Jordanian Expatriates Investment Holding Company (PSC)

الشـركة الإسـتثماريـة القـابضـة للمغتربين الأردنيين م.ع.م

هيئة الأوراق المالية
الدائرة الإدارية

٢٩ تشرين الأول ٢٠١٨

الرقم المتسلسل ....
الجهة المختصة ....

للإفصاح
* بورصة عمان
* السيد عمر
السيد خالد

28th Oct 2018
054/EIH/2018

Securities Commission
Amman
Jordan

Dear Sirs

Subject: The Interim Consolidated Financial Statements as at 30/09/2018

Pursuant to the provisions of Article (43 / A-3) of the Securities Law No 76 of 2002, we attach herewith the third quarter interim consolidated financial statements as at 30 Septemper 2018 including the auditors' report of the Jordanian Expatriates Investment Holding Company.

Yours sincerely,

Acting General Manager
Kifaya Naim Haj Ali

Copy to:
Amman Stock Exchange

العبدلي- مبنى الاتحاد المهني - هاتف: ٥٦٩٣٠٤٤ - فاكس: ٥٦٩٣٥٤٤ - ص. ب ٩٣٠٢٢٠ عمان ١١١٩٣ الأردن

Jordanian Expatriates Investment Holding Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 September 2018

Arab Professionals
The Home of Excellence

Arab Professionals
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Report on Review of Condensed Interim Consolidated Financial Statements

To The Board of Directors
Jordanian Expatriates Investment Holding Company
Public Shareholding Company
Amman - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of **Jordanian Expatriates Investment Holding Company (PLC)**, comprising the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended and the notes about condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of this condensed interim consolidated financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

21 October 2018
Amman - Jordan

Arab Professionals
Amin Samara
License No. (481)

Arab Professionals
Public Accountants

Jordanian Expatriates Investment Holding Company
Public Shareholding Company
Interim Consolidated Statement of Financial Position

(In Jordanian Dinar)

	30 September 2018 (Unaudited)	31 December 2017 (Audited)
Assets		
Cash and cash equivalents	5,216,204	5,871,551
Financial assets at fair value through statement of profit or loss	7,158,631	7,303,358
Brokerage receivables	388,837	226,960
Margin financing receivables	774,061	791,891
Brokers receivables	372,578	318,849
Settlement guarantee fund	89,000	89,000
Other current assets	100,684	319,030
Financial assets at fair value through other comprehensive income	3,667,857	3,667,857
Financial assets at amortized cost	964,167	925,222
Investment property	2,846,481	2,846,481
Property and equipment	6,108	6,417
Brokerage license	1	1
Total assets	21,584,609	22,366,617
Liabilities and Equity		
Liabilities		
Brokerage payables	52,521	59,182
Amounts due to related parties	76,811	187,386
Other current liabilities	448,768	459,114
Total liabilities	578,100	705,682
Equity		
Paid in capital	16,125,000	16,125,000
Addition paid in capital	105,986	105,986
Statutory reserve	2,263,788	2,263,788
Voluntary reserve	11,448	11,448
Retained earnings	1,315,622	1,940,980
Total shareholders equity	19,821,844	20,447,202
Non-controlling interests	1,184,665	1,213,733
Total equity	21,006,509	21,660,935
Total liabilities and equity	21,584,609	22,366,617

"The accompanying notes from (1) to (6) are an integral part of these condensed interim consolidated financial statements and read with review report"

Jordanian Expatriates Investment Holding Company
Public Shareholding Company
Interim Consolidated Statement of Comprehensive Income (Unaudited)

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Gain (loss) from sale of financial assets at fair value through profit or loss	121,550	(11,271)	205,783	17,155
Change in fair value of financial assets at fair value through profit or loss	(369,158)	193,760	(273,052)	(1,177,850)
Dividend income	264,557	165,665	695,139	434,546
Brokerage commissions	30,285	41,734	89,443	130,562
Interest income on margin financing accounts	17,742	18,470	51,291	55,549
Interest income from bank deposits	44,905	42,589	180,407	155,424
Interest income from financial assets at amortized cost	2,786	11,615	31,800	30,908
Gain (loss) from sale of financial assets at amortized cost	-	4,704	(1,150)	38,202
Unneeded provision for doubtful accounts	90,015	-	795,527	-
Loss from sale of investment properties	-	-	-	(5,862)
Administrative expenses	(239,475)	(114,234)	(520,578)	(628,392)
Depreciation	(270)	(1,820)	(884)	(6,590)
Other revenues and expenses	80,631	2,303	75,276	47,451
Profit (loss) before income tax	43,568	353,515	1,329,002	(908,897)
Income tax for the period	(16,317)	(17,247)	(76,381)	(45,932)
Total comprehensive income (loss) for the period	27,251	336,268	1,252,621	(954,829)
Attributable to:				
Shareholders of the company	19,938	357,244	975,277	(945,089)
Non-controlling interests	7,313	(20,976)	277,344	(9,740)
	27,251	336,268	1,252,621	(954,829)
Basic and diluted profit (loss) per share	0,001	0,022	0,060	(0,059)

"The accompanying notes from (1) to (6) are an integral part of these condensed interim consolidated financial statements and read with review report"

Jordanian Expatriates Investment Holding Company
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity (Unaudited)

(In Jordanian Dinar)

	Paid-in capital	Additional paid in capital	Reserves		Retained* earnings	Total shareholders equity	Non-controlling interests	Total equity
			Statutory	Voluntary				
Balance at 1 January 2018	16,125,000	105,986	2,263,788	11,448	1,940,980	20,447,202	1,213,733	21,660,935
Cash dividends	-	-	-	-	(1,612,500)	(1,612,500)	-	(1,612,500)
Total comprehensive loss for the period	-	-	-	-	975,277	975,277	277,344	1,252,621
Purchase additional shares in a subsidiary	-	-	-	-	11,865	11,865	(556,412)	(544,547)
Non-controlling interests	-	-	-	-	-	-	250,000	250,000
Balance at 30 September 2018	16,125,000	105,986	2,263,788	11,448	1,315,622	19,821,844	1,184,665	21,006,509
Balance at 1 January 2017	16,125,000	105,986	2,263,788	11,448	2,250,816	20,757,038	1,266,970	22,024,008
Total comprehensive loss for the period	-	-	-	-	(945,089)	(945,089)	(9,740)	(954,829)
Balance at 30 September 2017	16,125,000	105,986	2,263,788	11,448	1,305,727	19,811,949	1,257,230	21,069,179

* Retained earnings as at 30 September 2018 dose not include unrealized gains related to changes in fair value of financial assets at fair value through statement of profit or loss not allowed to be distributed to shareholders.

"The accompanying notes from (1) to (6) are an integral part of these condensed interim consolidated financial statements and read with review report"

Jordanian Expatriates Investment Holding Company
Public Shareholding Company
Interim Consolidated Statement of Cash Flows (Unaudited)

(In Jordanian Dinar)

	30 September 2018	30 September 2017
Operating activities		
Profit loss for the period	1,252,621	(954,829)
Depreciation	884	6,590
Change in fair value of financial assets at fair value through statement of profit or loss	273,052	1,177,850
Unneeded provision for doubtful accounts	(795,527)	-
Loss(gain) from sale of financial assets at amortized cost	1,150	(38,202)
Loss from sale of investment properties	-	5,862
Changes in working capital		
Settlement guarantee fund	-	100,000
Financial assets at fair value through statement of profit or loss	(128,325)	(452,454)
Brokerage receivables	626,989	(20,915)
Margin financing receivables	17,830	129,486
Brokers receivables	(53,729)	(26,722)
Related parities	(110,575)	258,538
Other current assets	218,346	(171,912)
Other current liabilities	(10,346)	(19,768)
Net cash flows from (used in) operating activities	1,292,370	(6,476)
Investing activities		
Financial assets at amortized cost	(40,095)	(73,518)
Property and equipment	(575)	(549)
Investment property	-	5,400
Net cash flows used in investing activities	(40,670)	(68,667)
Financing activities		
Cash dividends	(1,612,500)	-
Purchase additional shares in a subsidiary	(544,547)	-
Non-controlling interest	250,000	-
Net cash flows used in financing activities	(1,907,047)	-
Change in cash and cash equivalents	(655,347)	(75,143)
Cash and cash equivalents at beginning of the year	5,871,551	6,122,559
Cash and cash equivalents at end of the period	**5,216,204**	**6,047,416**

"The accompanying notes from (1) to (6) are an integral part of these condensed interim consolidated financial statements and read with review report"

1 . General

Jordanian Expatriates Investment Holding Company was established on 2 July 1988 and registered in accordance with Jordanian Companies Law under No. (202) as Public Shareholding Company. The Company's head office is in the Hashemite Kingdom of Jordan. Company's main objectives are to invest in industrial, commercial, agricultural, tourism and other economic fields.

Company's shares are listed in Amman Stock Exchange.

The condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 21 October 2018.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2017.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for investment securities, which have been measured at fair value.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

Basis of Consolidation

The condensed interim consolidated financial statements comprise of the financial statements of the parent and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiaries are consolidated in the statement of profit or loss from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are included in the interim consolidated statement of Comprehensive Income to the disposal date which is the date on which the Company loses control over the subsidiaries.

Non - controlling interest represent the subsidiary equity not owned by the parent shareholders.

The following subsidiaries have been consolidated:

Company	Paid in capital	Ownership	Activity
Jordanian Expatriates for Financial Brokerage	5,000,000	75%	Brokerage services
Jordanian Expatriates for Real Estate and Development	1,600,000	100%	Real estate investment

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment of financial assets

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

Stage 1: Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2: Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of IFRS 15 is that the Company 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: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.
The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The effect of adopting IFRS 15 did not have a material impact on the Company's interim financial statements.

The Company's policy for revenue recognition changed as detailed below:

(a) Sale of goods
The Company's contracts with customers for the sale of goods generally include performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Variable consideration
Some contracts for the sale of goods provide customers with a right of return and volume rebates.
Prior to the adoption of IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

(b) Rendering of services
Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

(c) Advances received from customers
Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the goods or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when the Company should transfer property, including property under construction or development into, or out if investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's interim financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share–based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's interim financial statements.

Use of Estimates
The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.
Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Income tax

- The Company has settled its tax liability with Income Tax Department up to the year ended 2014.
- The income tax returns for the years 2015, 2016 and 2017 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the nine months ended at 30 September 2018 was calculated in accordance with the Income Tax Law.

4 . Contingent liabilities

- The Company is contingently liable with respect to bank letters of guarantee for JOD (450,000).

5 . Analysis of the Maturities of Assets and Liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

30 September 2018	Less than one year	More than one year	Total
Assets			
Cash and cash equivalents	5,216,204	-	5,216,204
Financial assets at fair value through statement of profit or loss	7,158,631	-	7,158,631
Brokerage receivables	388,837	-	388,837
Margin financing receivable	774,061	-	774,061
Brokers receivables	372,578	-	372,578
Settlement guarantee fund	89,000	-	89,000
Other currents assets	100,684	-	100,684
Financial assets at fair value through other comprehensive income	-	3,667,857	3,667,857
Financial assets at amortized cost	-	964,167	964,167
Investment property	-	2,846,481	2,846,481
Property and equipment	-	6,108	6,108
Brokerage license	-	1	1
Total assets	14,099,995	7,484,614	21,584,609
Liabilities			
Brokerage payables	52,521	-	52,521
Amounts due to related parties	76,811	-	76,811
Other current liabilities	448,768	-	448,768
Total liabilities	578,100	-	578,100

31 December 2017	Less than one year	More than one year	Total
Assets			
Cash and cash equivalents	5,871,551	-	5,871,551
Financial assets at fair value through statement of profit or loss	7,303,358	-	7,303,358
Brokerage receivables	226,960	-	226,960
Margin financing receivable	791,891	-	791,891
Brokers receivables	318,849	-	318,849
Settlement guarantee fund	89,000	-	89,000
Other currents assets	319,030	-	319,030
Financial assets at fair value through other comprehensive income	-	3,667,857	3,667,857
Financial assets at amortized cost	-	925,222	925,222
Investment property	-	2,846,481	2,846,481
Property and equipment	-	6,417	6,417
Brokerage license	-	1	1
Total assets	14,920,639	7,445,978	22,366,617
Liabilities			
Brokerage payables	59,182	-	59,182
Amounts due to related parties	187,386	-	187,386
Other current liabilities	459,114	-	459,114
Total liabilities	705,682	-	705,682

6 . Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

30 September 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	7,158,631	-	-	7,158,631
Financial assets at fair value through other comprehensive income	-	-	3,667,857	3,667,857
	7,158,631	-	3,667,857	10,826,488

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of profit or loss	7,303,358	-	-	7,303,358
Financial assets at fair value through other comprehensive income	-	-	3,667,857	3,667,857
	7,303,358	-	3,667,857	10,971,215

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.