amortization	550,787	294,169
Rent expenses	471,800	364,889
Legal and consulting fees	2,757,686	677,197
Professional, Studies and consultations fees	760,174	1,258,403
Fees and subscriptions	280,185	299,505
Health insurance	457,561	194,847
Communications expenses	82,313	147,514
Board of directors transportation	150,000	174,950
Bdaya project	101,571	112,985
Trade marks expenses	56,725	20,899
Advertisement	40,946	20,275
Transportation	166,308	116,273
Hospitalities	85,764	45,745
Bank commission	921,775	47,111
Stationary and printings	58,351	47,149
Vehicles expenses	24,044	20,022
General maintenance	25,876	33,748
Consumed materials	121,701	11,075
Electricity and water	61,092	14,643
Cleaning expenses	23,492	16,367
Fuel	28,802	24,269
Training	67,705	66,534
Audit committee fees	6,000	6,000
Advertising material management	26,400	86,159
Tax contingent liabilities provision	212,605	-
Other	479,138	453,328
	22,838,391	**15,567,199**

*Executive management short term salaries and remunerations for Eqbal Company and it's subsidiaries for the year ended December 31, 2018 amounted to JOD 3,326,215 (December 31, 2017: JOD 2,025,689).

18) Selling and distribution expenses

Jordanian Dinar	For the year end December 31,	
	2018	2017
Salaries, wages, overtime and related expenses	3,310,165	1,484,467
Employees' rewards	1,079,182	664,047
Export and shipping expenses	713,198	267,218
Exhibit expenses	413,371	407,644
Lawsuits expenses	281,714	671,893
Travel and residency	720,309	325,455
Studies and consultations	250,919	56,301
Designs expense	1,690,317	1,820,551
Materials	252,151	235,478
End of service of indemnity	203,543	160,366
Communications expenses	6,399	38,546
Damaged and absolute goods	169,995	154,571
Advertising expense	2,035,117	707,698
Rent	13,744	11,882
Health insurance	68,858	41,087
Depreciation and amortization	50,907	16,335
Transportation	4,892	43,846
Hospitality	32,139	11,823
Expected credit loss provision	251,238	-
Training	54,751	19,965
Other	265,533	35,625
	11,868,442	**7,174,798**

19) Dividends

The following table described the declared dividends by the Group:

Jordanian Dinar	For the year end December 31,	
	2018	2017
Cash Dividends distributed*	-	40,000,000
	-	**40,000,000**

* 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.

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,	
	2018	2017
Balance at the beginning of the year	6,021,753	5,609,153
Income tax expense for the year	7,716,898	5,693,123
Income tax paid during the year	(6,515,061)	(5,280,523)
Balance at the end of the year	**7,223,590**	**6,021,753**

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 effective tax rate for the group which applied on the profit is 13% as for the year ended December 31, 2018 (December 31, 2017:10.86%) .

21) Earnings per share

Jordanian Dinar	As of December 31,	
	2018	2017
Profit for the year (JD)	51,653,944	46,699,335
Weighted average for number of shares (Share)	60,000,000	60,000,000
Earnings per share for the year	**0.86**	**0.78**

The earnings per share was calculated by dividing the profit for the year on the number of outstanding shares amounting to 60 million shares as of December 31, 2018.

The weighted average for number of shares was adjusted for comparative year, as the company has capitalized 30 million free shares from the retained earnings.

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,	
	2018	2017
Balance as of 1 January	4,344,446	3,880,311
Provision for the year	1,055,014	1,017,149
Paid during the year	(114,477)	(553,014)
Balance at the end of the year	**5,284,983**	**4,344,446**

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,	
	2018	2017
Bank guarantees	11,040,578	2,405,471
	11,040,578	**2,405,471**

Against cash margins represented as follow:

Jordanian Dinar	As of December 31,	
	2018	2017
Cash margins	8,975,403	170,755
	8,975,403	**170,755**

1) The Company filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing income tax on the year 2012 with an amount of JD 111,756 in addition to a legal compensation amount of JD 46,123. A decision was issued in the case to accept the lawsuit and prevent the tax department from claiming the company the amount of the tax difference because of a formal error in the procedures of issuing the final decision of the Tax Department, with the possibility that the tax department to correct the procedures and raise a new claim against the company with the tax amount.

2) The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes for the years of 2009, 2010 and 2011 with an amount of JD 7,843,927 and Legal compensation amount of JD 3,889,245 and 111,372 for the education support fund. the Tax Court decision was issued containing the cancelation of the decision of the Income Tax Department as well as preventing them from claiming the company for the amounts mentioned, and reserving an amount of JOD 288,681 for income tax and JD 111,372 for the education support fund and JD 166,715 as a legal compensation. As the company filed a discriminatory appeal against the decision and the lawsuit is currently at the Supreme Court.

Based on the tax consultant and the group's management opinion, the company will not pay more than the amounts contained in the experience report, as the company booked an addition amount of provision amounted to JOD 212,000 during the first quarter in 2018.

3) 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 with an amount of JD 15,749,062 for the years 2012,2013,2014,2015 and 2016 and an amount of JD 9,510,970 as legal compensation, and the case is still pending.

Based on the Group's management and it's legal consultant opinion, the probability of winning the legal case is high because the profit is from a branch and not from an investment. In Addition, the company has paid the due payments to the Tax Department in Aqaba.
And the company booked an extra provision amounted to JD 1,386,102 for the year 2015.

3) The old partner of Al Fakher distribution company (previously Sierra Network) filed a lawsuit as a compensation on the value of selling the company (Sierra) Against, Al-Fakher distribution, Al-Fakher holding company- USA and Al-Fakher for Trading Tobacco and Agencies Company and asked for a compensation amounted to JD 2,493,160.

Based on the Group's management and tax consultant opinion, the probability of winning the legal case is very high and if the amount required must be paid, it will be deducted from the old partners' payments.

24) Other Income

Jordanian Dinar	For the year end December 31,	
	2018	2017
Foreign exchange rate and prices	137,578	(749,619)
Scrap sales	120,102	966,140
Other	52,718	26,914
	310,398	**243,435**

25) Advance Payment for Investments

The details for the advance payments for investments are as follows:
- Spectrum International for Renewable Energy invested in a joint project in Sol In Par S.R.L – Italy, where the company paid an advance payment amounted to JD 863,871.

26) Administrative and logistics fees

The owner of distribution activities was charged costs related to the administrative and logistics before the acquisition. And the value that was charged on the owner of the distribution activities amounted to JOD 10,955,274.

27) Increasing Capital

The General Assembly decided in the extraordinary meeting on June 3, 2018 to increase its capital by 30,000,000 shares through capitalizing retained earnings by an amount of JD 30,000,000 to become the authorized and paid-up capital of 60,000,000 (1 JD/share).

28) 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.

29) 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 Group's 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, 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	
	2018	2017
Current accounts and deposits at banks	57,671,840	21,543,982
Trade and other receivables	80,019,775	68,633,332
Other debit balances	14,625,764	609,718
	152,317,379	**90,787,032**

- Trade and other receivables

The Group applies IFRS 9 a simple approach that measures the expected credit loss which uses the provision of expected aging credit loss for receivables.

- For the purpose of measuring expected credit loss, receivables are gathered based on common credit risk characteristics and on the maturity of the receivables. The Group has therefore summarized the expected loss ratios for receivables as approximate and reasonable with respect to loss ratios for receivables.
- The expected loss ratios have been prepared on the basis of payments / repayments of receivables during the period from January 1, 2018 to December 31, 2018 and similar historical credit losses tested during this period. The historical loss ratios have been adjusted to reflect the impact of research information on macroeconomic factors, affecting the ability of customers to repay receivables

- 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:

As of December 31, 2018

Jordanian Dinar	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
Deferred cheques -Short Term	380,655	(380,655)	(380,655)	-
Accounts payable	17,615,290	(17,615,290)	(17,615,290)	-
Other credit balances	15,412,439	(15,412,439)	(15,412,439)	-
Income tax provision	7,223,590	(7,223,590)	(7,223,590)	-
Payables due to acquisitions	18,363,378	(18,363,378)	(4,183,378)	(14,180,000)
Loans and Bank facilities	204,604,426	204,604,426)	(78,069,047)	**(126,535,379)**
Provision of employees' end of service indemnity	5,284,983	(5,284,983)	-	**(5,284,983)**
	268,884,761	**(268,884,761)**	**(122,884,399)**	**(146,000,362)**

As of December 31, 2017	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)
	165,287,823	**(165,287,823)**	**(149,154,355)**	**(16,133,468)**

- Market risk

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

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

- Currency Risk

Most of the group's financial assets and liabilities are in Jordanian Dinar, US Dollar and UAE Dirhams, and due to the fact that the Jordanian Dinar is pegged with US Dollar and UAE Dirhams is pegged with US Dollar, the Group's management believes that the foreign currency risk is not material on the consolidated financial statements.

The following is a summary of the quantitative information related to the Group facing currency risk provided to management of the Group based on the risk management policy:

As of December 31, 2018 (Jordanian Dinar)	EURO	EGP	SAR	TRY
Cash on hand and at banks	12,665,128	4,335,038	448,416	77,127
Trade and other receivables	1,246,577	497,792	1,387,420	9,971
Other debit balances	155,253	87,288	5,072,211	86,960
Accounts payable	-	2,120,131	27,668	-
Other credit balances	31,089	1,871,741	359,320	611,837
	14,098,047	**8,911,990**	**7,295,035**	**785,895**

- Sensitivity analysis

A 10 % strengthening of the JD against Euro, Egyptian pound, Saudi riyal and Turkish lira at 31 December would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

Jordanian Dinar	As of December 31,	
	Increased	Decreased
	Profit or (loss)	Profit or (loss)
EURO	1,409,804	(1,409,804)
EGP	891,199	(891,199)
SAR	729,503	(729,503)
TRY	78,585	(78,585)

- 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,	
	2018	2017
Fixed Rate Instruments:		
Financial Assets	2,682,608	4,758,702
Variable rate instrument		
Financial Liabilities	(204,604,426)	(94,832,702)

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 consolidated financial statements 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, 2018 Jordanian Dinar	Equity	
	5% Increase	5% decrease
Financial assets at fair value through other comprehensive income	7,526	(7,526)
	7,526	**(7,526)**
As of December 31, 2017		
Financial assets at fair value through other comprehensive income	39,236	(39,236)
	39,236	**(39,236)**

- 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,	
	2018	2017
Total Debt	268,884,761	165,287,823
(Less) cash on hand and at banks	**(57,772,284)**	**(21,644,788)**
Net Debt	211,112,477	143,643,035
Net Shareholders' equity	145,169,332	93,348,847
Adjusted capital	**145,169,332**	**93,348,847**
Debt - to- adjusted capital ratio	1.45	1.54

30) 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 valuated 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 on a non-recurrent basis:

The Group measures below assets and liabilities at fair value on a non-recurrent basis

As of December 31, 2018 Jordanian Dinar	Book Value						Fair Value		
	Hedge instruments at fair value	At fair value through profit or loss- others	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	level (1)	level (2)	level (3)
Financial assets									
Cash on hand and at banks	-	-	-	-	57,772,284	-	57,772,284	-	-
Financial assets at fair value through statement of other comprehensive income	-	-	-	-	150,525	-	-	150,525	-
As of December 31, 2017 Jordanian Dinar									
Financial assets									
Cash on hand and at banks	-	-	-	-	21,644,788	-	21,644,788	-	-
Financial assets at fair value through statement of other comprehensive income	-	-	-	-	784,716	-	483,691	301,025	-

* Fair value 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.

- 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.

As of December 31, 2018 Jordanian Dinar	Book Value						Fair Value		
	Hedge instruments at fair value	At fair value through profit or loss- others	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	level (1)	level (2)	level (3)
Financial assets									
Trade and other receivables	-	-	-	-	80,019,775	-	-	80,019,775	-
Other debit balances	-	-	-	-	25,198,616	-	-	25,198,616	-
Financial liabilities									
Deferred cheques	-	-	-	-	(380,655)	-	-	(380,655)	-
Accounts payable	-	-	-	-	(17,124,457)	-	-	(17,124,457)	-
Other credit balances	-	-	-	-	(15,412,439)	-	-	(15,412,439)	-
Payables due to acquisition	-	-	-	-	(18,363,378)	-	-	(18,363,378)	-
Loans and Bank facilities	-	-	-	-	(204,604,426)	-	-	(204,604,426)	-

There are no transfers between the levels until the end of the financial year ended as of December 31, 2018.

As of December 31, 2017 Jordanian Dinar	Book Value						Fair Value		
	Hedge instruments at fair value	At fair value through profit or loss- others	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	level (1)	level (2)	level (3)
Financial assets									
Trade and other receivables	-	-	-	-	68,633,332	-	-	68,633,332	-
Other debit balances	-	-	-	-	5,944,212	-	-	5,944,212	-
Financial liabilities									
Deferred cheques	-	-	-	-	(299,479)	-	-	(299,479)	-
Accounts payable	-	-	-	-	(13,901,441)	-	-	(13,901,441)	-
Other credit balances	-	-	-	-	(13,723,642)	-	-	(13,723,642)	-
Payables due to acquisition	-	-	-	-	(32,164,360)	-	-	(32,164,360)	-
Loans and Bank facilities	-	-	-	-	(94,832,702)	-	-	(94,832,702)	-

There are no transfers between the levels until the end of the financial year ended as of December 31, 2017.
Management believes that the carrying amounts of financial assets and liabilities appearing in the financial statements approximate to the fair values.

31) Comparative figures

The comparative figures represent the consolidated statement of financial position as at 31 December 2017, in addition to the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2017.