



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

Form No. (5-1) نموذج رقم

To: Jordan Securities Commission  
Amman Stock Exchange

السادة / هيئة الأوراق المالية – المحترمين  
السادة / بورصة عمان – المحترمين

2020/07/28: Date التاريخ  
2020/79: Ref الرقم

Subject: Quarterly Report as of  
31/3/2020

الموضوع: التقرير ربع السنوي كما في  
2020/3/31

Attached the Quarterly Report of Al-  
Eqbal Investment Co (plc) as of  
31/3/2020

مرفق طيه نسخة من البيانات المالية ربع السنوية  
لشركة الإقبال للاستثمار كما هي بتاريخ  
2020/3/31م

Kindly accept our highly appreciation and  
respect  
Al- Eqbal Investment Co (plc)

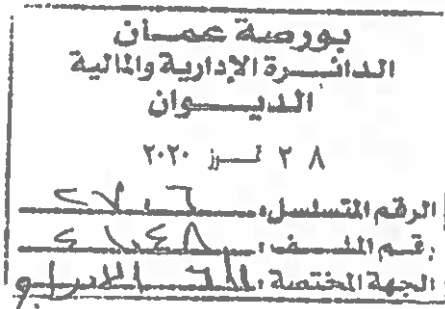
وتفضلوا بقبول فائق الاحترام،،،  
شركة الإقبال للاستثمار

Head of Shareholder department  
Yacoub Rashed

رئيس قسم المساهمين  
يعقوب راشد

File Cope

نسخة الملف



P.O.Box 911145 Amman 11191 Jordan  
Tel.: +962 6 5561333 / 5561337 / 5561338  
Fax: +962 6 5561339  
E-mail: info@eqbal-invest.com  
www.eqbal-invest.com

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
INFORMATION FOR THE THREE MONTHS  
ENDED MARCH 31, 2020**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S  
REPORT ON THE REVIEW OF THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**FOR THE THREE MONTHS ENDED MARCH 31, 2020**

---

<b><u>Contents</u></b>	<b><u>Page</u></b>
Independent Auditor's Report on the Review of the Condensed Consolidated Interim Financial Information	1-2
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Information	7-22



Kawasmy & Partners CO.

Amman - Jordan

Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28

Tel : +962 6 5650700, Fax : +962 6 5688598

**Independent Auditor's Report on the Review of Condensed Consolidated Interim  
Financial Information**

**To Chairman and the Members of Board of Directors**

**Al-Eqbal Investment Company**

**(Public Shareholding Company)**

**Amman – Jordan**

**Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of **Al-Eqbal Investment Company – Public Shareholding Company- and its subsidiaries (“the Group”)** as at 31 March 2020, and the related condensed consolidated statements of profit or loss and other comprehensive income, Changes in Shareholders' Equity and cash flows for the three months period then ended, and the notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard number (34) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated 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 condensed consolidated 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 causes us to believe that the accompanying condensed consolidated interim financial information as at and for the three months are not prepared, in all material respects, in accordance with International Accounting Standard number (34) “Interim Financial Reporting”.



**Emphasis of matter**

- We draw attention to Note (12) to the condensed consolidated interim of financial information, which describes that the Group has filed a reconsideration request with UAE local tax authorities the Federal Tax Authority "FTA" in relation to the assessment and penalty orders which had been issued by the FTA in December 12 2019. In which the FTA levied an approximate amount of AED M 56 (JOD: M 11) in excise taxes and penalties as of the date of the orders. Since this decision can be reconsidered through the formal appealing process, the ultimate outcome of the matter cannot presently be determined, and accordingly, no provision for any effects on the Group that may result has been made in the condensed consolidated interim financial information. Our report is not modified in respect of this matter.
- We draw attention to note (12) to the condensed consolidated interim of financial information which describes that the group has tax liabilities related to the years from 2012 to 2017, approximately JD 3.5 million. The lawsuits are still pending in the tax courts. The Group's Management and legal consultant opinion are that the probability of winning the case is high and the recorded provisions are adequate. The ultimate outcome of the lawsuits cannot reliably be determined and accordingly, The provision has been recorded in the condensed consolidated interim of financial information against any consequences that may arise on the Group are sufficient. Our report is not modified in respect of this matter.
- We draw attention to Note (12) of the condensed consolidated interim of financial information, which describes that Al-Fakher For Tobacco Trading and Agencies ("Subsidiary Company") had received a notice in 4 June 2020 from the Income-tax Committee that includes a claim from the Income and Sales Tax Department "ISTD" in which the net income of Al-Fakher Holding for Tobacco Trading and Agencies Company for the year ended December 31, 2018 had been revised by the objection Committee to be JOD 208,424,439 and the taxable income to be JOD 210,068,806 with a resultant tax liability with an amount of JOD 41,684,887. An amount of JOD 35,477,398 (excluding penalties) had been claimed after taking into account the previous payments. Also, the court of the first instance had issued a seizure decision on the movable, real property and funds belonging to Al-Fakher For Tobacco Trading and Agencies. As per the management and its consultants the probability of relief from such taxes is very high. Our report is not modified in respect of this matter.

**Kawasmy and Partners**  
**KPMG**

Hatem Kawasmy  
License no. (656)

Amman - Jordan  
July 27, 2020

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

<i>Jordanian Dinar</i>	<i>Note</i>	<i>As of March 31, 2020</i>	<i>As of December 31, 2019</i>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	29,515,911	29,504,005
Intangible assets	6	216,888,984	216,406,577
Right of use assets	8	12,338,899	12,651,288
Investment property		271,028	271,028
Financial assets at fair value through other comprehensive income		150,525	150,525
Deferred Tax Asset		1,678,180	1,269,851
<b>Total Non-Current Assets</b>		<b>260,843,527</b>	<b>260,253,274</b>
<b>Current Assets</b>			
Inventory		39,815,993	37,538,795
Trade and other receivables		57,232,732	61,560,180
Other debit balances		24,002,409	28,767,952
Cash and cash equivalents		42,777,126	41,435,345
<b>Total Current Assets</b>		<b>163,828,260</b>	<b>169,302,272</b>
<b>Total Assets</b>		<b>424,671,787</b>	<b>429,555,546</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Capital	1	60,000,000	60,000,000
Statutory reserve		13,801,287	13,801,287
Cumulative change in fair value		(20,734)	(20,734)
Translation reserve		1,658,113	1,273,511
Retained earnings		121,954,014	116,453,341
<b>Total Shareholders' Equity</b>		<b>197,392,680</b>	<b>191,507,405</b>
<b>Non-Current Liabilities</b>			
Loans and bank facilities	9	67,718,603	68,231,366
Lease liabilities	8	10,860,919	11,508,690
End of service benefit obligation		5,281,065	5,254,041
Payables due to acquisition		7,634,600	8,068,684
<b>Total Non-Current Liabilities</b>		<b>91,495,187</b>	<b>93,062,781</b>
<b>Current Liabilities</b>			
Loans and Bank facilities	9	61,308,783	81,031,947
Lease liabilities	8	1,574,885	1,454,600
Income tax provision	11	8,494,634	6,972,104
Accounts payable		19,815,979	13,934,792
Payables due to acquisition		23,658,988	23,746,370
Deferred cheques -short term		886,306	580,991
Other credit balances		20,044,345	17,264,556
<b>Total Current Liabilities</b>		<b>135,783,920</b>	<b>144,985,360</b>
<b>Total Liabilities</b>		<b>227,279,107</b>	<b>238,048,141</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>424,671,787</b>	<b>429,555,546</b>

The accompanying notes on pages (7) to (22) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

**Board Chairman**

**Chief Financial Officer**

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

<i>Jordanian Dinar</i>	<i>Note</i>	<b>For the three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
Net sales		55,778,113	42,279,621
Cost of sales		(23,497,469)	(21,157,691)
<b>Gross profit</b>		<b>32,280,644</b>	<b>21,121,930</b>
Administrative expenses		(11,432,720)	(5,975,350)
Selling and distribution expenses		(6,995,422)	(4,075,216)
Expected credit loss Impairment		(389,775)	(535,287)
<b>Operating profit</b>		<b>13,462,727</b>	<b>10,536,077</b>
Net finance (cost) income		(5,315,726)	(3,368,112)
Other (expenses) income		(315,762)	379,137
<b>Profit before the tax</b>		<b>7,831,239</b>	<b>7,547,102</b>
Income tax expense	11	(2,330,566)	(1,568,231)
<b>Profit for the period</b>		<b>5,500,673</b>	<b>5,978,871</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss			
Foreign currency translation differences		384,602	(89,162)
<b>Total comprehensive income</b>		<b>5,885,275</b>	<b>5,889,709</b>
<b>Profit for the period attributable to:</b>			
Shareholders of the Company		5,500,673	5,965,979
Non-controlling interests		-	12,892
<b>Total</b>		<b>5,500,673</b>	<b>5,978,871</b>
<b>Comprehensive income for the period attributable to:</b>			
Shareholders of the Company		5,885,275	5,876,817
Non-controlling interests		-	12,892
<b>Total</b>		<b>5,885,275</b>	<b>5,889,709</b>
<b>Basic and diluted earnings per share for the period (JD / share)</b>	13	<b>0.09</b>	<b>0.10</b>

The companying notes on pages (7) to (22) are an integral part of these condensed consolidated interim financial Information and should be read with it and with the independent auditor's report.

**Board Chairman**

**Chief Financial Officer**

AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>Jordanian Dinar</i>	Capital	Statutory reserve	Cumulative change in Fair value	Translation Reserve	Retained earnings	Non-Controlling interests	Total
<b><u>Changes for the three months ended March 31, 2020</u></b>							
Balance as at 1 January 2020	60,000,000	13,801,287	(20,734)	1,273,511	116,453,341	-	191,507,405
Profit for the period	-	-	-	-	5,500,673	-	5,500,673
Other comprehensive income for the period	-	-	-	384,602	-	-	384,602
<b>Balance as of March 31, 2020</b>	<b>60,000,000</b>	<b>13,801,287</b>	<b>(20,734)</b>	<b>1,658,113</b>	<b>121,954,014</b>	<b>-</b>	<b>197,392,680</b>
<b><u>Changes for the three months ended March 31, 2019</u></b>							
Balance as at 1 January 2019	60,000,000	13,897,311	(20,734)	236,323	71,056,432	-	145,169,332
Profit for the period	-	-	-	-	5,965,979	12,892	5,978,871
Other comprehensive income for the period	-	-	-	(89,162)	-	-	(89,162)
Amortization losses of subsidiary	-	-	-	-	756,777	-	756,777
<b>Balance as of March 31, 2019</b>	<b>60,000,000</b>	<b>13,897,311</b>	<b>(20,734)</b>	<b>147,161</b>	<b>77,779,188</b>	<b>12,892</b>	<b>151,815,818</b>

The accompanying notes on pages (7) to (22) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.



**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

<i>Jordanian Dinar</i>	<b>For the three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Profit before the tax	7,831,239	7,547,102
<b>Adjustments for:</b>		
Expected credit loss	389,775	535,287
Intangible assets and key money amortization	160,500	94,190
Depreciation	1,100,407	855,154
Right of use assets depreciation expense	369,800	92,583
Finance cost	5,315,726	3,368,112
End of service indemnity provision	262,814	349,696
	<b>15,430,261</b>	<b>12,842,124</b>
<b>Change in:</b>		
Trade and other receivables	3,937,673	15,629,336
Inventory	(2,277,198)	(5,842,313)
Other debit balances	4,569,320	548,755
Accounts payable and deferred cheques	6,186,502	(1,556,730)
Other credit balances	2,779,789	(4,041,594)
	<b>30,626,347</b>	<b>17,579,578</b>
Income tax paid	(1,180,644)	(1,945,818)
Interest paid	(5,315,726)	(3,368,112)
End of service indemnity paid	(235,790)	(317,938)
<b>Net cash flows from operating activities</b>	<b>23,894,187</b>	<b>11,947,710</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,117,607)	(1,640,702)
Advance payments for investments	-	(12,222,576)
Proceeds from sale of property, plant and equipment	5,295	2,874
Net cash paid for acquisition of subsidiaries and distribution rights	(1,003,873)	(6,804,658)
<b>Net cash flows used in investing activities</b>	<b>(2,116,185)</b>	<b>(20,665,062)</b>
<b>Cash flows from financing activities</b>		
Loans and bank facilities	(20,235,927)	(5,292,641)
Payment of lease liabilities	(584,896)	(637,547)
<b>Net cash flows used in financing activities</b>	<b>(20,820,823)</b>	<b>(5,930,188)</b>
Net changes in cash and cash equivalent during the period	957,179	(14,647,540)
Cash and cash equivalent at the beginning of the period	41,435,345	57,772,284
Translation reserve	384,602	(89,162)
<b>Cash and cash equivalent at the end of the period</b>	<b>42,777,126</b>	<b>43,035,582</b>

The companying notes on pages (7) to (22) are an integral part of these condensed consolidated interim financial information and should be read with it and with the independent auditor's report.

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**1) Reporting entity**

Al-Eqbal Investment Company-PLC (International Tobacco and Cigarettes PLC previously) was incorporated in accordance with Jordan Companies temporary Law no. (1) for the year 1989 as a Jordanian public shareholding company, and registered in the ministry of industry and trade of Jordan under no. (218) on June 1, 1992. with authorized paid up capital amounted to JD 5 millions (1 JD /share).

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

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

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

**The parent Company main objectives include the following:**

- Owning commercial agencies.
- Trade intermediaries (except dealing with International stocks).
- Engaging in brokerage and trading tenders.
- Import and export for the company operations.
- Guaranty of other parties obligations relevant to the interest of the company.
- Investment of the Company's surplus funds in the appropriate way.
- Owning of movable and immovable funds, for achieving the company's objectives.
- Owning of land and real estate for achieving the company's objectives.
- Contracting with any government, commission, authority, company, institution or individual interested in the goals and objectives of the company or any of them.
- Borrowing money from banks.

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**(a) Basis of accounting**

- The condensed consolidated interim financial information for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting". And should read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group's financial position and performance since last year annual financial statements.
- These condensed consolidated interim financial information do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The condensed consolidated interim financial information were approved by the Board of Directors on 15 July 2020.

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)**

**(b) Basis of condensed consolidated interim financial information**

The condensed consolidated interim financial information comprise the consolidated financial information of Al Eqbal Investment Company (the parent company) and its subsidiaries, which are subject to its control. Subsidiaries are entities controlled by the Group.

- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information of the subsidiaries are included in the consolidated financial information from the date on which controls commences until the date on which control ceases.

<u>Company Name</u>	<u>Capital</u>	<u>Ownership Percentage</u> %	<u>Nature of Operation</u>	<u>Country of Operation</u>
Al Fakher for Tobacco Trading and Agencies*	6,000,000	100	Tobacco	Jordan
Spectrum International for Renewable Energy	7,000,000	100	Renewable energy	Jordan

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

<u>Company Name</u>	<u>Capital</u>	<u>Ownership Percentage</u> %	<u>Nature of Operation</u>	<u>Country of Operation</u>
Al Fakher Holding for Tobacco Trading and Agencies *	35,450	100	Investments	Cayman Island

\*Al Fakher Holding for Tobacco Trading and Agencies (Cayman Island), owns subsidiaries of which related information are as follows:

<u>Company Name</u>	<u>Capital</u>	<u>Ownership Percentage</u> %	<u>Nature of Operation</u>	<u>Country of Operation</u>
Al Fakher Tobacco F.Z.E *	35,705	100	Investments	UAE Cayman Island
Al Fakher International Company	7,100	100	Tobacco	UAE
Pioneer Venture Group Company **	35,464	100	Trading	UAE
Al Fakher Tobacco Factory- Turkey	18,824	100	Tobacco	Turkey
AF Development Holding Company	709	100	Investment	UAE

\*Al Fakher Tobacco F.Z.E (UAE), owns a subsidiary of which related information is as follows:

<u>Company Name</u>	<u>Partner's Contribution</u>	<u>Ownership Percentage</u> %	<u>Nature of Operation</u>	<u>Country of Operation</u>
Al Fakher Tobacco Factory F.Z.E	7,720,000	100	Tobacco	UAE

Al Fakher Tobacco Factory owns a company in Ajman industrial area (Al Fakher for Tobacco Trading and Agencies LLC). Where the financial and administrative control is to Al Fakher Tobacco Factory under the approval and pledge from the other partner.

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)**

**\*\*Pioneer Venture Group owns subsidiaries of which related information are as follows:**

<b>Company Name</b>	<b>Capital</b>	<b>Ownership Percentage</b>	<b>Nature of operation</b>	<b>Country of Operation</b>
		<b>%</b>		
Al Fakher Holding- USA *	7,100	100	Investment	USA
Al Fakher Tobacco Factory - Egypt	119,662	100	Tobacco	Egypt
Global Arab Trading and Export Company	239,325	100	Tobacco	Egypt
Charms for Importation and Distribution	79,775	100	Tobacco	Egypt
Al Fakher Tobacco Factory - Germany	21,734	100	Tobacco	Germany
AF Unity Labs GmbH	20,153	100	Tobacco	Germany
Qameh Al Fakher Trading Est	4,567	100	Tobacco	KSA
Poland Factory	949	100	Tobacco	Poland
AF Global Brands	709	100	Investment	UK

**\*Al Fakher Holding- USA acquired subsidiaries of which related information are as follows:**

<b>Company Name</b>	<b>Capital</b>	<b>Ownership Percentage</b>	<b>Nature of Operation</b>	<b>Country of Operation</b>
		<b>%</b>		
Al Fakher Distribution – USA (Previously Sierra Network)	710	100	Tobacco	USA
Romman Incorporated	2,083,713	80	Tobacco	USA

- The following table represents the financial position and financial performance of the subsidiaries as of March 31, 2020:

<b>As of March 31, 2020</b>				
<b>Jordanian Dinar</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total revenue</b>	<b>Total comprehensive income for the period</b>
Al Fakher for Trading Tobacco and Agencies – Consolidation	439,845,640	319,677,644	55,719,247	5,669,176
Spectrum International for Renewable Energy	8,261,223	4,949,222	58,867	(353,085)
<b>As of March 31, 2019</b>				
<b>Jordanian Dinar</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total revenue</b>	<b>Total comprehensive income for the period</b>
Al Fakher for Trading Tobacco and Agencies – Consolidation	431,527,603	358,806,602	42,069,303	6,516,062
Spectrum International for Renewable Energy	8,540,260	4,336,635	210,318	(162,694)
International Cigarettes and Tobacco Company (under liquidation)	4,247,571	-	-	-

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)**

The Group accounts for business combinations of a subsidiary in the condensed consolidated interim statement of profit and loss and other comprehensive income starting from the date of the acquisition which is the date when control is transferred to the Group.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on bargain purchases is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income immediately. Transactions costs are expensed as incurred in the condensed consolidated interim statement of profit or loss and other comprehensive income except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as shareholders' equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary and are excluded from condensed consolidated interim financial information. Any surplus or deficit arising on the loss of control is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income.

Balances, transactions and unrealized profits and expenses resulted from transactions within the group are eliminated when preparing this condensed consolidated interim financial information.

**(c) Use of judgements and estimates**

In preparing this condensed consolidated interim financial information, Management has made judgements and estimates that effect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**Measurement of fair values:**

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**2) BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

We believe that the estimates and judgments adopted in the preparation of the consolidated condensed interim financial information preparation are consistent with the estimates and judgments adopted in the preparation of the annual consolidated financial statement for the year ended December 31, 2019 except for the following:

The Corona Virus (COVID-19) pandemic has spread across different geographical regions of the world, disrupting business and economic activities and caused doubts globally. For which financial and monetary authorities, both domestic and international declared various support measures in all parts of the world to face the potential negative effects, as at the present time there is a significant increase of uncertainty in determining the economic impact that is manifested. Accordingly, The Group's management has closely monitored the situation and has activated its business continuity plan and other risk management practices to manage any potential disruptions that the Corona Virus (COVID -19) outbreak may cause to the Group's business, operations and financial performance.

**3) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at December 31, 2019. A number of new standards are effective from January 1, 2020 but they do not have a material effect on the Group's financial statements.

**4) FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT**

- i. Generally, the group's objectives, policies and processes for managing risk are the same as those disclosed in its consolidated financial statements as of and for the year ended December 31, 2019.
- ii. There have been no changes in the group's approach to capital management during the current financial interim period neither the group is subject to externally imposed capital requirements.
- iii. Fair value hierarchy for the financial assets in equity instruments has been disclosed in Note 15.

**AL-EQBAL INVESTMENT COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**5) SEGMENT REPORTING**

An operating segment is a group of components of the Group affected by risks and returns that distinguish it from others and engages in producing products or services known as operating segments or engages in producing products or services within specific economic environment that distinguish it from other sectors known as geographical segments.

<b>Company Name</b>	<b>Sector</b>	<b>Country</b>
Al Fakher for Tobacco Trading and Agencies	Tobacco	Middle East
Spectrum International for Renewable Energy	Renewable	Middle East
Al Fakher Tobacco F.Z.E	Tobacco	Middle East
Al Fakher International Company	Tobacco	Europe
Pioneer Venture Group Company	Investment	Middle East
Al Fakher Tobacco Factory- Turkey	Tobacco	Europe
AF Development Holding Company	Investment	Middle East
Al Fakher Tobacco Factory F.Z.E	Tobacco	Middle East
Al Fakher Holding- USA	Investment	USA
Al Fakher Tobacco Factory - Egypt	Tobacco	Middle East
Global Arab Trading and Export Company	Tobacco	Middle East
Charms for Importation and Distribution	Tobacco	Middle East
Al Fakher Tobacco Factory - Germany *	Tobacco	Europe
AF Unity Labs GmbH	Tobacco	Europe
Qameh Al Fakher Trading Est	Tobacco	Middle East
Poland Factory	Tobacco	Europe
AF Global Brands	Tobacco	UK
Al Fakher Distribution – USA (Previously Sierra Network)	Tobacco	USA
Romman Incorporated	Tobacco	USA

**A- Operating Segment**

The Group operates its activities in major operating segments, which represents the follows:

- Tobacco manufacturing and trading.
- Investments.
- Energy.

<i>Jordanian Dinar</i>	<b>Tobacco manufacturing and trading</b>	<b>Energy</b>	<b>Investment</b>	<b>Total</b>
<b><u>For the three months ended March 31, 2020</u></b>				
Segment Gross profit for the period	32,299,997	(19,353)	-	32,280,644
Administrative expenses	(8,830,947)	(336,145)	(2,655,403)	(11,822,495)
Selling and distribution expenses	(6,896,938)	-	(98,484)	(6,995,422)
Net finance (cost) income	(453,302)	-	(4,862,424)	(5,315,726)
Other income	(80,790)	2,413	(237,385)	(315,762)
<b>Segment profit (loss) for the period before income tax</b>	<b>16,038,019</b>	<b>(353,085)</b>	<b>(7,853,695)</b>	<b>7,831,239</b>
<b><u>For the three months ended March 31, 2020</u></b>				
Gross segment assets	282,712,588	8,256,223	133,702,976	424,671,787
Gross segment liabilities	82,369,531	4,153,723	140,755,853	227,279,107
Capital expenditure	1,412	1,992	1,261,797	1,117,607

**AL-EQBAL INVESTMENT COMPANY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

<i>Jordanian Dinar</i>	<b>Tobacco manufacturing and trading</b>	<b>Energy</b>	<b>Investment</b>	<b>Total</b>
<b><u>For the three months ended March 31, 2019</u></b>				
Segment Gross profit for the period	21,079,578	42,352	-	21,121,930
Administrative expenses	(5,926,686)	(186,237)	(397,714)	(6,510,637)
Selling and distribution expenses	(4,075,216)	-	-	(4,075,216)
Finance cost	(424,567)	(20,730)	(2,933,416)	(3,378,713)
Finance income	10,601	-	-	10,601
Other income	365,077	1,922	12,138	379,137
<b>Segment profit (loss) for the period before income tax</b>	<b>11,028,787</b>	<b>(162,693)</b>	<b>(3,318,992)</b>	<b>7,547,102</b>
<b><u>For the three months ended March 31, 2019</u></b>				
Gross segment assets	198,635,753	7,931,933	209,206,618	415,774,304
Gross segment liabilities	42,904,207	3,643,181	217,411,098	263,958,486
Capital expenditure	-	1,412	1,639,290	1,640,702

**B- Geographical Segment**

The Group operated its activities inside and outside of the Hashemite Kingdom of Jordan.

- Middle East.
- Europe, UK
- USA.

<i>Jordanian Dinar</i>	<b>USA</b>	<b>Europe</b>	<b>UK</b>	<b>Middle East</b>	<b>Total</b>
<b><u>For the period end March 31, 2020</u></b>					
Segment Gross Profit	4,466,471	281,085	347,814	27,185,274	32,280,644
Administrative expenses	(3,548,266)	(329,928)	(570,877)	(7,373,424)	(11,822,495)
Selling and distribution expense	(694,023)	(109,956)	(259,038)	(5,932,404)	(6,995,422)
Finance cost	(26,790)	(66,261)	(3,377)	(5,219,298)	(5,315,726)
Other income	-	12,194	57,756	(385,712)	(315,762)
<b>Segment profits (losses) for the period before tax</b>	<b>197,392</b>	<b>(212,866)</b>	<b>(427,722)</b>	<b>8,274,435</b>	<b>7,831,239</b>
Segment total assets	67,385,259	11,451,401	3,413,789	342,421,338	424,671,787
Segment total liabilities	11,825,536	6,709,696	1,414,666	207,329,209	227,279,107
Capital expenditure	-	23,390	1,728	1,092,489	1,117,607

<i>Jordanian Dinar</i>	<b>USA</b>	<b>Europe</b>	<b>UK</b>	<b>Middle East</b>	<b>Total</b>
<b><u>For the period end March 31, 2019</u></b>					
Segment Gross Profit	3,305,831	96,710	-	17,719,389	21,121,930
Administrative expenses	(1,143,832)	(100,838)	-	(5,265,967)	(6,510,637)
Selling and distribution expense	(386,481)	(67)	-	(3,688,668)	(4,075,216)
Finance cost	378	(17,877)	-	(3,361,214)	(3,378,713)
Finance income	-	-	-	10,601	10,601
Other income	-	2,820	-	376,317	379,137
<b>Segment profits (losses) for the period before tax</b>	<b>1,775,896</b>	<b>(19,253)</b>	<b>-</b>	<b>5,790,459</b>	<b>7,547,102</b>
Segment total assets	85,874,801	7,129,412	-	322,770,091	415,774,304
Segment total liabilities	7,658,969	5,754,346	-	250,545,171	263,958,486
Capital expenditure	43,505	-	-	1,597,197	1,640,702



**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**6) INTANGIBLE ASSETS**

<i>Jordanian Dinar</i>	<u>Goodwill</u>	<u>Distribution rights</u>	<u>Other Intangible Assets</u>	<u>Total</u>
<b>Cost</b>				
Balance as of January 1, 2020	107,428,990	79,810,367	30,893,921	218,133,278
Acquisitions – Acquired improvements	-	-	575,286	575,286
<b>Balance as of March 31, 2020</b>	<b>107,428,990</b>	<b>79,810,367</b>	<b>31,469,207</b>	<b>218,708,564</b>
<b>Accumulated Amortization and Impairment</b>				
Balance as of January 1, 2020	1,417,104	-	309,597	1,726,701
Amortization	-	-	92,879	92,879
<b>Balance as of March 31, 2020</b>	<b>1,417,104</b>	<b>-</b>	<b>402,476</b>	<b>1,819,580</b>
<b>Net book value as of March 31, 2020</b>	<b>106,011,886</b>	<b>79,810,367</b>	<b>31,066,731</b>	<b>216,888,984</b>
<b>Cost</b>				
Balance as of January 1, 2019	102,486,633	79,810,367	-	182,297,000
Acquisitions through business combinations	4,942,357	-	28,034,179	32,976,536
Acquisitions – Acquired improvements	-	-	2,859,742	2,859,742
<b>Balance as of December 31, 2019</b>	<b>107,428,990</b>	<b>79,810,367</b>	<b>30,893,921</b>	<b>218,133,278</b>
<b>Accumulated Amortization and Impairment</b>				
Balance as of January 1, 2019	-	-	-	-
Amortization	-	-	309,597	309,597
Impairment loss	1,417,104	-	-	1,417,104
<b>Balance as of December 31, 2019</b>	<b>1,417,104</b>	<b>-</b>	<b>309,597</b>	<b>1,726,701</b>
<b>Net book value as of December 31, 2019</b>	<b>106,011,886</b>	<b>79,810,367</b>	<b>30,584,324</b>	<b>216,406,577</b>

**7) PROPERTY, PLANT AND EQUIPMENT**

The additions over property, plant and equipment during the period ended March 31, 2020: JD 1,117,607 (December 31, 2019: JD 7,391,789).

The depreciation expense on property, plant and equipment during the period ended March 31, 2020: JD 1,100,407 (March 31, 2019: JD 855,154).

- \* Significant amount of the group's Property Plant and Equipment (which related to UAE entities with an amount of 48.5 Million) is Mortgaged as part of the facilitated syndicated loan Note (9).

**8) RIGHT OF USE ASSETS**

The additions over ROU during the period ended March 31, 2020: JD 559,580 (December 31, 2019: JD 13,635,891).

The depreciation expenses on ROU during the period ended March 31, 2020: JD 369,800 (March 31, 2019: JD 92,583).

Lease liabilities:

<i>Jordanian Dinar</i>	<u>As of March 31, 2020</u>	<u>As of December 31, 2019</u>
Short term lease liability	1,574,885	1,454,600
Long term lease liability	10,860,919	11,508,690
	<b>12,435,804</b>	<b>12,963,290</b>

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**9) LOANS AND BANK FACILITIES**

<i>Jordanian Dinar</i>	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Loans and bank facilities – short term	61,308,783	81,031,947
Loans and bank facilities – long term	67,718,603	68,231,366
	<b>129,027,386</b>	<b>149,263,313</b>

- The Bank of Jordan is considered related party as the group has total loans and bank facilities amounted to 1,156,591 JD from bank of Jordan.

**10) RELATED PARTIES**

**10.1) Related Parties Balances**

The balances with related parties included in the Trade and other receivables in condensed consolidated interim financial statement of financial position are as follows:

*Jordanian Dinar*

<b><u>Due from Related Parties</u></b>	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Idealism General Trading FZ-LLC	16,793,082	21,552,201
Al-Fakher Iraq	14,558,365	10,939,333
Al-Motwaseta Al-Jadeeda	6,189,168	3,253,973
AL Mithalyeh - Egypt DF	352,805	255,187
Al Mithaliyah - CADF	138,954	89,206
Royal Tobacco Group S.A.R.L - LDD	47,412	-
	<b>38,079,786</b>	<b>36,089,900</b>

The above entities are indirectly related to group as they are owned and controlled by a related party.

**10.2) Related Parties Transactions**

The transactions with related parties included in condensed consolidated interim financial statement of profit or loss and other comprehensive income are as follows:

<i>Jordanian Dinar</i>	<b>Type of transaction</b>	<b>For the three months ended March 30,</b>	
		<b>2020</b>	<b>2019</b>
Idealism General Trading FZ-LLC	Sales	4,894,823	13,869,398
Al-Fakher Iraq	Sales	13,498,408	8,101,897
Al-Motwaseta Al-Jadeeda	Sales	4,151,853	-
AL Mithalyeh - Egypt DF	Sales	352,805	179,950
Al Mithaliyah - CADF	Sales	136,681	71,978
Royal Tobacco Group S.A.R.L - LDD	Sales	50,081	78,035

- As mentioned in note (9) the group obtained a loan from Bank of Jordan, which considered as a related party.

**10.3) Key management remuneration**

Salaries and remunerations short term paid to the Group higher executive management amounted for the three months ended March 31, 2020: JD 835,108 (March 31, 2019: JD 810,397).

- As shown in note (9) the group took a loan from Bank of Jordan, of which considered due to related party.

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**11) INCOME TAX PROVISION FOR THE PERIOD**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company's effective tax rate in respect of its operations for the three months ended March 31, 2020 was 29.75% against 20.8% for the three months ended March 31, 2019.

The movement on income tax provision during the period / year was as follows:

<i>Jordanian Dinar</i>	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Balance at the beginning of the period/year	6,972,104	7,223,590
Income tax expense for the period/year	1,136,441	7,725,936
Income tax expense for the prior periods	1,194,125	
Income tax paid during the period/year	(1,180,644)	(7,545,015)
Tax benefits from previous period/years	372,608	(432,407)
<b>Balance at the end of the period/year</b>	<b>8,494,634</b>	<b>6,972,104</b>

**12) CONTINGENT LIABILITIES**

The contingent liabilities at the date of these condensed consolidated interim financial information are as follows:

<i>Jordanian Dinar</i>	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Bank guarantees	11,477,023	4,153,237
	<b>11,477,023</b>	<b>4,153,237</b>

Against cash margins represented as follows:

<i>Jordanian Dinar</i>	<b>As of March 31, 2020</b>	<b>As of December 31, 2019</b>
Cash margins	6,935,221	2,835,214
	<b>6,935,221</b>	<b>2,835,214</b>

- The Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object on the decisions passed on by the Income Tax Department for imposing income taxes with an amount of JD 3,453,847 for the years 2012, 2013, 2014, 2015, 2016 and 2017.

Based on the Group's management and it's legal consultant opinion, the probability of winning the legal case is high. Since the Company not pay more that the amount contained in the cases for the years from 2009 to 2014. The company booked additional provision amounted to JD 3,006,833.

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

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

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

- The company has filed a reconsideration request with the local tax authorities the Federal Tax Authority "FTA" in relation to the assessment and penalty orders which had been issued by the FTA in December, 12 2019. In which the FTA levied an Approximate amount of AED 56 M (JOD : 11 M) in excise taxes and penalties as of the date of the orders. This decision can be reconsidered through the formal appealing process the ultimate outcome of the matter cannot presently be determined and, accordingly, no provision for any effects on the Company that may result has been made in the financial statements.

Al Fakher preferred an appeal before the Tax Dispute Resolution Committee (TDRC) against the decision of the reconsideration committee of the FTA by engaging a Tax Dispute Lawyer (since the TDRC is a quasi-judicial committee requiring a lawyer for representation). Based on a requirement of Article 30(2) of Federal Law no 7 of 2017 on Tax Procedures and prerequisite before filing an appeal to TDRC, Al Fakher was mandated to deposit the entire outstanding tax and penalties amounting to approximately AED 35.92 M (JOD : 7 M) with FTA to maintain the right of appeal.

Based on the Group's management and tax consultant opinion, they believe that Al Fakher is more likely than not to succeed before appellate authorities in the UAE based on the specific facts of the case and the arguments taken by Al Fakher against the FTA.

- Al Fakher For Tobacco Trading Amman had received a notice in 4 June 2020 from the Income-tax Committee that includes a claim from the Income and Sales Tax Department "ISTD" in which the net income of Al-Fakher Holding for Tobacco Trading and Agencies Company for the year ended December 31, 2018 had been revised by the objection Committee to be JOD 208,424,439 and the taxable income to be JOD 210,068,806 with a resultant tax liability with an amount of JOD 41,684,887. An amount of JOD 35,477,398 (excluding penalties) had been claimed after taking into account the previous payments. Also, the court of the first instance had issued a seizure decision on the movable, real property and funds belonging to Al-Fakher For Tobacco Trading Amman. As per the management and its consultants the probability of relief from such taxes is very high.

**13) EARNING PER SHARE**

*Jordanian Dinar*

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Profit for the period for the shareholders (JD)	5,500,674	5,965,979
Weighted average for number of shares (Share)	60,000,000	60,000,000
<b>Earning per share for the period</b>	<b>0.09</b>	<b>0.10</b>

The earnings per share was calculated by dividing the profit for the Period on the number of shares amounting to 60 million shares as of March 31, 2020.

**14) FINANCIAL RISK MANAGEMENT**

**- Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's bank current account, Cheques under collection, trade and other receivables and other debit balances.

The carrying amount of the financial assets represents the maximum credit exposure.

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

The maximum exposure to credit risk at the condensed consolidated interim financial information date was as follows:

<i>Jordanian Dinar</i>	Carrying value as at	
	March 31, 2020	December 31, 2019
Current accounts and deposits at banks	42,711,289	40,957,628
Trade and other receivables	57,232,732	61,560,180
Other debit balances	13,800,035	21,292,542
	<b>113,744,056</b>	<b>123,810,350</b>

**- Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal, stressed and necessary conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains line of credit from its bank for sudden cash requirements.

The followings are the contracted maturities of financial liabilities:

<i>Jordanian Dinar</i>	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
<b>As of March 31, 2020</b>				
Loans and Bank facilities	129,027,386	(129,027,386)	(61,308,783)	(67,718,603)
Lease liabilities	12,435,804	(12,435,804)	(1,574,885)	(10,860,919)
Income tax provision	8,494,634	(8,494,634)	(8,494,634)	-
Accounts payable	19,815,979	(19,815,979)	(19,815,979)	-
Payables due to acquisition	31,293,588	(31,293,588)	(23,658,988)	(7,634,600)
Deferred cheques	886,306	(886,306)	(886,306)	-
Other credit balances	20,044,345	(20,044,345)	(20,044,345)	-
End of service benefit obligation	5,281,065	(5,281,065)	-	(5,281,065)
	<b>227,279,107</b>	<b>(227,279,107)</b>	<b>(135,783,920)</b>	<b>(91,495,187)</b>
<b>As of December 31, 2019</b>				
<i>Jordanian Dinar</i>				
Deferred cheques	580,991	(580,991)	(580,991)	-
Accounts payable	13,934,792	(13,934,792)	(13,934,792)	-
Other credit balances	17,264,556	(17,264,556)	(17,264,556)	-
Income tax provision	6,972,104	(6,972,104)	(6,972,104)	-
Payables due to acquisitions	31,815,054	(31,815,054)	(23,746,370)	(8,068,684)
Loans and Bank facilities	149,263,313	(149,263,313)	(81,031,947)	(68,231,366)
End of service benefit obligation	5,254,041	(5,254,041)	-	(5,254,041)
Lease liabilities	12,963,290	(12,963,290)	(1,454,600)	(11,508,690)
	<b>238,048,141</b>	<b>(238,048,141)</b>	<b>(144,985,360)</b>	<b>(93,062,781)</b>

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**- Market risk**

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

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

**- Currency Risk**

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

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

	<b>31 March 2020</b>			
	<b>EURO</b>	<b>EGP</b>	<b>SAR</b>	<b>TRY</b>
<i><b>Jordanian Dinar</b></i>				
Cash and cash equivalents	1,126,582	6,211,451	3,468,086	24,036
Trade and other receivables	1,019,701	358,539	6,499,545	-
Other debit balances	209,102	270,271	2,085,123	100,457
Accounts payable	(6,019)	(705,857)	(297,045)	(244,123)
Other credit balances	(385,582)	(1,461,678)	(534,934)	(3,098,083)
	<b>1,963,784</b>	<b>4,672,726</b>	<b>11,220,775</b>	<b>(3,217,713)</b>

	<b>31 December 2019</b>			
	<b>EURO</b>	<b>EGP</b>	<b>SAR</b>	<b>TRY</b>
<i><b>Jordanian Dinar</b></i>				
Cash and cash equivalents	3,131,553	5,658,544	5,303,745	20,308
Trade and other receivables	4,938,827	6,854,494	66,497	-
Other debit balances	550,921	176,088	4,942,089	117,535
Accounts payable	(863,057)	(441,606)	(78,827)	(368,546)
Other credit balances	(929,476)	(1,296,871)	(1,008,739)	(463,760)
Payables due to acquisition	(11,928,744)	-	-	-
	<b>(5,099,976)</b>	<b>10,950,649</b>	<b>9,224,765</b>	<b>(694,463)</b>

**- Sensitivity analysis**

A 10 % strengthening of the JD against Euro, Egyptian pound, Saudi riyal and Turkish lira at 31 March 2020 would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended December 31, 2019.

	<b>Increased Profit or (loss)</b>	<b>Decreased Profit or (loss)</b>
<i><b>Jordanian Dinar</b></i>		
<b>As of March 31, 2020</b>		
EURO	196,378	(196,378)
EGP	467,273	(467,273)
SAR	1,122,078	(1,122,078)
TRY	(321,771)	321,771

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**- Interest rate risk**

At the reporting date of the condensed consolidated interim financial information the interest rate profile of the Group's interest-bearing financial instruments was as follows:

<i>Jordanian Dinar</i>	Carrying value	
	March 31, 2020	December 31, 2019
<b>Fixed rate instruments</b>		
Financial Assets	741,741	728,174
<b>Variable rate instruments</b>		
Financial Liabilities	(129,027,386)	(149,263,313)

**- Other market price risk**

Equity price risk arises from financial assets at fair value through profit or loss held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through other comprehensive income. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company's management.

**Equity price risk**

A change of 5% in fair value of the securities at the interim financial date would have increased (decreased) equity and profit or loss by the amount of JD 7,526. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

**15) FAIR VALUE LEVELS**

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial assets.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instrument evaluated based on:

Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

**Level 3:** inputs for the asset or liability that are not based on observable market data.

**- Financial Instruments measured at fair value**

The Company does not measure financial instruments at fair value except for financial assets at fair value through other comprehensive income.

Jordanian dinar	Book value Fair value	Fair Value		
		Level (1)	Level (2) *	Level (3)
<u>March 31, 2020</u>				
Financial assets at fair value through statement of other comprehensive income	150,525	-	150,525	-
<u>December 31, 2019</u>				
Financial assets at fair value through statement of other comprehensive income	150,525	-	150,525	-

**AL-EQBAL INVESTMENT COMPANY  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

- \* This item represents the fair value of financial assets at fair value through statement of other comprehensive income that is not disclosed in the financial markets related to the shares of the group in North Industrial Company – Palestine the group determined the fair value of this item using the net asset value method of the latest audited financial statements available, the management believes that this is the most appropriate method to measure fair value of the investment since no updated market value information is available regarding this investment.
- \* **Fair value in accordance with level (2)**
- This item represents the cost of financial assets through other comprehensive income that is not listed in financial markets for the Group portion in North manufacturing Company. The Group performed test over the fair value for this item using Net asset value of the last available audited financial statements, the company's management believes that this is the most convenient way to measure the fair value of the investment due to the lack of updated information on the market value of this investment.
- **Assets and liabilities not measured at fair value:**  
These financial instruments are measured at amortized cost and the fair value of these instruments do not differ significantly from their amortized cost.

<i>Jordanian Dinar</i>	<b>Book Value</b>		<b>Fair Value</b>		
	<b>Financial assets at amortized cost</b>	<b>Other financial liabilities</b>	<b>Level (1)</b>	<b>Level (2)</b>	<b>Level (3)</b>
<b>March 31, 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	42,777,126	-	-	-	-
Trade and other receivables	57,232,732	-	-	-	-
Other debit balances	24,002,409	-	-	-	-
<b>Financial liabilities</b>					
Deferred cheques	-	(886,306)	-	-	-
Accounts payable	-	(19,815,979)	-	-	-
Other credit balances	-	(20,044,345)	-	-	-
Payables due to acquisition	-	(31,293,588)	-	-	-
Lease liability	-	(12,435,804)	-	(12,435,804)	-
Loans and bank facilities	-	(129,027,386)	-	(129,027,386)	-

<i>Jordanian Dinar</i>	<b>Book Value</b>		<b>Fair Value</b>		
	<b>Financial assets at amortized cost</b>	<b>Other financial liabilities</b>	<b>Level (1)</b>	<b>Level (2)</b>	<b>Level (3)</b>
<b>December 31, 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	41,435,345	-	-	-	-
Trade and other receivables	61,560,180	-	-	-	-
Other debit balances	20,527,911	-	-	-	-
<b>Financial liabilities</b>					
Deferred cheques	-	(580,991)	-	-	-
Accounts payable	-	(13,934,792)	-	-	-
Other credit balances	-	(17,264,556)	-	-	-
Payables due to acquisition	-	(31,815,054)	-	-	-
Lease liability	-	(12,963,290)	-	(12,963,290)	-
Loans and Bank facilities	-	(149,263,313)	-	(149,263,313)	-



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**16) IMPACT OF COVID-19**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activity. In response to the spread of COVID-19 and its resulting disruptions to the social and economic activities, the Group's management has already mobilized a task force to assess the possible impact on its business in across the globe where group operates. The management has also taken a series of preventive measures to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its operations. In view of the characteristics and the composition of the group sales channels the Group's the management highlight the following main impact of COVID-19.

- Direct retail segments which takes place through E-commerce platform mainly in USA through the owned subsidiary Romman have reported enhanced results as a result of outbreak.
- Certain geographical area contributed significantly to netting off the lockdown related slow down such as KSA, as a result of lifting a previously prohibition issued decision by the local authorities which used to limit the dealing with molasses and tobacco related products.
- In certain geographical area where group operates (i.e. Egypt) the group had experienced a slowdown in business and decrease in sales volume.
- The group hadn't experienced any events that warrant or indicate an impairment on the goodwill, fixed assets and inventory as a result of COVID-19 outbreak.
- The group reported a slight increase in Expected Credit Losses "ECL" after updating the post-pandemic future looking elements as part of determination of ECL in accordance with IFRS 9.

Accordingly, management believes that COVID-19 had no adverse impact on the reported financial position and results for the period ended March 31, 2020.

Since the extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, the management and those charged with governance will continue to monitor the potential risks around supply of material, manpower, inventory levels and minimum interruptions to the production facilities across all geographies and accordingly update stakeholders for material deviations, as per local regulatory requirements.

**17) SUBSEQUENT EVENT**

Subsequent to the period end, The extra ordinary General Assembly of Al-Eqbal Investment Company has convened on 28 May 2020 and approving the offer submitted by United Branch of Shisha Bidco Limited to acquire the company's shares at a price of JODs (14) per share in accordance with provisions of Article 222 (b) of the companies law.