



Amman 24/ 4 /2018

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Messrs Amman Stock Exchange

Amman

Subject: Quarterly Report as of 31/3/2018

Attached the company's Quarterly Report of (The Jordan Worsted Mills Co. Ltd) As of 31/3/2018

Kindly accept our highly appreciation and respect.

Samir Alamat

General Manager

THE JORDAN WORSTED MILLS  
Co. Ltd.  
AMMAN - JORDAN

|                           |                 |
|---------------------------|-----------------|
| بورصة عمان                |                 |
| الدائرة الإدارية والمالية |                 |
| الديوان                   |                 |
| ٢٤ نيسان ٢٠١٨             |                 |
| 2286                      | الرقم التسلسلي: |
| 41014                     | رقم الملف:      |
| ١١٦١١١٨                   | الجهة المختصة:  |

JORDAN WORSTED MILLS COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
RUSAIFEH -THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED CONDENSED  
INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2018 TOGETHER  
WITH THE REVIEW REPORT ON  
INTERIM FINANCIAL INFORMATION

JORDAN WORSTED MILLS COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
RUSAIFEH-THE HASHEMITE KINGDOM OF JORDAN  
MARCH 31, 2018

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## Report on Reviewed Consolidated Condensed Interim Financial Information

AM/3664

To the Chairman and Members of  
The Board of Directors  
Jordan Worsted Mills Company  
(A Public Shareholding Limited Company)  
Rusaifeh - The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Jordan Worsted Mills Company (A Public Shareholding Limited Company) as of March 31, 2018, and the related consolidated condensed interim statements of income and comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard No. (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim 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 the accompanying consolidated condensed interim financial information is not prepared in accordance with International Accounting Standard No. (34) relating to Interim Financial Reporting.

### **Explanatory Paragraphs**

1. The Company's financial year ends on December 31 of each year. However, the consolidated condensed interim financial information has been prepared only for the purposes of management and the Jordan Securities Commission.
2. The accompanying consolidated condensed interim financial information is a translation of the statutory financial information in the Arabic language to which reference should be made.

Amman – The Hashemite Kingdom of Jordan  
April 23, 2018

  
Deloitte & Touche (M.E.) – Jordan  
ديلويت آند توش (الشرق الأوسط)  
010101

**JORDAN WORSTED MILLS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

|   |      | March 31,<br>2018<br>(Reviewed<br>not Audited) | December 31,<br>2017   |
|---|------|--|------------------------|
| <u>ASSETS</u>   | Note | JD   | JD                     |
| Cash on hand and at banks   | 5    | 1,324,007                                      | 374,300                |
| Financial assets at fair value through statement of income        | 6    | 3,276,992                                      | 2,756,308              |
| Accrued dividends   |      | 939,803  | -                      |
| Accounts receivable and other debt balances                       |      | 295,611  | 366,661                |
| Military and security receivables                                 |      | 6,241,189                                      | 5,450,384              |
| Finished goods- Net   |      | 2,870,260                                      | 3,248,783              |
| Goods under process   |      | 333,638  | 482,118                |
| Yarn  |      | 2,323,305                                      | 2,723,166              |
| Spare parts- Net  |      | 286,576  | 299,417                |
| Goods in transit  |      | 183,020  | 3,064                  |
| Total Current Assets  |      | 18,074,401                                     | 15,704,201             |
| Financial assets at fair value through other comprehensive income | 7    | 57,637,579                                     | 54,783,331             |
| Financial assets at amortized cost                                | 8    | 1,500,000                                      | 1,500,000              |
| Investment in affiliate company                                   | 9    | 1,428,480                                      | 1,428,480              |
| Total Investments   |      | 60,566,059                                     | 57,711,811             |
| Fixed Assets:   |      |  |                        |
| Land at cost  |      | 85,404   | 85,404                 |
| Fixed assets at cost  |      | 5,181,116                                      | 5,193,965              |
| (Less): Accumulated depreciation                                  |      | (4,960,099)                                    | (4,960,390)            |
| Net Fixed Assets Excluding Lands                                  |      | 221,017  | 233,575                |
| Total Fixed Assets  |      | 306,421  | 318,979                |
| Total Assets  |      | 78,946,881                                     | 73,734,991             |
| <u>LIABILITIES</u>  |      |  |                        |
| Due to banks  | 10   | 135,324  | 85,783                 |
| Short-term loans  | 11   | 1,232,797                                      | 1,072,605              |
| Payables and other credit balances                                | 12   | 1,142,096                                      | 437,613                |
| Income tax provision  | 17   | 141,132  | 282,337                |
| Total Current Liabilities   |      | 2,651,349                                      | 1,878,338              |
| End-of service indemnity provision                                |      | 1,140,654                                      | 1,131,204              |
| Total Liabilities   |      | 3,792,003                                      | 3,009,542              |
| <u>OWNERS' EQUITY</u>   |      |  |                        |
| Paid-up capital   |      | 15,000,000                                     | 15,000,000             |
| Additional paid-in capital  |      | 50,000   | 50,000                 |
| Statutory reserve   |      | 12,532,243                                     | 12,532,243             |
| Voluntary reserve   |      | 10,000,000                                     | 10,000,000             |
| Special reserve   |      | 7,333,000                                      | 7,333,000              |
| Yarn rising prices reserve  |      | 2,000,000                                      | 2,000,000              |
| Investment revaluation reserve                                    |      | 9,078,260                                      | 6,408,325              |
| Retained earnings   | 13   | 12,449,051                                     | 12,416,813             |
| Profit for the period   |      | 1,936,124                                      | -                      |
| Total Shareholders' Equity  |      | 70,378,678                                     | 65,740,381             |
| Non-controlling interests   | 14   | 4,776,200                                      | 4,985,068              |
| Total Owners' Equity  |      | 75,154,878                                     | 70,725,449             |
| Total Liabilities and Owners' Equity                              |      | 78,946,881                                     | 73,734,991             |
| <u>Chairman of Board of Directors</u>                             |      |  | <u>General Manager</u> |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONSOLIDATED  
CONDENSED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH IT AND WITH  
THE ACCOMPANYING REVIEW REPORT.

JORDAN WORSTED MILLS COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

|  | Note | For the three- Month Period |                        |
|--|------|-----------------------------|------------------------|
|  |      | Ended March 31,             |                        |
|  |      | 2018                        | 2017                   |
|  |      | JD                          | JD                     |
| Net sales  |      | <u>2,622,563</u>            | <u>2,557,451</u>       |
| Cost of Sales:   |      |                             |                        |
| Finished goods-Beginning of the period   |      | 3,498,783                   | 3,949,936              |
| Cost of production   |      | <u>1,048,053</u>            | <u>1,035,752</u>       |
| Cost of goods available for sale   |      | 4,546,836                   | 4,985,688              |
| Finished goods-End of the period   |      | <u>(3,120,260)</u>          | <u>(3,670,410)</u>     |
| Cost of sales  |      | <u>1,426,576</u>            | <u>1,315,278</u>       |
| Gross profit   |      | 1,195,987                   | 1,242,173              |
| Selling and distribution expenses  |      | <u>21,010</u>               | <u>18,095</u>          |
| Profit from sales  |      | 1,174,977                   | 1,224,078              |
| General and administrative expenses  |      | <u>371,083</u>              | <u>390,287</u>         |
| Operating Income   |      | <u>803,894</u>              | <u>833,791</u>         |
| Net gain on financial assets at fair value through statement of income             | 15   | 700,042                     | 446,076                |
| Dividends revenue from financial assets at fair value through comprehensive income |      | 748,419                     | 493,117                |
| Returns from financial assets at amortized cost                                    |      | 20,343                      | 15,595                 |
| Other net income   | 16   | <u>(16,143)</u>             | <u>78,961</u>          |
| Profit for the period before income tax  |      | 2,256,555                   | 1,867,540              |
| Income tax provision   | 17   | <u>(140,500)</u>            | <u>(149,200)</u>       |
| Profit for the Period  |      | <u>2,116,055</u>            | <u>1,718,340</u>       |
| Attributable to:   |      |                             |                        |
| Shareholders   |      | 1,936,124                   | 1,527,675              |
| Non-controlling interests  | 14   | <u>179,931</u>              | <u>190,665</u>         |
|  |      | <u>2,116,055</u>            | <u>1,718,340</u>       |
| Earnings per share for the period attributable to shareholders                     | 18   | <u>-\129</u>                | <u>-\102</u>           |
| <u>Chairman of Board of Directors</u>  |      |                             | <u>General Manager</u> |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART  
OF THIS CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION  
AND SHOULD BE READ WITH IT AND WITH THE ACCOMPANYING REVIEW REPORT.

**JORDAN WORSTED MILLS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**RUSAIFEH – THE HASHEMITE KINGDOM OF JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**(REVIEWED NOT AUDITED)**

|  | For the three- Month Period<br>Ended March, 31 |                  |
|--|--|------------------|
|  | 2018   | 2017             |
|  | JD   |                  |
| Profit for the period  | 2,116,055                                      | 1,718,340        |
| Other comprehensive income items:<br>Items not subsequently transferable to the consolidated<br>condensed interim statement of income: |  |                  |
| Changes in investment revaluation reserve  | 2,781,136                                      | 2,562,348        |
| Gain from sale of financial assets at fair value through<br>comprehensive income   | 32,238   | 15,391           |
| Total Comprehensive Income   | <u>4,929,429</u>                               | <u>4,296,079</u> |
| Total comprehensive income attributable to:  |  |                  |
| Shareholders   | 4,638,297                                      | 3,966,870        |
| Non-controlling interests  | 291,132  | 329,209          |
|  | <u>4,929,429</u>                               | <u>4,296,079</u> |

Chairman of Board of Directors

General Manager

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**JORDAN WORSTED MILLS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY**

(Reviewed but Audited)

| Note | Shareholders' Equity |  |                            |  |                   |  |                   |  |                 |  |                             |  |                              |  |                    |  |                       |  |             |  |                           |  |              |  |    |  |
|------|----------------------|--|----------------------------|--|-------------------|--|-------------------|--|-----------------|--|-----------------------------|--|------------------------------|--|--------------------|--|-----------------------|--|-------------|--|---------------------------|--|--------------|--|----|--|
|      | Paid - up Capital    |  | Additional Paid-in Capital |  | Statutory Reserve |  | Voluntary Reserve |  | Special Reserve |  | Yarn Raising Prices Reserve |  | Investment Valuation Reserve |  | Retained Earnings* |  | Profit for the Period |  | Total       |  | Non-controlling Interests |  | Total Equity |  |    |  |
|      | JD                   |  | JD                         |  | JD                |  | JD                |  | JD              |  | JD                          |  | JD                           |  | JD                 |  | JD                    |  | JD          |  | JD                        |  | JD           |  | JD |  |
|      | 15,000,000           |  | 50,000                     |  | 12,532,243        |  | 10,000,000        |  | 7,333,000       |  | 2,000,000                   |  | 6,408,325                    |  | 12,416,813         |  | -                     |  | 65,740,381  |  | 4,985,068                 |  | 70,725,449   |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | -                  |  | 1,936,124             |  | 1,936,124   |  | 179,931                   |  | 2,116,055    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | 2,669,935                    |  | -                  |  | -                     |  | 2,669,935   |  | 111,201                   |  | 2,781,136    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | 32,238             |  | -                     |  | 32,238      |  | -                         |  | 32,238       |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | 2,669,935                    |  | 32,238             |  | 1,936,124             |  | 4,638,297   |  | 291,132                   |  | 4,929,429    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | -                  |  | -                     |  | -           |  | (500,000)                 |  | (500,000)    |  |    |  |
| 19   | 15,000,000           |  | 50,000                     |  | 12,532,243        |  | 10,000,000        |  | 7,333,000       |  | 2,000,000                   |  | 9,078,260                    |  | 12,449,051         |  | 1,936,124             |  | 70,376,678  |  | 4,776,200                 |  | 75,154,878   |  |    |  |
|      | 15,000,000           |  | 50,000                     |  | 12,532,243        |  | 10,000,000        |  | 7,333,000       |  | 2,000,000                   |  | 8,099,525                    |  | 12,715,333         |  | -                     |  | 67,730,101  |  | 4,892,899                 |  | 72,623,000   |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | -                  |  | 1,527,675             |  | 1,527,675   |  | 190,665                   |  | 1,718,340    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | 2,423,542                    |  | -                  |  | -                     |  | 2,423,542   |  | 138,806                   |  | 2,562,348    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | 15,653             |  | -                     |  | 15,653      |  | (767)                     |  | 15,391       |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | 2,423,542                    |  | 15,653             |  | 1,527,675             |  | 3,966,870   |  | 329,209                   |  | 4,296,079    |  |    |  |
|      | -                    |  | -                          |  | -                 |  | -                 |  | -               |  | -                           |  | -                            |  | (3,750,000)        |  | -                     |  | (3,750,000) |  | (500,000)                 |  | (4,250,000)  |  |    |  |
| 19   | 15,000,000           |  | 50,000                     |  | 12,532,243        |  | 10,000,000        |  | 7,333,000       |  | 2,000,000                   |  | 10,523,067                   |  | 8,980,886          |  | 1,527,675             |  | 67,946,971  |  | 4,722,108                 |  | 72,669,079   |  |    |  |
|      | 15,000,000           |  | 50,000                     |  | 12,532,243        |  | 10,000,000        |  | 7,333,000       |  | 2,000,000                   |  | 10,523,067                   |  | 8,980,886          |  | 1,527,675             |  | 67,946,971  |  | 4,722,108                 |  | 72,669,079   |  |    |  |

\* Retained earnings includes JD 1,064,481 as of March 31, 2018, representing unrealized earnings restricted as per the Jordan Securities Commission's Instructions (JD 1,063,855 as of December 31, 2017) against the cumulative change in fair value transferred to retained earnings as a result of applying International Financial Reporting Standard No. (9).

\*\* According to the resolution of the General Assembly of Jordan Fabric and Worsted Mills (the subsidiary) convened on March 28, 2018, the Board of Directors' resolution was approved to distribute 25% of capital as cash dividends to shareholders for the year 2017, which is equivalent to JD 2.5

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**JORDAN WORSTED MILLS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

|  | Note | For the Three-month<br>Period Ended March 31, |             |
|--|------|---|-------------|
|  |      | 2018  | 2017        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |      | JD  | JD          |
| Profit for the period before income tax  |      | 2,256,555                                     | 1,867,540   |
| Adjustments for:   |      |   |             |
| Depreciation of fixed assets   |      | 12,558  | 27,900      |
| (Gains) from sale of fixed assets  | 16   | (2,210)                                       | (21,000)    |
| (Recovered) from accrued expenses  | 16   | -   | (64,000)    |
| Losses from revaluation of financial assets at fair value<br>through statement of income | 15   | (522,588)                                     | (308,342)   |
| Dividends revenue from financial assets at fair value through<br>comprehensive income    |      | (748,419)                                     | (493,117)   |
| End-of-service indemnity provision   |      | 9,450   | 5,750       |
| Cash Flows from Operating Activities before Changes in Working Capital Items             |      | 1,005,346                                     | 1,014,731   |
| (Increase) decrease in current assets:   |      |   |             |
| Financial assets at fair value through statement of income                               |      | 1,904   | -           |
| Accrued dividends revenue  |      | (939,803)                                     | (646,446)   |
| Accounts receivable and other debit balances   |      | 71,050  | 21,548      |
| Military receivables   |      | (790,805)                                     | (1,410,620) |
| Finished goods   |      | 378,523                                       | 279,526     |
| Goods under process  |      | 148,480                                       | 22,126      |
| Yarn   |      | 399,861                                       | 56,678      |
| Goods in transit   |      | (179,956)                                     | (6,833)     |
| Spare parts  |      | 12,841  | 25,296      |
| Increase in current liabilities:   |      |   |             |
| Payables and other credit balances   |      | 204,483                                       | 35,935      |
| Net Cash Flows from (used in) Operating Activities before Income tax Paid                |      | 311,924                                       | (608,059)   |
| Income tax paid  |      | (281,705)                                     | (106,830)   |
| Net Cash Flows from (Used in) Operating Activities                                       |      | 30,219  | (714,889)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |      |   |             |
| Financial assets at fair value through comprehensive income                              |      | (40,874)                                      | (306,280)   |
| (Purchase) of financial assets at amortized cost   |      | -   | (1,500,000) |
| Dividends revenue from financial assets at fair value through<br>comprehensive income    |      | 748,419                                       | 493,117     |
| (Purchase) of fixed assets   |      | -   | (128,770)   |
| Proceeds from sale of fixed assets   |      | 2,210   | 21,000      |
| Net Cash Flows from (used in) from Investing Activities                                  |      | 709,755                                       | (1,420,933) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |      |   |             |
| Increase in short-term loans   |      | 160,192                                       | 757,571     |
| Increase (decrease) in due to banks  |      | 49,541  | (291,703)   |
| Net Cash Flows from Financing Activities   |      | 209,733                                       | 465,868     |
| Net Increase (decrease) in Cash  |      | 949,707                                       | (1,669,954) |
| Cash on hand and at banks - beginning of period  |      | 374,300                                       | 1,865,060   |
| Cash on Hand and at Banks - End of Period  | 5    | 1,324,007                                     | 195,106     |
| <b>NON-CASH TRANSACTIONS:</b>  |      |   |             |
| Financing activities:  |      |   |             |
| Unpaid dividends-non-controlling interests   |      | 500,000                                       | 500,000     |
| Unpaid dividends-shareholders  |      | -   | 3,750,000   |
|  |      | 500,000                                       | 4,250,000   |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION AND SHOULD BE READ WITH IT AND WITH THE ACCOMPANYING REVIEW REPORT.

**JORDAN WORSTED MILLS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

**1. General**

- a. The Jordan Worsted Mills Company was registered as a public shareholding limited company under number (41) on September 17, 1964 with its head office located in Rusaifeh - Awajan District - The Hashemit Kingdom of Jordan, P.O.BOX 6060 Amman 11118 - Jordan. The Company's main objectives are to invest in shares of listed and unlisted companies; to manufacture and produce worsted in all shapes and types; to manufacture worsted; and to build, equip, and manage a factory / factories to manufacture worsted and trade in it.
- b. The Company owns 80% of Jordan Fabric and Worsted Mills Private Limited Shareholding Company, whose head office is in Rusaifeh, Awajan, The Hashemit Kingdom of Jordan. Its postal address is P.O. Box 6060 Amman 11118 - Jordan. The main objectives of this company are to manufacture and produce worsted, yarn, and mills in various shapes and kinds; to produce and sew various kinds of finished clothes; to use them as well as their accessories; and to trade in them. The main objectives also include building, preparing, and managing a factory / factories to manufacture the aforementioned and trade in them.
- c. The consolidated condensed interim financial statements were approved and authorized by the Board of Directors in its resolution number (342) on April 23, 2018.

**2. Basis of Consolidation of Condensed Interim Financial Statements:**

- The consolidated condensed interim financial statements encompass the condensed interim financial statements of Jordan Worsted Mills Company and the condensed interim financial statements of its subsidiary, Jordan Fabric and Worsted Mills Company, a private limited shareholding company after eliminating balances and transactions between the two companies.
- The subsidiary's assets amounted to JD 27,934,604, and liabilities to JD 4,086,756 as of March 31, 2018. Moreover, its revenues amounted to JD 2,728,256, and cost of sales and other expenses amounted to JD 1,828,600 for the three-month period ended March 31, 2018.

**3. Basis of Preparation of the Consolidated Condensed Interim Financial Statements:**

- The accompanying consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting).
- The Jordanian Dinar is the functional and presentation currency of the consolidated condensed interim financial statements.
- The consolidated condensed interim financial statements have been prepared under the historical cost principle except for financial assets and financial liabilities shown at fair value at the date of the consolidated condensed interim financial statements.
- The consolidated condensed interim financial statements do not include all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the annual report of the Company as of December 31, 2017. Moreover, the results of its operations for the three-month period ended March 31, 2018 do not necessarily provide an indication of the expected results of operations for the year ending on December 31, 2018. The Company's profits for the three-month period ended March 31, 2018 have not been appropriated, as such appropriations will be made at the end of the year.

- The accounting policies followed in these consolidated condensed interim financial statements are the same as those adopted for the year ended December 31, 2017 except for the following changes:
- Annual improvements to the International Financial Reporting Standards issued in the years 2014-2016, which include amendments to International Financial Reporting Standard No. (1) and International Accounting Standard No (28).
  - *IFRIC 22 Foreign Currency Transactions and Advance Consideration*  
The interpretation addresses foreign currency transactions or parts of transactions where:
    - There is consideration denominated or priced in a foreign currency;
    - The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
    - The prepayment asset or deferred income liability is non-monetary.
  - *Amendments to IFRS 2 Share - based Payment*  
The amendments relate to classification and measurement of share-based payment transactions.
  - *Amendments to IFRS 4 Insurance Contracts*  
The amendments relate to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.
  - *Amendments to IAS 40 Investment Property*  
Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.
  - *Amendments to IFRS 15 Revenue from Contracts with Customers:*  
The amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and complete contracts.
  - *Amendments to IFRS 7 Financial Instruments: Disclosures*  
The amendments relate to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied.
  - *IFRS 7 Financial Instruments: Disclosure*  
The amendments relate to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.
  - *IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)*  
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

**Classification and measurement:**

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:**

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting:**

Introduces a new hedge accounting model designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:**

The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39:

The Company adopted IFRS 9 (phase 1), issued in 2009 relating to the classification and measurement of financial assets.

The Company has adopted the finalised version of IFRS 9 from the effective date retroactively, and recognized the cumulative effect of the application initially as an adjustment to the opening balance of retained earnings as of January 1, 2018. Based on management's estimates, International Financial Reporting Standard No. (9) has had no material impact on the consolidated condensed interim financial statements. As all receivables are due from governmental, military, and security entities, and, therefore, their repayment is guaranteed, no provisions are required as a result of applying the Standard.

- **IFRS 15 Revenue from Contracts with Customers**

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identifying the contract(s) with a customer.

Step 2: Identifying the performance obligations in the contract.

Step 3: Determining the transaction price.

Step 4: Allocating the transaction price to the performance obligations in the contract.

Step 5: Recognising revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Based on management's estimates, International Financial Reporting Standard No. (15) has had no material impact on the consolidated condensed interim financial statements, as the company manufactures and sells one type of sales to governmental, military, and security entities under signed agreements between the two parties.

Adopting the above-amended standards has not affected the amounts and disclosures in the consolidated condensed interim financial statements.

#### 4. Using Estimates

Preparation of the consolidated condensed interim financial statements and the application of the Company's accounting policies require the Company's management to make judgments and estimates that affect the financial assets and financial liabilities balances. They also affect revenues, expenses, provisions, and changes in the investment valuation reserve that appear in the consolidated condensed interim statement of comprehensive income and within equity. In particular, this requires the Company's management to make significant judgments to estimate future cash flows and their timing. The mentioned estimates are necessarily based on different assumptions and factors that have varying amounts of estimation and uncertainty, and the actual results may differ from estimates due to changes stemming from those estimates' future circumstances.

The estimates and assumptions adopted in preparing these consolidated condensed interim financial statements are reasonable and consistent with those used in the year ended December 31, 2017.

#### 5. Cash on Hand and at Banks

This item consists of the following:

|  | March 31,<br>2018 | December 31,<br>2017 |
|--|-------------------|----------------------|
|  | JD                | JD                   |
| Cash on hand   | 4,305             | 2,911                |
| Current accounts at banks- Jordanian dinar                               | 91,103            | 110,441              |
| Time deposit at Jordan Ahli Bank -<br>Member of the Board of Directors * | 1,207,771         | 260,473              |
| Current account - Euro   | 406               | 475                  |
|  | <u>1,303,585</u>  | <u>374,300</u>       |
| Checks under collection **   | 20,422            | -                    |
|  | <u>1,324,007</u>  | <u>374,300</u>       |

\* The time deposit is for a one-month term, automatically renewable, and bears interest at 3.375% per annum.

\*\* The maturity of checks under collection extends up to August 30, 2018.

**6. Financial Assets at Fair Value through Statement of Income**

This item consists of the following:

|   | March 31,<br>2018 | December 31,<br>2017 |
|---|-------------------|----------------------|
|   | JD                | JD                   |
| Financial assets listed at Amman Stock Exchange | 3,276,992         | 2,756,308            |

**7. Financial Assets at Fair Value through Comprehensive Income**

This item consists of the following:

|   | March 31,<br>2018 | December 31,<br>2017 |
|---|-------------------|----------------------|
|   | JD                | JD                   |
| Financial assets listed at Amman Stock Exchange | 43,891,341        | 41,031,166           |
| Unlisted financial assets *                     | 13,746,238        | 13,752,165           |
|   | 57,637,579        | 54,783,331           |

- \* The fair value of the unlisted investments has been determined based on the equity method and latest audited or reviewed set of financial statements. This is deemed to be the best tool available to measure the fair value of those investments.

**8. Financial Assets at Amortized Cost**

This item consists of the following:

|  | Number<br>of Bonds | March 31,<br>2018 | Numbers of<br>Bonds | December 31,<br>2017 |
|--|--------------------|-------------------|---------------------|----------------------|
|  |                    | JD                |                     | JD                   |
| Arab International Hotels<br>Company's bonds * | 1500               | 1,500,000         | 1500                | 1,500,000            |

- \* The Arab International Hotels Company's bonds mature on January 22, 2022. They bear interest at a fixed annual rate of 5/5%. The bonds are payable in two instalments on January 22 and July 22 every year.

**9. Investment in Affiliate Company**

- This item represents the cost of the investment of the Company and its subsidiary in the Arab International Real Estate Company, representing 40% of the investee's capital of JD 3.6 million. The affiliate was established on June 28, 2007, and its main objectives are to develop investments in various areas of tourism and real estate; to develop and manage construction, housing, and real estate projects and markets; to buy, sell, and invest real estates and lands inside and outside the city planning; and to manage housing, commercial, and other complexes. This amount represents the Company's share in the affiliate's net assets. It is also equivalent to the investment in the affiliate adjusted by the changes in the Company's share in the affiliate's net assets and by the amount of the Company's share in the affiliate's profits and losses based on the latest audited or reviewed financial statements.

#### 10. Due to Banks

This item consists of the following:

|                                | March 31,<br>2018 | December 31,<br>2017 |
|--------------------------------|-------------------|----------------------|
|                                | JD                | JD                   |
| Bank of Jordan*                | 3,712             | 141                  |
| Jordan Ahli Bank – Overdraft** | 131,612           | 85,642               |
|                                | <u>135,324</u>    | <u>85,783</u>        |

\* The Company's subsidiary was granted an overdraft facility with a ceiling of JD 100,000 at an annual interest rate of 7.875% by the Bank of Jordan. The loan is guaranteed by the Company, and the overdraft is due on April 8, 2018.

\*\* The Company was granted overdraft facilities with a ceiling of JD 2 million by Jordan Ahli Bank (member of the Board of Directors). These credit facilities are guaranteed by the Company and bear interest at an annual interest rate of 8%. Moreover, the overdraft facilities are due on October 31, 2018.

- There are no non-cash transactions related to the overdraft facilities.
- There are unutilized credit facilities granted to the Company, in the form of an overdraft, with a ceiling of JD 500,000, by Jordan Ahli Bank and JD 1 million by Arab Bank.
- There are unused credit facilities granted to the Company's subsidiary, in the form of an overdraft, with a ceiling of JD 1.5 million by Arab Bank

#### 11. Short-term Loans

The parent company and its subsidiary have obtained revolving loans from Societe Generale Bank - Jordan of JD 2 million for the parent company and JD 2 million for the subsidiary for financing the Company's operations. The loans have a maturity period of 365 days (renewable) from the loan date and bear variable interest of 7% annually for each of the parent company and its subsidiary. These loans have been granted without guarantees.

- There are no non-cash transactions related to the above revolving loans.

#### 12. Payables and Other Credit Balances

This item consists of the following:

|   | March 31,<br>2018 | December 31,<br>2017 |
|---|-------------------|----------------------|
|   | JD                | JD                   |
| Accounts payable  | 222,811           | 57,661               |
| Shareholders' deposits  | 275,567           | 276,932              |
| Non-controlling interests deposits (Note 19)                                  | 500,000           | -                    |
| Accrued expenses  | 143,718           | 3,020                |
| Board of Directors' remunerations for the parent and the subsidiary companies | -                 | 100,000              |
|   | <u>1,142,096</u>  | <u>437,613</u>       |

### 13. Retained Earnings

This item consists of the following:

|   | March 31, 2018    |                  |                   | December 31, 2017 |                  |                   |
|---|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
|   | Retained Earnings |                  |                   | Retained Earnings |                  |                   |
|   | Realized          | Unrealized *     | Total             | Realized          | Unrealized       | Total             |
|   | JD                | JD               | JD                | JD                | JD               | JD                |
| Beginning balance   | 11,352,958        | 1,063,855        | 12,416,813        | 11,371,411        | 1,343,922        | 12,715,333        |
| Gain from sale of financial assets at fair value through comprehensive income | 32,238            | -                | 32,238            | 47,784            | -                | 47,784            |
| Realized cumulative change in fair value during the year                      | (626)             | 626              | -                 | -                 | -                | -                 |
| Profit for the year   | -                 | -                | -                 | 3,683,763         | (280,067)        | 3,403,696         |
| Distributed dividends   | -                 | -                | -                 | (3,750,000)       | -                | (3,750,000)       |
| Ending Balance  | <u>11,384,570</u> | <u>1,064,481</u> | <u>12,449,051</u> | <u>11,352,958</u> | <u>1,063,855</u> | <u>12,416,813</u> |

\* Restricted as of March 31, 2018 in accordance with the directives of the Jordan Securities Commission.

### 14. Non-controlling Interests

This item encompasses the rights of the Kingdom Investment Group (limited liability company), which is %20 owned by the Jordanian Armed Forces, in the equity of Jordan Fabric and Worsted Mills Private Shareholding Company (the subsidiary) as of March 31, 2018 and December 31, 2017. This item also encompasses the Kingdom Investment Group's share in the profit for the period/year then ended.

### 15. Net Profit of Financial Assets at Fair Value through Statement of Income

This item consists of the following:

|   | For the three-month Period |                |
|---|----------------------------|----------------|
|   | Ended March 31,            |                |
|   | 2018                       | 2017           |
|   | JD                         | JD             |
| (Losses) on sale of financial assets at fair Value through statement of income                | (141)                      | -              |
| Dividends revenue   | 177,595                    | 137,734        |
| Gains on valuation of financial assets at fair value through statement of income - unrealized | <u>522,588</u>             | <u>308,342</u> |
|   | <u>700,042</u>             | <u>446,076</u> |

### 16. Other Net Income

This item consists of the following:

|                                 | For the three-month Period |               |
|---------------------------------|----------------------------|---------------|
|                                 | Ended March 31,            |               |
|                                 | 2018                       | 2017          |
|                                 | JD                         | JD            |
| Bank credit interest            | 2,937                      | 7,430         |
| Bank debit interest             | (21,474)                   | (13,545)      |
| Gains on sale of fixed assets   | 2,210                      | 21,000        |
| Recovered from accrued expenses | -                          | 64,000        |
| Other revenues                  | 184                        | 76            |
|                                 | <u>(16,143)</u>            | <u>78,961</u> |



17. Income Tax

- a. The deferred tax assets arising from timing differences of taxes paid on the recorded provisions are not shown as required by International Accounting Standard No. (12), as the parent company conducts a non-taxable activity and is not expected to benefit from these assets in the near future.
- b. The income tax for the parent Company has been settled up to the end of the year 2014. Moreover, the tax returns for the years 2015, 2016 and 2017 were filed on time. In the opinion of the management and tax consultant of the parent Company, the provisions taken are adequate, and no additional provisions are required as of March 31, 2018 because there is no taxable income for the three-month period then ended.
- c. The income tax for the Company's subsidiary has been settled up to the end of the year 2015. Moreover, the tax returns for the years 2016 and 2017 were filed on time, and an income tax provision has been calculated and recorded for the three-month period ended March 31, 2018. In the opinion of the Company's management and its tax consultant, the provisions taken by the Company's subsidiary are adequate, and no additional provisions are required for the three-month period then ended.

18. Earnings per Share for the Period Attributable to Shareholders

This item consists of the following:

|   | For the three-month Period<br>Ended March 31, |              |
|---|---|--------------|
|   | 2018  | 2017         |
|   | JD  | JD           |
| Profit for the period attributable to shareholders: | 1,936,124                                     | 1,527,675    |
| Number of shares                                    | 15,000,000                                    | 15,000,000   |
| Earnings per share for the period                   | <u>-/129</u>                                  | <u>-\102</u> |

19. Dividends and Proposed Dividends

- The Board of Directors recommended the distribution of 22.5% of capital as cash dividends to shareholders for the current year from the profit of year 2017, which is equivalent to JD 3.375 million. In the previous year, dividends equal to 25% of capital, equivalent to JD 3.75 million, were distributed.
- On March 28, 2018, the General Assembly of Jordan Fabric and Worsted Mills Company (the subsidiary) approved the Board of Directors' recommendation to distribute 25% of capital as cash dividends to shareholders from the profit of year 2017, which is equivalent to JD 2.5 million. Moreover, the non - controlling interests' share in these profits amounted to JD 500,000.

20. Contingent Liabilities

As of the date of the consolidated condensed interim statement of financial position, the Company was contingently liable as follows:

|                   | March 31,<br>2018 | December 31,<br>2017 |
|-------------------|-------------------|----------------------|
|                   | JD                | JD                   |
| Letters of credit | 650,000           | 650,000              |

## 21. Related Party Balances and Transactions

The details of the related parties' balances and transactions (companies and corporations represented by the members of the Board of Directors) are as follows):

| On - the consolidated condensed interim statement of financial position items:       | March 31, | December 31, |
|--|-----------|--------------|
|  | 2018      | 2017         |
|  | JD        | JD           |
| Time deposit at Jordan Ahli Bank - member of the parent Company's Board of Directors | 1,207,771 | 260,473      |
| Military receivables - member of the parent Company's Board of Directors             | 6,241,189 | 5,450,384    |
| Current accounts - Arab Bank - member of the Board of Directors                      | 942       | 483          |
| Current accounts - Jordan Ahli Bank - member of the Board of Directors               | 90,161    | 109,958      |
| Current accounts - Euro - Jordan Ahli Bank - member of the Board of Directors        | 406       | 475          |
| Bank (creditor) - Jordan Ahli Bank - member of the Board of Directors                | (131,612) | (85,641)     |
| Off - the consolidated condensed interim statement of financial position items:      |           |              |
| Letters of credit - Arab Bank- member of the Board of Directors                      | 150,000   | 150,000      |
| Letters of credit - Jordan Ahli Bank - member of the Board of Directors              | 500,000   | 500,000      |
| For the three-month Period Ended March 31,   |           |              |
| On - the consolidated condensed interim income statement items:                      | 2018      | 2017         |
|  | JD        | JD           |
| Sales to the military forces and Security departments - Board of Directors           | 2,622,213 | 2,530,926    |
| Debit interest and commissions   | 2,393     | 7,486        |
| Credit interest  | 2,937     | 7,430        |

The military forces and security departments mentioned above are considered the main consumer of the subsidiary's products according to the terms of the sale agreements signed between the two parties. Moreover, the purchase of their yarn is agreed upon in the purchase contracts.

Salaries, rewards, and other benefits for the Board of Directors and executive management amounted to JD 278,770 for the three-month period ended March 31, 2018.

- There are unutilized credit facilities granted to the Company, in the form of an overdraft, with a ceiling of JD 500,000 by Jordan Ahli Bank and JD 1 million by Arab Bank.
- There are unutilized credit facilities granted to the Company's subsidiary, in the form of an overdraft, with a ceiling of JD 1.5 million by Arab Bank

## 22. Information about the Company's Business Sector

The following is information about the Company's business sector, categorized according to the type of activity:

|                                     | Industrial  | Investment * | Total                |             |
|-------------------------------------|-------------|--------------|----------------------|-------------|
|                                     |             |              | For the three-months |             |
|                                     |             |              | Ended on March 31,   |             |
|                                     | JD          | JD           | 2018                 | 2017        |
| Sales                               | 2,622,563   | -            | 2,622,563            | 2,557,451   |
| Cost of sales                       | (1,426,576) | -            | (1,426,576)          | (1,315,278) |
| Company's business sector results   | 1,195,987   | -            | 1,195,987            | 1,242,173   |
| Selling and distribution expenses   | (21,010)    | -            | (21,010)             | (18,095)    |
| General and administrative expenses | (240,515)   | (130,568)    | (371,083)            | (390,287)   |
| Other income-net                    | (20,003)    | 3,860        | (16,143)             | 78,961      |
| Financial assets income-net         | -           | 1,468,804    | 1,468,804            | 954,788     |
| Profit for the period before tax    | 914,459     | 1,342,096    | 2,256,555            | 1,867,540   |
| Income tax expenses                 | (140,500)   | -            | (140,500)            | (149,200)   |
| Profit for the Period               | 773,959     | 1,342,096    | 2,116,055            | 1,718,340   |

\* Net after excluding the Company's share of the subsidiary's profits distributed during the period of JD 2,000,000 from this sector.

|                          | Industrial * | Investment * | March 31,  | December 31, |
|--------------------------|--------------|--------------|------------|--------------|
|                          | JD           | JD           | 2018       | 2017         |
| <u>Other information</u> |              |              | JD         | JD           |
| Sector's assets          | 27,934,604   | 51,012,277   | 78,946,881 | 73,734,991   |
| Sector's liabilities     | 2,086,756    | 1,705,247    | 3,792,003  | 3,009,542    |

\* Net of balances and financial transactions between the Company and its subsidiary.

- All the assets and operations of the Company and its subsidiary are inside the Hashemite Kingdom of Jordan.

## 23. Lawsuits

There are no lawsuits against the Company as of March 31, 2018. In the opinion of the Company's management, there is no need to book any provisions.

## 24. Fair Value Hierarchy

### A. Fair value of financial assets evaluated at fair value on a recurring basis:

Some financial assets are evaluated at fair value at the end of each fiscal period. The following table shows how the fair value of these financial assets is determined (evaluation methods and inputs used).

|  | Fair Value        |                   | Level of Fair Value | Evaluation Method and Inputs Used                                     | Significant Intangible Inputs | Relation between Fair Value and Significant Intangible Inputs |
|--|-------------------|-------------------|---------------------|---|-------------------------------|---|
|  | March 31, 2018    | December 31, 2017 |                     |   |                               |   |
| <b>Financial Assets</b>  |                   |                   |                     |   |                               |   |
| <b>Financial Assets at Fair Value through Statement of Income</b>  |                   |                   |                     |   |                               |   |
| Companies' shares  | JD                | JD                | Level One           | Prices quoted on financial markets                                    | Not Applicable                | Not Applicable  |
|  | 3,276,992         | 2,756,308         |                     |   |                               |   |
|  | 3,276,992         | 2,756,308         |                     |   |                               |   |
| <b>Financial Assets at Fair Value through Comprehensive Income</b> |                   |                   |                     |   |                               |   |
| Quoted shares  | 43,891,341        | 41,031,166        | Level One           | Prices quoted on financial markets                                    | Not Applicable                | Not Applicable  |
| Unquoted shares  | 13,746,238        | 13,752,165        | Level Two           | Equity method based on the last audited/reviewed financial statements | Not Applicable                | Not Applicable  |
| <b>Total Financial Assets at Fair Value</b>                        | <b>57,637,579</b> | <b>54,783,331</b> |                     |   |                               |   |
|  | <b>60,914,571</b> | <b>57,539,639</b> |                     |   |                               |   |

\* No transfers occurred between level 1 and level 2 during the first three months of 2018.

### B - Fair value of the Company's financial assets and financial liabilities (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities reflected in the consolidated condensed interim financial statements of the Company approximates their fair values. Moreover, the management believes that the carrying amount of the items below approximates their fair value due to either the short-term maturity or repricing of interest rates during the period.

|   | March 31, 2018   |                  | December 31, 2017 |                  | The Level of Fair Value |
|---|------------------|------------------|-------------------|------------------|-------------------------|
|   | Book value       | Fair Value       | Book value        | Fair Value       |                         |
| Financial Assets of non-specified Fair Value              | JD               | JD               | JD                | JD               |                         |
| Financial assets at amortized cost                        | 1,500,000        | 1,515,144        | 1,500,000         | 1,535,034        | Level Two               |
| <b>Total Financial Assets of non-specified Fair Value</b> | <b>1,500,000</b> | <b>1,515,144</b> | <b>1,500,000</b>  | <b>1,535,034</b> |                         |

The fair value of financial assets for Level 2 has been determined in accordance with agreed pricing models that reflect the credit risk of the counterparties.