



Amman 24/ 4 /2019

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Subject: Quarterly Report as of 31/3/2019

Attached the company's Quarterly Report of (The Jordan Worsted Mills Co. Ltd) As of 31/3/2019

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 ٢٨ نيسان ٢٠١٩ الرقم المتسلسل: ٢٨٩ رقم الملف: ٢٨٩ التحوية: نسخة خاصة من الدائرة الإدارية
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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, 2019 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, 2019

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Report on Reviewed Consolidated Condensed
Interim Financial Information

AM/008513

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, 2019, 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 22, 2019


Deloitte & Touche (M.E.) – Jordan
Deloitte & Touche (M.E.)
ديلويت اند توش (الشرق الأوسط)
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JORDAN WORSTED MILLS COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
RUSAIFEH - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2019	December 31,
	Note	Reviewed) (not Audited	2018
<u>ASSETS</u>		JD	JD
Cash on hand and at banks	5	4,094,271	4,180,618
Financial assets at fair value through statement of income	6	2,837,789	2,927,962
Accrued dividends		953,258	-
Accounts receivable and other debt balances		316,822	268,076
Military and security receivables		4,301,239	2,607,280
Finished goods- Net		3,445,331	3,963,167
Goods under process		245,673	370,230
Yarn		624,566	1,041,953
Spare parts and other tools - Net		198,752	178,675
Goods in transit		168,167	-
Total Current Assets		17,185,868	15,537,961
Financial assets at fair value through other comprehensive income	7	52,362,609	52,169,886
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		55,291,089	55,098,366
Fixed Assets:			
Land at cost		85,404	85,404
Fixed assets at cost		5,176,134	5,175,559
(Less): Accumulated depreciation		(5,002,027)	(4,989,453)
Net fixed assets excluding land		174,107	186,106
Total Fixed Assets		259,511	271,510
Total Assets		72,736,468	70,907,837
<u>LIABILITIES</u>			
Due to banks	10	633,193	570,966
Short-term loan	11	790,260	640,498
Payables and other credit balances	12	959,400	456,561
Income tax provision	13	190,653	227,991
Total Current Liabilities		2,573,506	1,896,016
End-of service indemnity provision		1,210,289	1,190,559
Total Liabilities		3,783,795	3,086,575
<u>OWNERS' EQUITY</u>			
Authorized and 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		3,811,591	3,628,610
Retained earnings	13	12,524,782	12,524,782
Profit for the period		1,273,904	-
Total Shareholders' Equity		64,525,520	63,068,635
Non-controlling interests	14	4,427,153	4,752,627
Total Owners' Equity		68,952,673	67,821,262
Total Liabilities and Owners' Equity		72,736,468	70,907,837
<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 ACCOMPANYING
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,	
		2019	2018
		JD	JD
Net sales		2,702,383	2,622,563
Cost of Sales:			
Finished goods-Beginning of the period		4,213,167	3,498,783
Cost of production		1,069,005	1,048,053
Cost of goods available for sale		5,282,172	4,546,836
Less: Finished goods-End of the period		(3,695,331)	(3,120,260)
Cost of sales		1,586,841	1,426,576
Gross profit		1,115,542	1,195,987
Selling and distribution expenses		21,097	21,010
Profit from sales		1,094,445	1,174,977
General and administrative expenses		375,819	371,083
Operating Income		718,626	803,894
Net gain on financial assets at fair value through statement of income	15	122,092	700,042
Dividends revenue from financial assets at fair value through other comprehensive income		739,676	748,419
Returns from financial assets at amortized cost		20,343	20,343
Other revenue (expenses) - net	16	30,951	(16,143)
Profit for the period before income tax		1,631,688	2,256,555
Income tax provision	17	(193,000)	(140,500)
Profit for the period		1,438,688	2,116,055
Attributable to:			
Shareholders		1,273,904	1,936,124
Non-controlling interests	14	164,784	179,931
		1,438,688	2,116,055
Earnings per share for the period attributable to shareholders	18	-\085	-\129

Chairman of the Board of Directors

General Manager

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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	
	Ended March, 31	
Note	2019	2018
	JD	JD
Profit for the Period	1,438,688	2,116,055
Other comprehensive income items:		
Items not subsequently transferable to the income statement:		
Changes in investment revaluation reserve	192,723	2,781,136
Gains from sale of financial assets at fair value through other comprehensive income	-	32,238
Total Comprehensive Income	<u>1,631,411</u>	<u>4,929,429</u>
Total comprehensive income is attributable to:		
Shareholders	1,456,885	4,638,297
Non-controlling interests	<u>174,526</u>	<u>291,132</u>
	<u>1,631,411</u>	<u>4,929,429</u>

Chairman of the Board of Directors

General Manager

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JORDAN WORSTED MILLS COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
RUSAFEH - THE NASHEMTE KINGDOM OF JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(Reviewed not Audited)

Shareholders' Equity

Note	Paid-up 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	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	3,628,610	12,524,782										63,068,635					67,821,262		
Balance - beginning of the period																									
Profit for the period																									
Change in investment revaluation reserve																									
Total Comprehensive Income																									
Dividends**																									
Balance - End of the Period	15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	3,811,591	12,524,782										64,525,520						68,952,673	
	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						70,725,449	
Balance - beginning of the period																									
Profit for the period																									
Change in investment revaluation reserve																									
Gain from sale of financial assets at fair value through comprehensive income																									
Total Comprehensive Income																									
Dividends**																									
Balance - End of the Period	15,000,000	50,000	12,532,243	10,000,000	7,333,000	2,000,000	9,078,260	12,449,051										70,378,678							75,154,878

* Retained earnings includes JD 1,336,917 as of March 31, 2019, representing unrealized earnings restricted as per the Jordan Securities Commission's instructions (JD 1,330,870 as of December 31, 2018) against the cumulative change in fair value transferred to retained earnings as a result of applying International Financial Reporting Standard No. (9)(note 13)

** According to the resolution of the General Assembly of Jordan Fabric and Worsted Mills (the subsidiary) convened on March 27, 2019, the Board of Directors' resolution was approved to distribute 25% of capital as cash dividends to shareholders for the year 2018, which is equivalent to JD 2.5 million. Moreover, the non-controlling interests share in these profits amounted to JD 500,000.

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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 Period Ended March 31,	
		2019	2018
FLOW FROM OPERATING ACTIVITIES:		JD	JD
for the period before income tax		1,631,688	2,256,555
adjustments for:			
depreciation of fixed assets		12,574	12,558
gains from sale of fixed assets	16	-	(2,210)
gains (losses) from revaluation of financial assets at fair value			
through statement of income	15	83,143	(522,588)
gains and revenue from financial assets at fair value through other comprehensive income		(739,676)	(748,419)
provision for service indemnity		19,730	9,450
Cash Flows from Operating Activities before Changes in Working Capital Items		1,007,459	1,005,346
Changes in current assets:			
Financial assets at fair value through statement of income		7,030	1,904
Dividend revenue		(953,258)	(939,803)
Accounts receivable and other debit balances		(48,746)	71,050
Prepaid receivables		(1,693,959)	(790,805)
Inventory		517,836	378,523
Goods under process		124,557	148,480
Accounts payable		417,387	399,861
Accounts in transit		(168,167)	(179,956)
Accounts receivable from parts		(20,077)	12,841
Changes in current liabilities:			
Accounts payable and other credit balances		2,839	204,483
Cash Flows (used in) from Operating Activities before Income tax Paid		(807,099)	311,924
Income tax paid		(230,338)	(281,705)
Cash Flows (Used in) from Operating Activities		(1,037,437)	30,219
FLOW FROM INVESTING ACTIVITIES:			
Financial assets at fair value through other comprehensive income		-	(40,874)
gains and revenue from financial assets at fair value through other comprehensive income		739,676	748,419
gains from sale of fixed assets		-	2,210
Losses (gains) of fixed assets		(575)	-
Cash Flows from Investing Activities		739,101	709,755
FLOW FROM FINANCING ACTIVITIES:			
Increase in due to banks		62,227	49,541
Increase in short-term loan		149,762	160,192
Cash Flows from Financing Activities		211,989	209,733
(decrease) Increase in Cash		(86,347)	949,707
on hand and at banks - beginning of year		4,180,618	374,300
on Hand and at Banks - End of Period	5	4,094,271	1,324,007
CASH TRANSACTIONS:			
Financing activities:			
Dividends-non-controlling interests		500,000	500,000

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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 (348) on April 17, 2019.

2. Basis of Consolidation of Condensed Interim Financial Statements:

- 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 consolidated condensed interim financial statements have been prepared under the historical cost principle except for financial assets at fair value through statement of income and financial assets at fair value through comprehensive income shown at fair value at the date of the consolidated condensed interim financial statements.
 - The Jordanian Dinar is the functional and presentation currency 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, 2018. Moreover, the results of its operations for the three-month period ended March 31, 2019 do not necessarily provide an indication of the expected results of operations for the year ending on December 31, 2019. The Company's profits for the three-month period ended March 31, 2019 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, 2018 except for the effect the new and revised International Financial Reporting Standards (IFRS) what are stated in Note (3-a) and (3-b).

Basis of Consolidation

The consolidated condensed interim financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A Consolidation occurred to the subsidiary once the parent Company gain control over the subsidiary and it stops the consolidation once it loses the control over the subsidiary. Precisely, the result from the subsidiaries operations or the eliminated during the presented time frame of income statement from the date of acquisition until the date of losing control of the subsidiary.

Income and each item of the comprehensive income are distributed to the owners in the Company and the non-controlling interest, subsidiary's comprehensive income are distributed to the owners and the non-controlling interest even if the distribution will result a deficit in the non-controlling interest shares.

Adjustments are been made to the subsidiary's financial statements when needed, so the accounting policies becomes parallel with the accounting policies that are used by the company.

Assets, liabilities, shareholders equity, income and expenses that are related directly to operation and balances between the Company and the subsidiary are eliminated during consolidation.

Non-controlling interest in the subsidiary company are determined in separated way from the owners' equity in the subsidiary company, the granted non-controlling interest that currently exist within the owners' equity in an equal shares from the net assets might get measured in the initial recognition at fair value /or at the percentage value from the total assets available for sale for the non-controlling interest shares at fair value , measuring method is determine at the basis of acquisition and other non-controlling interest are basically measured at fair value after acquisition, since the net book value of the non-controlling interest are the total value of shares recognized at initial recognition in addition to the non-controlling interest subsequent changes in owners' equity, the comprehensive income are added back to the non-controlling interest shares even if it will result a deficit in the non-controlling shares from the total shares.

Changes in equity in the subsidiary company are calculated, which will not result a loss of control in regards of owners' equity procedures, adjustments are made to the current value for the company's shares and non-controlling interest to reflect the changes in the share percentage in subsidiary company, any differences between the amount changes in the non-controlling interest and the fair value against the paid or directly collected in owner equity are recognized and allocated to the company's owners.

When the company losses control over the subsidiary company, profit or loss resulted from disposal in the income statement are calculated with the difference (1) cumulative fair value per share and fair value of any remaining shares and (2) present value of assets (including goodwill), deducted from the subsidiary's liabilities and any of the non-controlling interest liabilities, all previous recognized amounts from the statement of other comprehensive income in regards of the subsidiary company as if the former parent company has directly disposed all assets and liabilities for the former subsidiary company, the fair value of an investment that has been kept with the previous subsidiary company at the date of disposal at fair value of the date of initial recognition for the subsequent calculation and in regards of IFRS (9) for financial instruments when implementing the IFRS (9) requirements /or cost at initial recognition of investments in the affiliated company or joint project.

The company owns as of March 31, 2019 Jordan fabric and Worsted mills (subsidiary) the below:

<u>Paid-up capital</u> JOD	<u>Percentage of Acquisition</u> %	<u>Nature of business</u>	<u>Geographic area</u>	<u>Date of Acquisition</u>
10,000,000	80	Industrial	Jordan	January 2, 2005

The below table shows the financial position and financial performance for the Jordan fabric and Worsted mills (Subsidiary) as of March 31, 2019:

<u>March 31, 2019</u>		<u>For the three months ended March 31, 2019</u>	
<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>
JOD	JOD	JOD	JOD
26,107,424	4,017,372	2,868,508	2,044,586

3. Application of new and revised International Financial Reporting Standards (IFRS)
a. Amendments with no material effect on the consolidated condensed interim financial statements of the company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2019 or thereafter in the preparation of the Company's consolidated condensed interim financial statements that did not materially affect the amounts and disclosures in the consolidated condensed interim financial statements for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<u>New and revised IFRS</u>	<u>Amendments to new and revised IFRSs</u>
<p>Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).</p>	<p>The annual Improvements includes Amendments to IFRS 3 "<i>Business Combinations</i>", IFRS 11 "<i>Joint Arrangements</i>", IAS 12 "<i>Income Taxes</i>" and IAS 23 "<i>Borrowing Costs</i>."</p>
<p>IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).</p>	<p>The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS 12 and specifically addresses:</p> <ul style="list-style-type: none"> • whether the tax treatment should be considered in aggregate: • assumptions regarding the procedures for the examination of tax authorities: • determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates: • The impact of changes in facts and circumstances.
<p>Amendments in IFRS 9 "<i>Financial Instruments</i>" (Effective form on January 1, 2019).</p>	<p>These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even .in the case of negative compensation payments</p>
<p>Amendments to IAS 28 "<i>Investment in Associates and Joint Ventures</i>" (Effective form on January 1, 2019).</p>	<p>These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "<i>Financial Instruments</i>" to long-term shares in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.</p>
<p>Amendment to IAS 19 "<i>Employee Benefits</i>" (Effective form on January 1, 2019).</p>	<p>These amendments are related to amendment, curtailment or settlement of a defined benefit plan.</p>

b. Amendments with material effect on the consolidated condensed interim financial statements of the company:

The effect of applying IFRS 16 "Leases"

The Standard provides a comprehensive model for determining and treating lease arrangements in the financial statements of both lessors and lessees. It will also replace IAS 17 "Leases" and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Which any adjustments in the net book value of assets and liabilities at the date of transition are recognized in the opening balances with the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17. The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

Effect on the Accounting Treatment in the Lessee's Records

Operating Leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

- a. Recognition of "right to use" assets and lease commitments in the statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.
- b. Recognition of the depreciation of "right to use" assets and interest on lease commitments in the statement of income.
- c. Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize lease expenses on a straight-line basis as permitted by the IFRS 16. The Company's management believes that the impact of the adoption of IFRS 16 is immaterial and will not be reflected in the financial statements of the Company, as all leases are short term and are automatically renewed on an annual basis.

The Company is willing to implement the IFRS using the cumulative effect, which means that the Company will retrospectively Recognize the cumulative effect of implementing the IFRS (16) as a reconciliation to the beginning balance of the retained earnings for the reported year end that contain the date of implementation. The Company is in the process of analyze the changes effect and disclose the effect in the December 31, 2019 Financial Statements which include the effect of implementing the IFRS (16) from the date of effectiveness.

The provision of despaired lease hold contracts that were liable in accordance to the IAS (17) will be derecognized.

Leasehold Incentives payable that were recognized in prior years in regards of operational lease will be derecognized, and the measured leasehold assets and liabilities for the purpose of use will be calculated.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Financial Leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessee to the lessor. IFRS 16 requires recognition as part of its lease obligation only the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. Upon initial request, the Company will state the equipment previously included in property, plant, and equipment under "right to use" assets and lease commitments, previously stated under borrowings, under a separate line item of the lease liabilities.

Based on the analysis of the Company's finance leases as at March 31, 2019 on the basis of the facts and circumstances prevailing at that date, this change was not considered to affect the amounts recognized in the Company's consolidated condensed interim financial statements.

Effect on the Accounting Treatment in the Lessor's Records

Under IFRS 16, the lessor continues to classify leases as either financial leases or operating leases and account for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets.

Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

The intermediate lessor should classify the sub-lease as operating or financial lease by reference to the original "right to use" arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).

Because of this change, the Company will classify some of its sub-lease agreements as financial leases. As required by IFRS 9, an allowance for credit losses recognized in the financial lease receivable will be recognized, and the leased assets and receivables from the finance lease will be derecognised. This change in accounting will result in a change in the timing of recognition of the related revenue.

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, 2018 except for what are stated in Note (3-a) and (3-b).

5. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Cash on hand	5,911	4,001
Current accounts - Jordanian dinar	105,717	245,617
Time deposit at Jordan Ahli Bank - Member of the Board of Directors *	3,982,619	3,930,869
Current account - Euro	24	131
	<u>4,094,271</u>	<u>4,180,618</u>

- * The time deposit is for one-month term, automatically renewable, and bears interest at 5.75% annually, Moreover the deposit include 500 thousand Dinar collateral against credit facilities granted to Jordan Worsted Mills Company (Parent Company) as of March 31, 2019.

6. Financial Assets at Fair Value through Statement of Income

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Financial assets listed at Amman Stock Exchange	<u>2,837,789</u>	<u>2,927,962</u>

7. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Financial assets listed at Amman Stock Exchange	39,049,990	38,844,267
Unlisted Financial assets *	<u>13,312,619</u>	<u>13,325,619</u>
	<u>52,362,609</u>	<u>52,169,886</u>

- * The fair value of the unlisted investments has been determined based on the equity method and latest audited or reviewed set of the 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 of Bonds	March 31, 2019	Numbers of Bonds	December 31, 2018
		JD		JD
Arab International Hotels Company's bonds *	1500	<u>1,500,000</u>	1500	<u>1,500,000</u>

- * The Arab International Hotels Company's bonds mature on January 29, 2022. They bear interest at a fixed annual rate of 5/5%. The bonds are payable in two instalments on January 29 and July 29 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 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, 2019	December 31, 2018
	JD	JD
Bank of Jordan *	3,336	-
Jordan Ahli Bank – Overdraft **	500,514	497,684
Jordan Ahli Bank – Overdraft ***	129,343	73,193
Arab Bank – Overdraft ***	-	89
	<u>633,193</u>	<u>570,966</u>

* The Company's subsidiary was granted an overdraft facility with a ceiling of JD 100,000 at an annual interest rate of 8.25% by the Bank of Jordan. Note that the overdraft is due on April 8, 2019.

** The Company was granted an overdraft facility with a ceiling of JD 500,000 at an annual interest rate of 6.75% by Jordan Ahli Bank (member of the Board of Directors). The loan is guaranteed by the Company, and the overdraft is due on July 31, 2019.

*** The Company was granted overdraft facilities with a ceiling of JD 2 million by Jordan Ahli Bank (member of the Board of Directors) and JD 1 million by Arab Bank (member of the Board of Directors). These credit facilities are guaranteed by the Company and bear interest at an annual interest rate of 8.625% for Jordan Ahli Bank and 9.375% for Arab Bank. Moreover, the overdrafts are due on October 31, 2019 and May 23, 2019, respectively.

- There are no non-cash transactions for the above overdraft facilities.

- There are unused credit facilities granted to the parent Company, in the form of an overdraft, with a ceiling of JD 1 million, by Arab Bank.

11. Short-term Loan

The parent company has obtained revolving loan from Societe General Bank - Jordan of JD 2 million for financing the Company's operations with a maturity period of 365 days (renewable) from the loan date with variable interest of 8.15% annually. This loan has been granted without guarantees.

- There are unused credit facilities granted to its subsidiary in the form of a revolving loan with a ceiling of JD 2 million, by Societe General Bank – Jordan.

- There are no non-cash transactions for the above revolving loan.

12. Payables and Other Credit Balances

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Accounts payable	37,600	59,110
Non-controlling interests deposits (Note 19)	500,000	-
Shareholders deposit	294,455	297,451
Accrued expenses	127,345	-
Board of Directors' remunerations for the parent and the subsidiary companies	-	100,000
	<u>959,400</u>	<u>456,561</u>

13. Retained Earnings

This item consists of the following:

	March 31, 2019 Retained Earnings			December 31, 2018 Retained Earnings		
	Realized	Unrealized *	Total	Realized	Unrealized	Total
	JD	JD	JD	JD	JD	JD
Balance-Beginning of the year/period	11,193,962	1,330,820	12,524,782	11,352,958	1,063,855	12,416,813
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	27,684	-	27,684
Realized cumulative change in fair value during the year/ period	(6,079)	6,079	-	(57,191)	57,191	-
Profit for the year	-	-	-	3,245,511	209,774	3,455,285
Distributed dividends	-	-	-	(3,375,000)	-	(3,375,000)
Ending Balance of the year/ period	<u>11,187,865</u>	<u>1,336,917</u>	<u>12,524,782</u>	<u>11,193,962</u>	<u>1,330,820</u>	<u>12,524,782</u>

* Restricted as of March 31, 2019 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, 2019 and December 31, 2018. This item also encompasses the Kingdom Investment Group's share in the profit for the year/ period 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,	
	2019	2018
	JD	JD
Dividends revenue	203,545	177,595
Gain(Losses) from sale of financial assets at fair value through statement of income	1,690	(141)
(Losses) gain from revaluation of financial assets at fair value through statement of income- Unrealized	(83,143)	522,588
	<u>122,092</u>	<u>700,042</u>

16. Other Revenue (Expenses)-Net

This item consists of the following:

	For the three-month Period Ended March 31,	
	2019	2018
	JD	JD
Bank credit interest	55,581	2,937
Bank debit interest	(24,651)	(21,474)
Gains on sale of fixed assets	-	2,210
Other revenue	21	184
	<u>30,951</u>	<u>(16,143)</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 2017. Moreover, the tax returns for the year 2018 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, 2019 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, 2017 and 2018 were filed on time, and an income tax provision has been calculated and recorded for the three-month period ended March 31, 2019. 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 Ended March 31,	
	2019	2018
	JD	JD
Profit for the period attributable to shareholders:	1,273,904	1,936,124
Number of shares	<u>15,000,000</u>	<u>15,000,000</u>
Earnings per share for the period	<u>-/085</u>	<u>-/129</u>

19. Dividends and Proposed Dividends

- The Board of Directors recommended the distribution of 22.5% of written capital as cash dividends to shareholders for the current year from the profit of year 2018, which is equivalent to JD 3.375 million and it is subject to the acceptance of the General Assembly. In the previous year, dividends equal to 22.5% of capital, equivalent to JD 3.375 million, were distributed.
- On March 27, 2019, 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 2018, 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, 2019	December 31, 2018
	JD	JD
Bank guarantees	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) as of end of year/period:

	March 31, 2019	December 31, 2018
	JD	JD
<u>On-Consolidated Condensed Interim Statement of Financial Position Items:</u>		
Time deposit at Jordan Ahli Bank – Member of the Board of Directors	3,982,619	3,930,869
Military receivables – Member of the Board of Directors	4,301,239	2,607,280
Bank(creditor)-Arab Bank-member of the Board of Directors	-	(89)
Bank(creditor)-Jordan Ahli Bank-member of the Board of Directors	(500,514)	(497,684)
Bank(creditor)-Jordan Ahli Bank-member of the Board of Directors	(129,343)	(73,193)
Current accounts-Arab Bank-member of the Board of Directors	745	287
Current accounts-Jordan Ahli Bank-member of the Board of Directors	104,948	245,205
Current accounts-Euro-Jordan Ahli Bank-member of the Board of Directors	24	131
<u>Off- Consolidated Condensed Interim Statement of Financial Position Items:</u>		
Letters of Guarantee – Arab Bank- member of the Board of Directors	150,000	150,000
Letters of Guarantee – Jordan Ahli Bank-member of the Board of Directors	500,000	500,000
	For the three-month Period Ended March 31,	
<u>Consolidated Condensed Interim Statement of Income Items:</u>		
income statement items:	2019	2018
	JD	JD
Sales to the military forces and Security departments - Board of Directors	(3,002,110)	(2,622,213)
Sales Discount for El-Zay Ready Wear Manufacturing Co.*	300,000	-
Debit interest and commissions	9,914	2,393
Credit Bank interest	(55,581)	(2,937)

* According to the approval from the board of directors for Jordan Fabric and Worsted Mills (The Subsidiary) in March 27, 2019 to provide a sale discount in an amount of JD 300 thousand to El-Zay Ready Wear Manufacturing Company in regards for the large purchases amount of fabric an huge payments that has been paid in the past long years due to that they have been given this discount from the cumulative sales from prior years in the current year.

The Jordan Armed Forces and Security Department mentioned above are considered the main consumer of the subsidiary's products according to the terms of the signed agreements between the two parties, and 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 JOD 281,782 for the three-month period ended March 31, 2019.

There are unutilized credit facilities granted to the parent company, in the form of an overdraft, with a ceiling of JD 1 million by Arab Bank.

22. Segmental and Geographical Analysis

The following is information about the Company's business sector according to activities:

	Industrial	Investment *	Total	
			For the three-months	
			Ended on March 31,	
	JD	JD	2019	2018
Sales	2,702,383	-	2,702,383	6,027,577
Cost of sales	(1,586,841)	-	(1,586,841)	(3,297,287)
Company's business sector results	1,115,542	-	1,115,542	2,730,290
Selling and distribution expenses	(21,097)	-	(21,097)	(79,973)
General and administrative expenses	(243,649)	(133,170)	(375,819)	(1,206,580)
Financial assets income - net	-	882,111	882,111	2,825,992
Other income (Expenses) - net	54,106	(23,155)	30,951	(76,270)
Net profit for the year before income tax	904,902	726,786	1,631,688	4,193,459
Income tax expenses	(193,000)	-	(193,000)	(305,000)
Profit for the Period	711,902	726,786	1,438,688	3,888,459

* Net after excluding the Company's share of the Subsidiary's distributed profits during the year 2019 of JD 2 million from this sector.

	Industrial	Investment	March 31,	December 31,
	JD	JD	2019	2018
<u>Other information</u>			JD	JD
Sector's assets	26,107,424	46,629,044	72,736,468	70,907,837
Sector's liabilities	2,017,373	1,766,423	3,783,795	3,086,575

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

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).

Financial Assets	Fair Value		Level of Fair Value	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	March 31, 2019	December 31, 2018				
Financial Assets at Fair Value through Statement of Income						
Companies' shares	JD	JD	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
	2,837,789	2,927,962				
	2,837,789	2,927,962				
Financial Assets at Fair Value through Comprehensive Income						
Quoted shares	39,049,990	38,844,267	Level One	Prices quoted on financial markets	Not Applicable	Not Applicable
Unquoted shares	13,312,619	13,315,619	Level Two	Equity method based on the last audited/reviewed financial statements	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	52,362,609	52,159,886				
	55,200,398	55,087,848				

* No transfers occurred between level 1 and level 2 during the first three months of 2019 and 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.

Financial Assets of non-specified Fair Value	March 31, 2019		December 31, 2018		The Level of Fair Value
	Book value	Fair Value	Book value	Fair Value	
Financial assets at amortized cost	JD	JD	JD	JD	Level Two
	1,500,000	1,513,788	1,500,000	1,535,034	
Total Financial Assets of non-specified Fair Value	1,500,000	1,513,788	1,500,000	1,535,034	

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.