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2018/06/30

مرفق طيه نسخة من التقرير نصف السنوي لشركة
(شيكول للأوراق المالية) كما هو بتاريخ
2018/06/30

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الرقم التسلسلي ٤٧٨١٤
الجهة المختصة ٥٠٦١١٢

Shmesani Issam Ajluni St. No. (60)
Tel: (+962) (6) 5100700
Fax: (+962) (6) 5100701
P.O.Box 930553 Amman 11193 Jordan
E-mail : shareco@shareco.com.jo

**Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan**

**Interim Condensed Financial Statements
and Review Report
for the six months ended June 30, 2017**

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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Report on Review of Interim Condensed Financial Information

To Messrs. Shareholders
Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

We have reviewed the interim condensed statement of financial position of Shareco Brokerage Company (Public Shareholding Company), as at June 30, 2017, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard no. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion about this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement no. (2410) "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standard no. (34) "Interim Financial Reporting".

Other matter

On December 10, 2013 the board of security commissioner has approved for the company to resume its operation within cash dealing.



Talal Abu-Ghazaleh & Co. International

Mohammad Alazraq
(License # 1000)

Amman, on July 30, 2018

Shareco Brokerage Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed statement of financial position as at June 30, 2017 - (reviewed and unaudited)

		June 30, 2018	December 31, 2017
	<u>Notes</u>	<u>(Reviewed and unaudited)</u>	<u>(Audited)</u>
ASSETS			
Current Assets		JD	JD
Cash and cash equivalents		247,472	244,130
Trade receivables	3	1,477,975	1,282,252
Other debit balances		638,957	732,008
Total Current Assets		<u>2,364,404</u>	<u>2,258,390</u>
Non-current Assets			
Investments property		3,323,202	3,333,245
Property and equipment		169,606	171,591
Total current asset		<u>3,492,808</u>	<u>3,504,836</u>
Total Assets		<u>5,857,212</u>	<u>5,763,226</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		197,449	143,539
Other credit balances		110,336	76,011
Contingents legal liabilities provision		102,281	102,281
Total Liabilities		<u>410,066</u>	<u>321,831</u>
Equity			
Capital		9,000,000	9,000,000
Statutory reserve		575,285	575,285
Voluntary reserve		220,393	220,393
Accumulated losses		(4,348,532)	(4,354,283)
Net equity		<u>5,447,146</u>	<u>5,441,395</u>
Total Liabilities and Equity		<u>5,857,212</u>	<u>5,763,226</u>

Shareco Brokerage Company
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Interim condensed statement of comprehensive income for the six months ended June 30, 2017 - (reviewed and unaudited)

	For the six months ended in June 30		For the three months ended in June 30	
	2018	2017	2018	2017
	JD	JD	JD	JD
Recovery of doubtful debts allowance	-	908,031	-	-
Net of brokerage commissions	73,932	130,423	34,987	78,506
Net of Investments property rent	43,607	32,386	23,864	12,704
Other revenue	13,998	21,555	8,854	21,555
Marketing expenses	(1,850)	(5,979)	(1,061)	(1,637)
Administrative expenses	(104,820)	(110,869)	(56,785)	(57,573)
Lawyer fees and legal cases	(19,116)	(34,143)	(7,966)	(23,215)
Profit	5,751	941,404	1,893	30,340
Earnings per shear from profit	JD - /001	JD - /105		

Shareco Brokerage Company
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Interim condensed statement of changes in equity for the six months ended June 30, 2017
- (reviewed and unaudited)

	Capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
For the six months ended June 30, 2018					
Balance as at January 1, 2018	9,000,000	575,285	220,393	(4,354,283)	5,441,395
Profit	-	-	-	5,751	5,751
Balance as at June 30, 2018	<u>9,000,000</u>	<u>575,285</u>	<u>220,393</u>	<u>(4,348,532)</u>	<u>5,447,146</u>
For the six months ended June 30, 2017					
Balance as at January 1, 2017	9,000,000	485,146	220,393	(5,165,537)	4,540,002
Profit	-	-	-	941,404	941,404
Balance as at June 30, 2017	<u>9,000,000</u>	<u>485,146</u>	<u>220,393</u>	<u>(4,224,133)</u>	<u>5,481,406</u>

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Interim condensed statement of cash flows for the six months ended June 30, 2017
- (reviewed and unaudited)

	June 30, 2018	June 30, 2017
	JD	JD
Cash flows from operating activities		
Profit	5,751	941,404
Adjustments for :		
Depreciation and amortization	12,463	6,700
Recovery of doubtful debts allowance	-	(908,031)
Changes in operating assets and liabilities:		
Trade receivables	(195,723)	(147,258)
Other debit balances	93,051	179,725
Trade payables	53,910	16,499
Other credit balances	34,325	(97,806)
Net cash from operating activities	<u>3,777</u>	<u>(8,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(435)	(52,489)
Net cash from investing activities	<u>(435)</u>	<u>(52,489)</u>
Net change in cash and cash equivalents	3,342	(61,256)
Cash and cash equivalents- beginning of period	244,130	493,824
Cash and cash equivalents- end of period	<u>247,472</u>	<u>432,568</u>
Information about non-cash transaction		
Execution of the mortgage deed against the brokerage doubtful receivable - note (3)	<u>-</u>	<u>908,031</u>

Shareco Brokerage Company
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Notes to the interim condensed financial statements

1. General

- Shareco brckrage Company was established on January 19, 2006 and registered as a public shareholding company in the companies control department at the Ministry of Industry and Trade under the number (382).
- The main activities of the Company are:
 - Commission broker
 - Purchase and sale of shares, bonds and securities.

2. Significant accounting policies

- The interim condensed financial information for the Company were prepared according to International Accounting Standard (34) "Interim Financial Reporting".
- Accounting policies used in preparing the interim financial statement are consistent with those policies used in preparing the financial statements for the year ended December 31, 2018.
- The financial statement have been approved by board of directors on July 29, 2018.

3. Accounts receivable

	June 30, 2018 (reviewed and unaudited) JD	December 31, 2017 (audited) JD
Brokerage customer receivables - doubtful	6,846,244	6,861,244
Less: allowance for doubtful receivables (*)	<u>(6,846,244)</u>	<u>(6,846,939)</u>
Net	-	14,305
Brokerage customer receivables	1,925,504	1,714,781
Less: allowance for doubtful receivables	<u>(447,529)</u>	<u>(446,834)</u>
Net	<u>1,477,975</u>	<u>1,282,252</u>

(*) Allowance for doubtful receivables movement during the year is as follows:

	June 30, 2018 (reviewed and unaudited) JD	December 31, 2017 (audited) JD
Balance - beginning of period / year	7,293,773	8,211,804
Recovery of doubtful debts allowance	<u>-</u>	<u>(918,031)</u>
Balance - end of period/ year	<u>7,293,773</u>	<u>7,293,773</u>

(*) On March 20, 2010, a memorandum of understanding was signed between a former Chairman of the Board of Directors, and former and current Board members and one of the shareholder; and it was agreed on the following:

- The Vice General Manager and the former member of the Board of Directors shall register the Commercial Complex to the name of the Company - Shareco - within ten days and obtain the registration certificate in the name of the Company provided that the Company shall pay all fees related to complete the registration process.
- The Chairman of the Board of Directors and the former General Manager undertake to provide a personal real estate mortgage in value of JD 4 million in benefit for the company in order to guarantee the debt, as per the decision of the committee composed from next board of directors, these debts were a result from general manager's personal error or an acts outside his powers as general manager of the company that were not at all for interest of the company and in whatever the value of debt , It is worth to mention that a real estate mortgage bond was submitted in the amount of JD 4 million on 29 March, 2010 and it is due on 28 March 2015.
- The former General Manager committed to pay fully the amount of the debts determined by committee, the mortgage will be released after full payment of debt amounts. The Company has the right to take all legal actions toward collection debts, in the event of collections either wholly or partially of the mentioned debts; these collections shall be refunded to the former Chairman of the Board of Directors and the former General Manager after deduction all legal fees and expenses related to legal cases.
- Upon execution of all terms mentioned above , one of the shareholders (the current Chairman of the Board) is obliged to drop all legal cases against the Board of Directors and against the Company, whether those cases are filed with the courts or with any other party.
- All parties related to this memorandum shall be committed for full cooperation with the company to be re listed in Amman Stock exchange and do all efforts for company to succeed and to be one of the competitive brokerage companies.
- The Board of Directors appointed a collection committee in its decision No. 43/2010 dated July 10, 2010, which started its work and made reports on some of those debts, Those reports states that those debts were as result of administrative and legal violations of the former management and it were submitted to the current Board of Directors which affirm these debts resulted from violations of former management.
- On July 6, 2010, the Board of Directors transferred the ownership of the plots of land and the Commercial Complex to the Company's name.
- As a result the former General Manager of not complying to settle the debts which approved by the collection committee as these debts resulted from his personal error and acts beyond his powers, the company took legal actions in front of the courts and the related authorities against the former general manager and against brokerage doubtful receivables. As well as the company started taking the necessary actions related to execute the real estate mortgage bond which was due on March 28, 2015 and there was public auction for all plots of land included in the mortgage bond, and all shares of Mr. Ibrahim Al-Daoud of plots of land which included in the mortgage deed were transferred to Sherco Brokerage Company on April 17, 2017 at a value of JD 908.031 based on a decision issued by the Chamber of Execution of the Court of (Northern Amman). Accordingly, the Company's management decided to recover partially of the provision for doubtful debts with the value of the plots of land that was acquisitioned by the company.

4. Litigations

As stated in the legal consular letter at the statement of financial position date, There are legal cases filed against to others amounting to JD 8,787,307, and seven cases with undetermined value, in addition to the claim for the execution of the value of the JD 4 million mortgage bond, and there are legal cases filed against the Company amounting to JD 4,709,767, and one case with undetermined value , in addition to the claim for the unexecution of the value of the JD 4 million mortgage bond. by the Opinion of the company's management and the legal consular, the provision for these cases are sufficient.