



General Investment Co. Ltd.

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السيد / السيد
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هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٠٢٠ ب ١٠
الرقم التسلسلي
الجهة المختصة
١٥ / ١٤

السادة هيئة الأوراق المالية المحترمين

عمان - الأردن

تحية واحتراماً وبعد ،،،

نرفق لكم القوائم المالية للشركة (قائمة المركز المالي، قائمة الدخل، قائمة الدخل الشامل، قائمة التغييرات في حقوق المساهمين، قائمة التدفقات النقدية) للفترة من تاريخ 2020/01/01 ولغاية الفترة 2020/03/31 باللغتين العربية والانجليزية.

وتفضلوا بقبول فائق الاحترام ،،،

شركة الاستثمارات العامة المساهمة المحدودة

س. م. م.

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE PERIOD
ENDED MARCH 31, 2020
TOGETHER WITH THE REVIEW REPORT

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
MARCH 31, 2020

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Independent Auditors' Review Report

AM/ 007319

To the Chairman and Members of the Board of Directors
General Investment Company
(A Public Shareholding Limited Company)
Amman – Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of General Investment Company (A Public Shareholding Limited Company), as of March 31, 2020 and the related condensed consolidated interim statement of profit or loss and comprehensive income for the three months March 31, 2020, changes in shareholders' equity, and statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 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 Company". A review of 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 condensed consolidated interim financial statements for General Investment Company (A Public Shareholding Limited Company) are not prepared in all material respects, in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Other Matter

The accompanying condensed consolidated interim financial information are a translation of the statutory financial information which are in the Arabic Language to which references should be made.

Amman – Jordan
July 29, 2020

Deloitte & Touche (M.E.)
Deloitte & Touche (M.E.) – Jordan
010103

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
<u>ASSETS</u>			
Current Assets:			
Cash on hand and balances at banks	4	2,989,195	2,766,769
Cheques under collection		182,179	455,782
Accounts receivable - net	5	2,082,044	2,349,920
Due from related parties - net	12	267,355	141,683
Inventory - net		3,546,700	3,425,530
Other debit balances		848,127	677,414
Total Current Assets		<u>9,915,600</u>	<u>9,817,098</u>
Non-Current Assets:			
Financial assets at fair value through other comprehensive income	6	10,647,026	11,503,380
Financial assets at amortized cost	7	110,000	110,000
Property and equipment - net		6,722,439	6,699,314
Rights of use assets - net long term		29,907	34,893
Intangible assets - net		55,185	62,224
Deferred tax assets	11	119,078	118,514
Investment property	8	274,003	273,592
Total Non-current Assets		<u>17,957,638</u>	<u>18,801,917</u>
TOTAL ASSETS		<u>27,873,238</u>	<u>28,619,015</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Liabilities:</u>			
Current Liabilities:			
Accounts payable		2,056,968	2,088,700
Due to related parties	12	897,519	772,098
Income tax provision	11	347,562	432,383
Other current liabilities		536,331	574,059
Obligation against lease agreement - short term		15,869	23,805
Right of use liabilities - short term		3,190	3,190
Total Current Liabilities		<u>3,857,439</u>	<u>3,894,235</u>
Non-Current Liabilities:			
Right of use liabilities - long term		18,415	17,617
Total Non-Current Liabilities		<u>18,415</u>	<u>17,617</u>
Total Liabilities		<u>3,875,854</u>	<u>3,911,852</u>
<u>Shareholders' equity:</u>			
Paid-up capital	9/A	10,000,000	10,000,000
Statutory reserve	9/B	6,275,958	6,261,251
Voluntary reserve	9/C	2,155,018	2,155,018
Financial assets at fair valuation reserve	9/D	237,131	1,094,547
Retained earnings		5,181,640	5,196,347
Profit for the Period		147,637	-
Total Shareholders' Equity		<u>23,997,384</u>	<u>24,707,163</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>27,873,238</u>	<u>28,619,015</u>

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

GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	For the Three Months	
	Ended March 31,	
	Note	
	2020	2019
	JD	JD
Net sales	<u>1,974,251</u>	<u>1,594,028</u>
<u>Less: Cost of Sales:</u>		
Finished goods - beginning of the period	903,414	455,877
Cost of production and purchase of finished goods	<u>1,156,270</u>	<u>996,088</u>
Total goods available for sale	2,059,684	1,451,965
<u>Less: Finished goods - end of the period</u>	<u>(940,861)</u>	<u>(606,135)</u>
Cost of Sales	<u>1,118,823</u>	<u>845,830</u>
Gross Profit for the Period	855,428	748,198
<u>Less: Selling and distribution expenses</u>	<u>(311,794)</u>	<u>(297,315)</u>
General and administrative and financial expenses	(335,001)	(452,283)
Provision for expected credit losses	<u>(3,526)</u>	<u>-</u>
Net Income (Loss) from Operations for the Period	205,107	(1,400)
Investments revenue and net other revenue	7,670	163,366
<u>Less: Other expenses</u>	<u>(15,515)</u>	<u>(3,998)</u>
Profit for the Period before Tax	197,262	157,968
<u>Less: Income tax expense</u>	<u>11 (49,625)</u>	<u>(17,740)</u>
Profit for the Period after Tax	<u>10 147,637</u>	<u>140,228</u>
Earnings per Share of the Period (Basic and Diluted)	<u>10 0.015</u>	<u>0.014</u>

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GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>JD</u>	<u>JD</u>
Profit for the period	147,637	140,228
<u>Other Comprehensive Income Items:</u>		
<u>Items that will not be reclassified subsequently to the condensed</u>		
<u>interim statement of profit or loss:</u>		
Net (loss) gain from the revaluation of financial assets at fair value		
through other comprehensive income	<u>(857,416)</u>	<u>(281,568)</u>
Total Other Comprehensive Income Items	<u>(857,416)</u>	<u>(281,568)</u>
Total Comprehensive Income for the Period	<u><u>(709,779)</u></u>	<u><u>(141,340)</u></u>

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GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Financial					Total
	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Assets Fair Value Reserve	Retained Earnings	Shareholders' Equity
	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2020						
Balance - beginning of the period	10,000,000	6,261,251	2,155,018	1,094,547	5,196,347	24,707,163
Profit for the period	-	-	-	-	147,637	147,637
Net change in financial assets' valuation	-	-	-	(857,416)	-	(857,416)
Total Comprehensive Income for the Period	-	-	-	(857,416)	147,637	(709,779)
Balance - End of the Period	10,000,000	6,261,251	2,155,018	237,131	5,196,347	23,997,384
For the Three Months Ended March 31, 2019						
Balance - beginning of the period	10,000,000	5,914,384	2,155,018	3,501,357	4,343,676	25,914,435
Profit for the period	-	-	-	-	140,228	140,228
Change in financial assets valuation reserve	-	-	-	(281,568)	-	(281,568)
Total Comprehensive Income for the Period	-	-	-	(281,568)	140,228	(141,340)
Balance - End of the Period	10,000,000	5,914,384	2,155,018	3,219,789	4,343,676	25,773,095

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GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		197,262	157,968
Adjustments:			
Depreciation of property and equipment and investment property		159,199	246,970
Amortization of intangible assets		7,039	7,533
Interest against lease obligations		798	752
Bank interest income		(16,763)	-
Dividends revenue		-	(143,952)
(Gain) from the sale of property and equipment		(3,423)	-
Provision for expected credit losses		3,526	-
Net Cash Flows from Operating Activities before Changes in Working Capital		347,638	269,271
(Increase) in inventory		(121,170)	(546,346)
Decrease in accounts receivable - net		267,876	5,814
(Increase) decrease in due from related parties		(129,198)	1,241,095
Decrease (increase) in cheques under collection		273,603	(342,834)
(Increase) in other debit balances		(165,728)	(533,056)
Increase in due to related parties		125,421	143,308
(Decrease) in accounts payable		(31,732)	(124,462)
(Decrease) in other credit balances		(37,727)	(30,859)
Net Cash Flows from Operating Activities before Income Tax Paid		528,983	81,931
Income tax paid	11	(135,010)	(42,150)
Net Cash Flows from Operating Activities		393,973	39,781
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property and equipment		(180,935)	(192,325)
(Purchase) sale of investment property - net		(1,800)	0
(Purchase) of financial assets at fair value through other comprehensive income		(1,062)	-
(Purchase) of financial assets at amortized cost		-	500,000
Proceeds from the sale of property and equipment		3,423	0
Bank interest received		16,763	-
Dividends revenue received		-	143,952
Net Cash Flows (used in) from Investing Activities		(163,611)	451,627
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Payment of) obligations towards capital lease agreement - long term		(7,936)	(7,936)
Net Cash (used in) Financing Activities		(7,936)	(7,936)
Net Increase (Decrease) in Cash		222,426	483,472
Cash on hand and balances at banks - beginning of the period	4	2,766,769	537,065
Cash on hand and balances at banks - End of the Period	4	2,989,195	1,020,537
Non-cash items:			
Decrease (increase) in right of use assets		4,986	(51,187)
Decrease in other debit balances		798	38,372

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GENERAL INVESTMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

- a. General Investment Company was established and registered at the Ministry of industry and trade as a limited liability company under No. (117) on November 26, 1977, in accordance with the Companies Law No. (13) for the year 1964. The Company has increased its capital, on several stages, to reach 10 million shares at a par value of JD 1 per share.
- b. The Company's headquarters is located in Amman, and its address is: Abu Jabber's Building, Zahran Street, Jabal Amman, Amman, P.O. Box 8050, Amman 11121 Jordan.
- c. On July 16, 2007, the Company obtained the approval of the Ministry of Industry and Trade to merge the Arabian Beer Factory Company with the Company noting that, the General Assembly of Shareholders agreed to merge the two companies on October 15, 2006, and the Company's shares were returned for trading on Amman Stock Exchange on May 28, 2008. In addition, the registration of the Arabian Beer Factory Company as regards to the general and special sales tax was canceled as of February 28, 2008. Based on the decision of the Board of Directors, in their meeting No. (135) dated July 8, 2008, the actual merger of the accounts took place on January 1, 2008.
- d. The Company's objectives are to conduct all industrial activities, real estate activities, and any other related investing activities that aim to make profit, including the following:
 1. To carry out the production, manufacturing and distribution of regular refreshments, soft drinks, mineral water, beer, malt, ice, carbon dioxide; and to import any complementary raw materials.
 2. To own and use any trademarks, invention rights, or royalties, as the Company deems appropriate, to accomplish its objectives.
 3. To own and manage movable and immovable properties provided that the acquisition of land is not intended for trade or gain purposes.
 4. To conduct commercial, manufacturing and agricultural businesses, as the Company deems necessary, to achieve its objectives.
- e. During the year 2019 The Company terminated its agreement with Saad Abu Jaber and Sons Company (Shareholder) who was the exclusive distributor for the Company in the local market and became the main distributor of all its products after that date.
- f. The Company manufactures some of its products under a franchise agreement with Heineken - Holland (a shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products the company produces.

The Agreement obligates the Company to market some of its manufactured products according to the franchise agreement and to an annual marketing plan that aims to increase sales and to meet demand appropriately.

2. Significant Accounting Policies

Basis of Consolidation:

- The condensed consolidated interim financial information include the financial statement of the Company and the subsidiary controlled by it. Control is achieved when the Company has the power to govern the financial and operating policies of the subsidiary company so as to obtain benefits from its activities. Major intra-group transactions, balances, income and expenses are eliminated.
- The financial information of the subsidiary company were prepared using the same accounting policies adopted by the Company. If the accounting policies adopted by the subsidiary are different from those used by the Company, the necessary adjustments to the financial information of the subsidiary company are made to comply with the accounting policies used by the Company.
- The results of operations of the subsidiary company are consolidated into the accompanying consolidated statement of profit or loss from the effective date of acquisition which is the date when actual control over the subsidiary company is obtained. Moreover, the results of operations of the disposed of subsidiaries are incorporated into the condensed consolidated interim statement of profit or loss up to the effective date of disposal which is the date when the Company loses control over the subsidiary companies.
- During the year 2017, the Company has established Jordanian Mutamayizah for Distribution and Agencies (Limited Liability Company) in Amman – Jordan, with a paid up capital of JD 30,000 distributed over 30,000 share fully owned by the Company, the registration procedures of the subsidiary have been completed by the regulatory authorities on January 12, 2017. During the year 2018, the mother Company has increased the Paid-up Capital by JD 45,000 which became JD 75,000.

The main objectives of the subsidiary are export, import, distribution, wholesale and retail trade in food, consumables and the trade of carbonated drinks, and import, trade and distribution of cosmetics, and trade sterilizers and detergents, as well as renting and possession of warehouses necessary to store goods in addition to general trade.

The following is the main financial information of the subsidiary:

	March 31, 2020	December 31, 2019		Period Ended March 31, 2020	Period Ended March 31, 2019
	JD	JD		JD	JD
Total Assets	884,769	750,256	Total Revenue	173,367	94,954
Total Liabilities	1,616,909	1,357,307	Total Expenses	295,018	221,591
Net Assets	(732,140)	(607,051)	Loss for the Period	(121,651)	(126,637)

Basis of Preparation

- The accompanying condensed consolidated interim financial information for the three months ended March 31, 2020 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting"
- The condensed consolidated interim financial information of the Company are presented in Jordanian Dinar, which is also its functional currency.
- The condensed consolidated interim financial information have been prepared according to the historical cost convention except for the financial assets and liabilities that appear at fair value at the date of the condensed consolidated interim financial information.

- The condensed consolidated interim financial information do not present all necessary disclosures and information needed for the yearly financial statements presented according to international financial reporting standards and should be read along with the annual report of the company for the year ended December 31, 2019. Also the financial results presented for the three-month period ended March 31, 2020 do not necessarily represent the anticipated financial results for the year ending December 31, 2020.
- The Company has not booked statutory reserve amounts as required by the Jordanian Companies' Law for the three-month period ended March 31, 2020 as these are interim financial results, and deductions are booked at the end of the entity's fiscal period.
- The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with those applied in the year ended December 31, 2019 except for the effect of the adoption of the new and revised standards which are applied on or after the current period with no impact on the current period. Through its understanding of these standards, management believes that there will be no impact on the subsequent periods.

3. Judgments, estimates and risk management

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2019, except as mentioned in Note (2) and the following:

The Coronavirus (COVID-19) outbreak in early 2020 in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic activity. Also, this event is witnessing continuous and rapid developments, which required the Company's management to conduct an evaluation of the expected effects on the Company's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim financial statements as of March 31, 2020. Accordingly, the Company has taken the following measures to contain the crisis:

a. The company's plan for facing the coronavirus (COVID-19) outbreak:

The company has taken all necessary measures to ensure business continuity and customer service in the event of any emergency to ensure the implementation of a set of procedures, the most important of which are the following:

- Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
- Activating new work strategies to ensure the continuity of the provision of customer service.
- Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.

b. The impact of the new coronavirus (COVID-19) outbreak on the results of the Company's operations:

In the aspect of monitoring the impact of the COVID 19 crisis on the results of the Company's operations specifically in assessing the adequacy of the expected credit losses calculation and / or the extent of the need for additional provisions and evaluation of going concern assumption of the company within 12 months from the date of the financials issuance , a set of assumptions was used, based on the interplay of two main pillars that enable the Company to monitor the impact of the crisis on its business. These two pillars are the following:

Global practices for calculating credit losses based on International Financial Reporting Standard No. (9), and amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) event, and reaching reasonable expectations for the expected outputs of the impact. In addition to Management's overlay in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately. And the Company ability to continue as a going concern on its operations during 12 months period from the date of the financial statements issuance. Noting that the Group has a strong financial position and a strong capital base that enables it to absorb these traumas.

c. The effect of the coronavirus (COVID-19) outbreak on the Company's liquidity levels:

The Company has prepared all scenarios related to stressful situations, and it enjoys comfortable levels that enable it to respond to market conditions.

4. Cash on Hand and Balances at Banks

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Cash on hand	3,708	4,221
Balances at banks – current accounts	2,985,487	2,762,548
	<u>2,989,195</u>	<u>2,766,769</u>

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of Jordan. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month expected credit loss, taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss provisions on these balances.

5. Accounts Receivable - Net

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Trade receivables	2,443,228	2,711,104
<u>Less:</u> Provision for expected credit losses	<u>(361,184)</u>	<u>(361,184)</u>
	<u>2,082,044</u>	<u>2,349,920</u>

The movement on the provision for expected credit losses is as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance – beginning of the period / year	361,184	196,561
Provision booked during the period / year	-	164,623
Balance – End of the Period / Year	<u>361,184</u>	<u>361,184</u>

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

6. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Shares of listed companies *	8,050,267	8,524,984
Shares of unlisted companies **	2,596,759	2,978,396
	<u>10,647,026</u>	<u>11,503,380</u>

* This item includes an investment with a fair value of JD 20,400 as of March 31, 2020, restricted against the Board of Directors' membership in the investee companies (JD 13,800 as of December 31, 2019).

** The shares of companies not listed in financial markets are valued according to the most recent financial information available to the investee companies, the Management and the Board of Directors of the company believe that there is no impairment in the market value of these investments.

7. Financial Assets at Amortized Cost

This item consists of the following:

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Ithmaar Investment & Financial Consultancy		
Company bonds *	110,000	110,000
	<u>110,000</u>	<u>110,000</u>

* During the month of October 2018, the Company invested in a 22 bonds from Ithmaar Investment and Financial Consultancy Company with a nominal value of JD 110,000. Issued on 10 October 2018 for 5 years and at a fixed interest rate of 8.25% calculated on the basis of the number of actual days divided by 365 from the date of issue until maturity date.

8. Investment Property

The fair value of real estate investments is estimated at JD 610,222 according to the latest real estate valuation available as of the end of the year 2019.

9. Shareholders' Equity

a. Paid – up capital

The Company's paid-up capital consists of 10 million shares at a par value of JD 1 for each.

b. Statutory reserve

Statutory reserve represents accumulated amounts transferred from the annual net income before tax at a rate of 10%. In accordance with the Jordanian Companies Law, this reserve may not be distributed to shareholders.

c. Voluntary reserve

Voluntary reserve represents accumulated amounts transferred from the annual net income before tax at a rate not exceeding 20% during the prior years. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders has the right to distribute it, in whole or part, as dividends to shareholders.

d. Financial assets fair value reserve

This item represents a valuation reserve for financial assets at fair value through other comprehensive income which resulted from revaluing these assets at their fair value as of March 31, 2020 and December 31, 2019.

10. Earnings per Share

Earnings per share in profit of the period was as follows:

	For the Three Months Ended March 31,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Income for the period	<u>147,637</u>	<u>140,228</u>
	<u>Share</u>	<u>Share</u>
Weighted average of outstanding shares	<u>10,000,000</u>	<u>10,000,000</u>
	<u>JD/Share</u>	<u>JD/Share</u>
Earnings per share for the period –basic and diluted	<u>.015</u>	<u>.014</u>

11. Taxes

a. Income tax expense:

This item consists of the following:

	For the Three Months Ended March 31, 2020 (Reviewed) JD	For the Three Months Ended March 31, 2019 (Reviewed) JD
Accrued income tax on the profit of the Period	50,189	17,740
Deferred Tax Assets	<u>(564)</u>	<u>-</u>
	<u>49,625</u>	<u>17,740</u>

Income tax expense for the period was recorded based on taxable income at a rate of 15% in addition to 1% National Contribution fee which represents the tax rates imposed on the Company.

b. Income tax provision:

The movement on the income tax provision is as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance – beginning of the period/year	432,383	228,563
Accrued income tax on the period/year profit	50,189	517,341
	482,572	745,904
<u>Less: Income tax paid during the period/year</u>	<u>(135,010)</u>	<u>(313,521)</u>
Balance – End of the Period/Year	347,562	432,383

c. Deferred tax assets:

This item consists of the following:

	For the Three Months Ended March 31, 2020 (Reviewed)			For the Year Ended December 31, 2019 (Audited)		
	Balance- Beginning of the Period	Additions	Released Amounts	Balance- End of the Period	Deferred Tax Assets	Deferred Tax Assets
	JD	JD	JD	JD	JD	JD
Expected credit losses – due from related parties & accounts receivable	388,611	3,526	-	392,137	62,742	62,178
Provision for slow-moving inventory	352,102	-	-	352,102	56,336	56,336
	740,713	3,526	-	744,239	119,078	118,514

- The company did calculate deferred tax assets with 16% as of 31 march 2020, The Company did not book deferred tax liabilities as the Management believes that there will be no future tax liabilities.

d. Tax status:

The Company has reached a final settlement with Income and Sales Tax Department up to the end of the year 2016. The Company submitted its income tax for the years 2017 till 2019, and they have not been reviewed by the Income and Sales Tax Department till the date of the accompanying condensed consolidated interim financial information.

In the Management's opinion, the income tax provision booked in the condensed consolidated interim financial information is sufficient and there is no need for additional provisions.

12. Balances and Transactions with Related Parties

Related parties, as defined in International Accounting Standard 24 (Related Party Disclosures), include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The details of balances and transactions with related parties are as follows:

	Key Employees, Shareholders and Members of the Board of Directors	Related Companies	Expected Credit Losses Provision *	Total
<u>March 31, 2020 (Reviewed)</u>	JD	JD	JD	JD
Accounts receivable	176,230	122,087	(30,953)	267,355
Accounts payable	805,082	92,437	-	897,519
Investments	-	4,184,972	-	4,184,972
Obligations against finance lease agreement	-	15,869	-	15,869
<u>December 31, 2019 (Audited)</u>				
Accounts receivable	43,396	125,714	(27,427)	141,683
Accounts payable	753,221	18,877	-	772,098
Investments	-	4,286,970	-	4,286,970
Obligations against finance lease agreement	-	23,805	-	23,805
<u>For the Three-Months Ended</u>				
<u>March 31, 2020 (Reviewed)</u>				
Sales	-	-	-	-
Expenses	9,616	65,422	-	75,038
<u>For the Three-Months Ended</u>				
<u>March 31, 2019 (Reviewed)</u>				
Sales	2,025,850	-	-	2,025,850
Expenses	-	143,218	-	143,218

- The Company used to sell its products in the local market through Saad Abu Jaber and Sons Company (Shareholder) who was the exclusive distributor for the Company in the local market. During the first quarter of 2020, the agreement with Saad Abu Jaber and Sons Company was terminated. The Company became the main distributor of all its products.
- The Company manufactures some of its products under a franchise agreement with Heineken - Holland (shareholder), in addition to Henninger - Germany for a specific franchise fee, granting the Company the exclusive franchise to use trademarks in geographical areas designated for the sale of some products the Company produces.
- The agreement obligates the Company to market some of its manufactured products according to the franchise agreement based on an annual marketing plan that aims to increase sales and to meet demand appropriately.
- The salaries and bonuses of executive management amounted to JD 104,085 for the three-months period ended March 31, 2020 (JD 79,134 for the Three-month period ended March 31, 2019).

- * The movement on expected credit loss related to balances with related parties is as follows:

	For the Three Months Ended March 31, 2020 (Reviewed)	For the Year Ended December 31, 2019 (Audited)
	JD	JD
Balance – beginning of the period / year	27,427	30,952
Provision for the period / year	3,526	60,000
Written off during the period / year	-	(63,525)
Balance – end of the period/year	30,953	27,427

13. Contingent Liabilities

At the date of the financial position, the Company was contingently liable for bank guarantees with an amount of JD 240,977 as of March 31, 2020, (JD 240,977 as of December 31, 2019), in addition to lawsuits against the Company amounted to JD 12,198 and lawsuits held by the Company amounted to JD 604,124. In the Management and the Company's legal consultant's opinion, the Company will not bear any obligations against any lawsuits except one case with the amount of JD 12,198 which has already taken the needed provision for it.

14. Subsequent Events

The General Assembly of shareholders in their ordinary meeting held on June 8, 2020 approved the board of directors' recommendation to distribute cash dividends of JD 2 Million to the shareholders at a rate of 20% of the capital for the year 2019 (JD 1.2 Million as cash dividends to the shareholders at a rate of 12% of the capital for the year 2018).

15. Operating Segments

The disclosed information related to the Company's operating segments are reported in accordance with International financial reporting standard Number 8. IFRS 8 requires the disclosure of reportable segments based on the internal reports that are regularly reviewed by the Company Chief Operation decision maker, and is used to allocate resources to the Company's segments and assess their performance. The operating sectors for of the company are as follows:

a. Manufacturing Segment:

This sector represents the Company's investment in assets in order to manufacture and sell its main products of alcoholic and non-alcoholic drinks, classified into mainly local sales and export sales.

b. Importing Segment of Alcoholic and Non-Alcoholic Beverages:

This sector represents the Company's investment in assets in order to import and sell products that consist of alcoholic and non-alcoholic drinks, mainly classified into local sales, free zones, and Aqaba sales.

c. Importing Food Products and Agencies:

This sector represents the Company's assets related to export and import activities and retail for consumables and food products and warehouse lease activities. In addition to acquiring agencies and trademarks.

d. Investing Segment:

This sector represents the Company's investment in a portfolio of financial assets as well as investments in a real estate building. The revenue of this sector is classified as recurring revenues (consisting of rental income, dividends distributions and bank interest income) and non-recurring revenues (consisting of gains and losses on the disposal of investments as well as impairment).

e. Revenue and Net Profit from Operating Segments

Below is the analysis of the Company's revenues and operating results distributed according to its operating segments:

	For the Three-Months Ended March 31,	
	2020	2019
<u>Manufacturing:</u>	JD	JD
Net local sales	1,117,719	1,113,052
Net export sales	192,142	49,487
Net sales of free zones / Aqaba	353,289	237,734
Net sales of manufactured products	1,663,150	1,400,273
<u>Less:</u> Cost of sales of manufactured products	(909,236)	(647,653)
Gross profit from sales of manufactured	753,914	752,620
<u>Importing of alcoholic and non-alcoholic beverages:</u>		
Net sales of imports - alcoholic and non-alcoholic beverages	262,352	184,474
<u>Less:</u> Cost of sales of imports - alcoholic and non-alcoholic beverages	(184,086)	(191,364)
Gross profit from sales of imports - alcoholic and non-alcoholic beverages	78,266	(6,890)
<u>Importing of food products and agencies:</u>		
Net sales of food products	48,749	9,281
<u>Less:</u> Cost of sales of food products	(25,501)	(6,813)
Gross profit from sale of food products	23,248	2,468
Total Gross profit from sales	855,428	748,198
<u>Less:</u> Selling and distribution expenses	(311,794)	(279,315)
Segment Gross Profit	543,634	468,883
<u>Investing:</u>		
Frequent revenues	-	158,940
Segment Gross Profit	-	158,940
Total Segments' Gross Profit	543,634	627,823
Expenses not distributed over segments	(346,372)	(469,855)
Profit for the Period before Tax	197,262	157,968
Income tax expense	(49,625)	(17,740)
Profit for the Period	147,637	140,228

f. Operating Segments Assets and Liabilities

The analysis of the Company's assets and liabilities distributed according to its operating segments is as follows:

	Assets		Liabilities	
	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD	JD	JD
Manufacturing	10,635,790	8,290,633	3,857,439	3,116,409
Investing	11,031,029	11,886,972	-	-
Total Assets / Liabilities	21,666,819	20,177,605	3,857,439	3,116,409
Undistributed assets / liabilities	6,206,419	8,441,410	18,415	795,443
Total Assets / Liabilities	27,873,238	28,619,015	3,875,854	3,911,852

g. Revenues from Main Sales

Revenues of the manufacturing segment (representing the major part of the Company's revenue) consists of sales of alcoholic drinks, food products and non-alcoholic drinks as follows:

	For the Three Months Ended March 31,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Sales of alcoholic drinks	3,026,603	3,096,728
Sales of food products	130,536	-
Sales of non-alcoholic drinks	29,047	79,644
Total Sales	3,186,186	3,176,372
Less: Sales tax	(1,211,935)	(1,582,344)
Net Sales	1,974,251	1,594,028

16. Seasonal analysis

The seasonality had no effect on the interim condensed consolidated statement of profit or loss for the years 2019 & 2020.

17. Approval of Interim Condensed Financial Information

These interim condensed financial information were approved by the Board of Directors on July 29, 2020.