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

CONSLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 2013

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Independent Auditor's Report on Consolidated Financial Statements

To General Assembly
Al-Eqbal Investment Company
(Public Shareholding Company)
Amman – Jordan

We have audited the accompanying consolidated financial statements **of Al-Eqbal Investment Company ("The Group")** which comprise consolidated statement of financial position as of December 31, 2013 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the **Group** as at 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The Comparative figures for the statement of consolidated financial position for the year ended December 31, 2012 were audited by another auditor who issued his unqualified opinion on January 16, 2013.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records. The accompanying consolidated financial statements are, in all material aspects, in agreement with the Group's accounting records, and we recommend that the Group's General Assembly approves these consolidated financial statements.

These financial statements are translated copy to the English language of the original financial statements issued in Arabic language.

Kawasmy & Partners
KPMG

Hatem Kawasmy
License No, (656)

KPMG
Kawasmy & Partners Co.

Amman – Jordan
January 20, 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar	Note	As of December 31 2013	As of December 31 2012
Assets			
Current Assets			
Cash and cash equivalents	5	36,426,835	12,674,335
Cheques under collection		178,976	178,522
Trade and other receivables	6	17,418,550	11,385,048
Inventory	7	12,611,579	12,442,772
Other debit balances	8	2,613,233	2,054,630
Total Current Assets		**69,249,173**	**38,735,307**
Non-current assets			
Financial assets at fair value through statement of other comprehensive income	9	3,318,749	3,634,598
Investment properties	10	600,760	600,760
Investment in associate company	11	536,322	549,405
Intangible assets-Goodwill from acquisition of subsidiary	12	6,602,986	6,602,986
Property, plant and equipment	13	17,393,784	17,750,141
Total non-current assets		**28,452,601**	**29,137,890**
Total assets		**97,701,774**	**67,873,197**
Liabilities and Shareholders' Equity			
Current liabilities			
Deferred cheques Mature within a year		153,324	223,812
Accounts payable		6,228,460	4,076,643
Due to related party	14	321,442	500,000
Other credit balances	15	5,201,788	3,784,430
Loans and Bank facilities Mature within a year	16	17,700,000	-
Total current liabilities		**29,605,014**	**8,584,885**
Non-current liabilities			
Deferred cheques Mature within more than a year		167,314	310,726
Employees end of service of indemnity	22	1,832,780	1,512,252
Total non-current liabilities		**2,000,094**	**1,822,978**
Total liabilities		**31,605,108**	**10,407,863**
Shareholders' Equity			
Paid up capital	1	25,000,000	20,000,000
Statutory reserve	24	13,897,311	10,930,521
Voluntary reserve		-	3,178,307
Shares owned by subsidiary company		(945)	(945)
Cumulative change in fair value		1,035,691	723,137
Retained earnings		26,164,609	22,634,314
Total Shareholders' Equity		**66,096,666**	**57,465,334**
Total Liabilities and Shareholders' Equity		**97,701,774**	**67,873,197**

The accompanying notes from pages (7) to (37) are an integral part of these consolidated financial statements.

Chairman of Board of Directors **General Manager**

AL-EQBAL INVESTMNET COMPANY

(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Jordanian Dinar	Note	For the year end December 31, 2013	2012
Net sales		98,682,013	80,575,283
Cost of goods sold		(57,909,973)	(47,996,922)
Gross profit		**40,772,040**	**32,578,361**
Administrative expenses	17	(5,957,010)	(4,983,520)
Selling and distribution expenses	18	(5,120,296)	(6,436,647)
Proceeds from sale of property, plant and equipment		14,395	140,408
Gain from Sale of Subsidiary		-	694,418
Provision for slow moving inventory		-	(28,756)
Provision for doubtful debts		-	(20,000)
Finance Expenses		(357,382)	(165,494)
Interest Revenue		981,446	234,559
Company share from loss of investment in associate company	11	(13,083)	-
Gain from liquidation of Subsidiary		15,506	-
Dividends from financial assets at fair value through other comprehensive income		100,943	100,858
Operating income for the year		**30,436,559**	**22,114,187**
Legal Provision		(347,700)	(132,450)
Other (Expenses) income		(75,954)	482,113
Profit for the year before tax and board of directors' remuneration		**30,012,905**	**22,463,850**
Income tax expense	20	(1,973,005)	(1,459,152)
Profit for the year before board of directors' remuneration		**28,039,900**	**21,004,698**
Board of directors' remuneration		(45,000)	(45,000)
Profit for the year		**27,994,900**	**20,959,698**
Other comprehensive income items			
Items that maybe reclassified to comprehensive income			
Foreign currency translation differences		-	(16,922)
Items will never be reclassified to comprehensive income			
Change in fair value for financial assets through other comprehensive income		312,554	456,799
Gain (loss) from sale of financial assets at fair value through other comprehensive income		353,878	(116,498)
Total comprehensive income for the year		**28,661,332**	**21,283,077**
Basic and diluted earnings per share (JD/Share)	21	**1,12**	**0,84**

The accompanying notes from pages (7) to (37) are an integral part of these consolidated financial statements.

Chairman of Board of Directors — **General Manager**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Paid Up Capital	Statutory Reserve	Voluntary Reserve	Foreign Currency Transaction Differences	Cumulative change in fair value	Shares owned by subsidiary company	Retained Earnings *	Non-Controlling Interest	Total
Balance as at 31 December 2012	20,000,000	10,930,521	3,178,307	-	723,137	(945)	22,634,314	-	57,465,334
Profit for the year	-	-	-	-	-	-	27,994,900	-	27,994,900
Other comprehensive income	-	-	-	-	464,052	-	202,380	-	666,432
Transfer from fair value reserve to retained earnings	-	-	-	-	(151,498)	-	151,498	-	-
Transfer to statutory reserve	-	2,996,790	-	-	-	-	(2,996,790)	-	-
Shares owned from subsidiary	-	-	-	-	-	-	-	-	-
Dividends during the year-Note 19	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)
Capital increase	5,000,000	-	(3,178,307)	-	-	-	(1,821,693)	-	-
Liquidation of a subsidiary	-	(30,000)	-	-	-	-	-	-	(30,000)
Balance as of December 31, 2013	**25,000,000**	**13,897,311**	**-**	**-**	**1,035,691**	**(945)**	**26,164,609**	**-**	**66,096,666**
Balance as at 31 December 2011	20,000,000	8,628,829	3,178,307	16,922	266,338	(503)	24,092,806	49,243	56,231,942
Profit for the year	-	-	-	-	-	-	20,959,698	-	20,959,698
Other comprehensive income	-	-	-	(16,922)	456,799	-	(116,498)	-	323,379
Transfer to statutory reserve	-	2,301,692	-	-	-	-	(2,301,692)	-	-
Shares owned by subsidiary company	-	-	-	-	-	(442)	-	-	(442)
Non-controlling interest	-	-	-	-	-	-	-	(49,243)	(49,243)
Dividends during the year-Note 19	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)
Balance as of December 31, 2012	**20,000,000**	**10,930,521**	**3,178,307**	**-**	**723,137**	**(945)**	**22,634,314**	**-**	**57,465,334**

According to the Jordanian Securities Commission instructions the negative value of the Cumulative change in fair value in the retained earnings is prohibited from distribution to shareholders

The accompanying notes from pages (7) to (37) are an integral part of these consolidated financial statements.

AL-EQBAL INVESTMNET COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the year end December 31, 2013	2012
Cash flows from operating activities:			
Profit for the year		27,994,900	20,959,698
Company share from loss of investment in associate company		13,083	-
Provision for slow-moving inventory		-	28,756
Written off for slow-moving inventory		(453,620)	(897,970)
Provision for end of service indemnity		496,793	443,775
Provision for doubtful debts		-	20,000
Profit from liquidation of subsidiary		(15,506)	-
Finance fees		357,382	165,494
Legal Provision		347,700	132,450
Depreciation		2,823,065	3,130,297
Key-money amortization		213,506	191,392
Proceeds from sale of property, plant and equipment		(14,395)	(140,408)
		31,762,908	**24,033,484**
Change in working capital items :			
Trade and other receivables		(6,033,502)	(1,939,026)
Cheques under collection		(454)	116,694
inventory		284,813	818,918
Due from related parties		-	1,215,145
Other Debit Balances		(772,109)	1,881,357
Accounts payable		2,151,817	(1,301,916)
Due to related party		(178,558)	500,000
Deferred Cheques		(213,900)	(63,012)
Other Credit Balances		2,602,205	912,217
Cash flow from operating activities		**29,603,220**	**26,173,861**
Income tax paid		(1,546,968)	(1,050,367)
End of service of indemnity paid		(176,265)	(94,177)
Net Cash flow from operating activities		**27,879,987**	**25,029,317**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		25,331	1,719,431
Acquisition of property, plant and equipment		(2,477,644)	(8,112,379)
Proceeds from sale of financial assets at fair value through other comprehensive income		982,208	-
Investment properties		-	(48,050)
Shares owned by subsidiary company		-	442
Changing in investment in subsidiary		-	273,690
Non- Controlling interest		-	(49,243)
Net cash used in investing activities		**(1,470,105)**	**(6,216,109)**
Cash flows from financing activities:			
Finance expense paid		(357,382)	(165,494)
Loans and bank facilities mature within a year		17,700,000	(187,450)
Dividends paid		(20,000,000)	(20,000,000)
Net cash used in financing activities		**(2,657,382)**	**(20,352,944)**
Net increase (decrease) in cash balance		**23,752,500**	**(1,539,736)**
Cash and cash equivalents at the beginning of the year		**12,674,335**	**14,214,071**
Cash and cash equivalents at the end of the year	5	**36,426,835**	**12,674,335**

The accompanying notes from pages (7) to (37) are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

Al-Eqbal Investment Company (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. The authorized paid up capital amounted 20 milion (1 JD /share).The general assembly decided on Febreuary 25, 2013 to increase its paid-up capital by 5,000,000 shares through distribution from voluntary reserves by an amount of JOD 3,178,307 and JOD 1,821,693 from the retained earnings. The Company's paid-up capital become 25 million (1 JD/share). The company completed the procedures in the Ministry of trade and industry on March 19, 2013.

The company's main objectives inside and outside the kingdom include the following:

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

The consolidated financial statements were approved by the Board of Directors on January 19, 2014 and is subject to the General Assembly approval.

2) BASIS OF PREPARATION CONSOLIDATED FINACIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with international financial reporting standards.

(b) Basis of consolidated financial statements

The consolidated financial statements comprise the consolidated financial statements of the El-Eqbal Investment (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 statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases

Consolidated financial statements are prepared for the subsidiaries to the same financial year of the parent company and using the same accounting policies adopted by the parent company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The company owns the following subsidiaries as of December 31, 2013:

Company Name	Authorized and paid up capital	Percentage Ownership	Nature of operation	Country of operation
		%		
Al Fakher for Tobacco*	6,000,000	100	Tobacco	Jordan
AlTayef International Investments	2,000,000	100	Investment	Jordan
International cigarettes and Tobacco Company	6,000,000	100	Tobacco	Jordan

*Al Fakher for Tobacco- Aqaba, owns a subsidiary of which related information is as follows:

Company Name	Authorized and paid up capital	Percentage Ownership	Nature of operation	Country of Operation
		%		
Al Fakher for Tobacco-Ajman	7,720,000	100	Tobacco	UAE

The following table represents the financial position and financial performance of the subsidiaries as of December 31, 2013:

	As of December 31, 2013			
Jordanian Dinar	Total Assets	Total Liabilities	Total Revenue	Net Income (loss) for the year
Al Fakher for Tobacco*	90,598,868	47,406,643	98,589,093	31,387,131
AlTayef International Investments	2,154,433	324,754	92,920	(161,637)
International cigarettes and Tobacco Company	4,259,893	-	-	3,865

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 statement of comprehensive income immediately. Transactions costs are expensed as incurred, 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 statement of comprehensive income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as 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 statement of comprehensive income.

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

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in statement of income.

Balances , transactions and unrealised profits and expenses resulted from transactions within the group are eliminated when preparing these consolidated financial statement.

The Group excluded the financial statements of the company for the distribution of Arab cigarettes because of the liquidation on 9 December 2013.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets measured at the fair value through profit or loss income, financial assets and liabilities measured at amortized cost.

(d) Functional and presentation currency

The consolidated financial statements are presented in Jordanian Dinar, which is the Company's functional currency.

(e) Use of Judgments and estimates

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is summarized as follows:

Management periodically reassesses the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.

A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

Management review annually the recoverable amount of the goodwill to determine whether there was any impairment in its value.

Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

Management estimates the provision for income tax in accordance with the prevailing laws and regulations.

- **Fair value hierarchy:**

  The Group is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

  Management believes that its estimates and judgments are reasonable and adequate.

3) Significant Accounting Policies

The company has adopted early International Financial Reporting Standard IFRS 9 Financial Instruments to be applied on the financial statement that begins on the first of January 2011based on the instructions of security exchange commission .This standard is mandatory well be applied internationally on January 1,2015:

The accounting policies applied by the company in this consolidated financial statements for the year ended December 31, 2013 are the same as those applied by the Company in its consolidated financial statements for the year ended December 31, 2012. Except the international financial reporting standards are effective for annual years beginning after 1 January 2013, as follow:

- IAS (10): Consolidated financial statements.
- IAS (11): Construction contracts.
- IAS (12): Disclosures related to investments in other companies.
- IAS (13): Fair value measurement.
- Adjustment on IAS (1): Items presentation in comprehensive income statement.
- IAS (19): Employee Benefits (as amended in 2011).
- IAS (28): Investment in associates and joint ventures (as amended in 2011).
- Yearly enhancement on IAS issued in 2009 – 2011.
- Adjustment on IAS (7): Financial instruments / disclosures – financial assets and liabilities offsetting

The application of these new standards did not had a substantial impact of to the consolidated financial statements or its disclosers.

a) Financial instruments

- **Financial assets and liabilities at amortized cost**

  The financial assets held within the Group management whose objective is to hold these assets in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding on specific dates, these assets are not traded in an active market and group has no intent to sell these assets in near future.

  When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal or part of it are deducted, any impairment in its amount to be recognized at the statement of comprehensive income.

The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.

Financial assets should not be reclassified from / to this item except in specified cases by the International Financial Reporting Standards. In case of sale of any of these assets before its due date where the sales result should be recorded at the statement of comprehensive income in a separate line and to be disclosed in accordance to the international financial reporting standards requirements.

- **Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments with the intention to keep them as a long term investment.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of comprehensive income and owners equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part there of profits or losses to be recorded in the consolidated statement of comprehensive income and owners equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of comprehensive income.

These assets are not subject to impairment losses test.

Dividends are recorded in the statement of consolidated comprehensive income as a separate line item.

- **Investment in associates**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

- **Property, plant and Equipment**

Recognition and measurement

- Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.
- Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separated items of property, plant and equipment.

- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the consolidated statement of consolidated comprehensive income.

Subsequent costs

- The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
- Ongoing costs of repair and maintenance of property, plant and equipment are expensed in the consolidated statement of comprehensive income as incurred.

- **Depreciation**
- Items of property, plant and equipment are depreciated on a straight-line basis in statement of consolidated comprehensive income over the estimated useful lives of each component. Land is not depreciated.

- The estimated useful lives of property, plant and equipment for the current and previous year are as follows:

Items of property, plant and equipment	Depreciation rate
	%
Vehicles	20%
Other equipment	25% – 20%
Computers and office equipment	25% – 20%
Furniture and fixtures	20%
Tools	25%
Machines and equipment	20%
Buildings and apartments	5%

The group reviews the useful lives and depreciation for the property, plant and equipment at the end of each financial year.

b) **Impairment**

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future consolidated cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future consolidated cash flows discounted at the asset's original effective interest rate.
Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of consolidated comprehensive income.

Non-Financial Assets

The carrying amounts of the group's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

All impairment losses are recognized in the consolidated statement of comprehensive income.

c) **Investment in property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investments Property is recognized initially at cost. Their fair values are disclosed in the notes of the consolidated financial statements, investment property are revaluated annually by independent real-estate experts based on market values, in an active market.

d) **Intangible Assets**

Goodwill

The Group measures goodwill at the acquisition date as

The fair value of the consideration transferred; plus

The recognized amount of any non-controlling interests in the acquiree; plus

If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole

Other intangible assets

Other intangible assets that are acquired through other than acquisition are recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the consolidated statement of income; however, intangible assets without definite useful lives should not be amortized and are required to be tested for impairment as of the date the consolidated financial statement. Impairment loss shall be recognized in the consolidated statement of income.

Intangible assets arising from company operation are not capitalized and should be recognized in the consolidated statement of comprehensive income when incurred.

Intangible assets are assessed at each consolidated reporting date to determine whether there is any objective evidence that they are impaired as well as the useful lives of the intangible asset are annually reassessed and any adjustments raised are recognized in the subsequent years.

Amortization

Amortization expense is recognized in the consolidated statement of income, where the company depreciates this asset by its estimated useful lives for each items in the intangible assets

e) **Revenues recognition and expenses realization**

Revenue is recognized based on accrual bases.

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest method is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction cost and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the consolidated statement of comprehensive income include:

Interest income / expense on financial assets and financial liabilities measured at amortized cost calculated on an effective interest rate basis.

Interest income on Banks deposits.

Interest expenses on the borrowings and funds from banks.

f) **Foreign Currency Transactions**

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of comprehensive income.

g) **Fair value for financial assets**

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.

The closing prices (purchase of assets \ sale of liabilities) on consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

h) **Offsetting**

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

i) **Date of recognition of financial assets**

Purchase and sell of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets)

j) **Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

k) **Shares owned in a subsidiary company**

The facility pledge to issue or deliver of its financial instruments as options or rights to purchase stock ownership in itself is an equity instruments rather than a financial liabilities, where the facility is not obliged to deliver cash or another financial assets. Similarly, the cost incurred by one of the facilities for the purchase of the right to re-acquisition of its own equity instruments from another party is the reduction of their own equity rights and not a financial asset.

l) **Finance expenses**

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of comprehensive income using the effective interest method.

m) **End of Service Indemnity**

A provision for end of service indemnity is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for end of service indemnity is calculated bases on the Group's internal bylaw.

n) **Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other consolidated comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is in accordance with prevailing income tax law in Jordan.

o) **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4) **Segment Reporting**

An operating segment is a group of components of the Company 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 economic environments known as geographical segments.

A- Operating Segment

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

- Tobacco manufacturing and trading.
- Investments.

B- Geographical Segment

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

For the year end December 31, 2013 *Jordanian Dinar*	Tobacco manufacturing and trading	Investments	Total
Segment net revenue	40,749,196	22,844	40,772,040
Administrative expenses	(4,585,261)	(1,371,749)	(5,957,010)
Selling and distribution expenses	(5,120,296)	-	(5,120,296)
Gain from sale of property, Plant and equipment	14,395	-	14,395
Finance expenses	(286,765)	(70,617)	(357,382)
Company share from loss of investment in associate	-	(13,083)	(13,083)
Profit from liquidation of subsidiary	-	15,506	15,506
Legal provision expenses	-	(347,700)	(347,700)
Other	615,861	390,574	1,006,435
Segment profits (losses) for the year before tax and board of directors' remuneration	**31,387,130**	**(1,374,225)**	**30,012,905**
Segment total assets	92,558,185	5,143,589	97,701,774
Segment total liabilities	31,605,108	-	31,605,108
Capital expenditure	2,404,501	73,143	2,477,644

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year end December 31, 2012 *Jordanian Dinar*	Tobacco manufacturing and trading	Investments	Total
Segment net revenue	32,578,361	-	32,578,361
Administrative expenses	(3,644,696)	(1,338,824)	(4,983,520)
Selling and distribution expenses	(6,435,628)	(1,019)	(6,436,647)
Gain from sale of property. Plant and equipment	-	140,408	140,408
Company share from sale of investment in associate	-	694,418	694,418
Provision for slow-moving inventory	-	(28,756)	(28,756)
Provision for doubtful debts	-	(20,000)	(20,000)
Finance expenses	-	(165,494)	(165,494)
Legal provision expenses	-	(132,450)	(132,450)
Other revenues	518,885	298,645	817,530
Segment profits (losses) for the year before tax and board of directors' remuneration	**23,016,922**	**(553,072)**	**22,463,850**
Segment total assets	62,165,641	5,707,556	67,873,197
Segment total liabilities	10,407,863	-	10,407,863
Capital expenditure	8,104,784	7,595	8,112,379

5) Cash and cash equivalent

Jordanian Dinar	As of December 31, 2013	As of December 31, 2012
Cash on hand	18,179	261,920
Current accounts at banks	36,408,656	12,412,415
	36,426,835	**12,674,335**

6) Trade and other receivables

Jordanian Dinar	As of December 31, 2013	As of December 31, 2012
Trade receivables	15,237,115	11,487,012
Advanced payment to supplier	2,283,399	-
Other	101,230	101,230
	17,621,744	**11,588,242**
Provision for impairment on doubtful debts*	(203,194)	(203,194)
	17,418,550	**11,385,048**

* Impairment of trade receivable is calculated when exceeding the ceilings agreed in advance. Provision is made for the entire balance of disclosure (the ceiling of the facilities in addition to excess) in the case of late payment from client.

7) Inventory

Jordanian Dinar	As of December 31, 2013	2012
Raw material	9,481,795	10,095,496
Work in process	139,377	82,998
Finished goods	1,168,960	1,000,001
Goods in transit	95,879	90,448
Spare parts	1,705,612	1,607,332
Advertisement and accessories goods	968,325	526,891
Consumable goods	51,113	49,270
Other	-	443,438
	13,611,061	**13,895,874**
Provision for slow-moving inventory*	(999,482)	(1,453,102)
	12,611,579	**12,442,772**

* The movement on the slow-moving inventory was as follow:

Jordanian Dinar	2013	2012
Balance at the beginning of January	1,453,102	2,322,316
Provision for the year	-	28,756
Written off during the year**	(453,620)	(897,970)
	999,482	**1,453,102**

** The slow-moving inventory was closed at 443,417 JOD in cost of sales.

8) Other debit balances

Jordanian Dinar	As of December 31, 2013	2012
Key-money*	713,296	926,802
Accrued interest revenue	686,862	69,479
Prepaid expenses	652,114	479,284
Prepaid income tax	259,982	254,168
Refundable deposits	167,604	160,327
Employees account	122,989	114,231
Sales and income tax deposits	15,000	4,926
Other	7,886	57,913
Advance payment on projects under construction	7,500	7,500
	2,633,233	**2,074,630**
Impairment in employees account	(20,000)	(20,000)
	2,613,233	**2,054,630**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Key-money details are illustrated as follow:

Item	Key-money free zone	Key-money Rafy	Key-money Alshamsy	Total
Jordanian Dinar				
Cost				
Balance at the beginning of January 2012	1,264,150	289,500	53,075	1,606,725
Additions during the year	-	-	-	-
Balance as of December 31, 2012	**1,264,150**	**289,500**	**53,075**	**1,606,725**
Balance at the beginning of January 2013	1,264,150	289,500	53,075	1,606,725
Additions during the year	-	-	-	-
Balance as of December 31, 2013	**1,264,150**	**289,500**	**53,075**	**1,606,725**
Accumulated amortization				
Balance at the beginning of January 2012	474,056	14,475	-	488,531
amortization during the year	158,019	28,950	4,423	191,392
Balance as of December 31, 2012	**632,075**	**43,425**	**4,423**	**679,923**
Balance at the beginning of January 2013	632,075	43,425	4,423	679,923
amortization during the year	158,019	28,950	26,537	213,506
Balance as of December 31, 2013	**790,094**	**72,375**	**30,960**	**893,429**
Net book value as of December 31, 2012	**632,075**	**246,075**	**48,652**	**926,802**
Net book value as of December 31, 2013	**474,056**	**217,125**	**22,115**	**713,296**

9) Financial assets at fair value through statement of other comprehensive income

	As of December 31,	
Jordanian Dinar	2013	2012
Quoted market prices	3,017,724	3,333,573
Unquoted market prices	301,025	301,025
	3,318,749	**3,634,598**

10) Investment property

Jordanian Dinar				As of December 31,	
Country	Area	Land no	Piece number	2013	2012
UAE – Ajman*	Aljorf	S 2	2/1/271	271,028	271,028
Jordan – Amman**	Aljbayha	1	1	329,732	329,732
				600,760	**600,760**

* The fair value for Ajman's land as of 31, December 2013 according to weighted average real estate expert valuation amount of 328,100 JOD (2012: 299,150 JOD) the fair value measurement for land has been categorized under level 2 fair value based on the inputs that has been determined either directly (i.e., as prices) or indirectly (i.e., derived from prices of similar assets).

** The fair value for Amman's land as of 31, December 2013 according to weighted average real estate expert valuation amount of 912,633 JOD (2012: 884,317 JOD) the fair value measurement for land has been categorized under level 2 fair value based on the inputs that has been determined either directly (i.e., as prices) or indirectly (i.e., derived from prices of similar assets).

11) Investment in associate company

This item represents the percentage 38.431% of its paid up capital in "Trust international Transport" – PSC – (2012: 38,576).

The following table represents the financial position and financial performance to this company:

Jordanian Dinar	December 31,2012					
	Total Assets		Total Liabilities			Associate
	Current	Non-Current	Current	Non-Current	Total revenue	company profit
Trust International Transportation Company	1,221,237	1,308,847	522,592	-	700,969	577,597

Jordanian Dinar	December 31,2013					
	Total Assets		Total Liabilities			Associate
	Current	Non-Current	Current	Non-Current	Total revenue	company profit
Trust International Transportation Company	701,270	1,122,317	428,032	-	12,139	(612,436)

The movement on the balance of investment in associate company was as follow:

Jordanian Dinar	As of December 31, 2013	2012
Balance at the beginning of the year	549,405	823,095
Shares obtained during the year	-	2,514
Shares sold during the year	-	(3,118)
Company share of loss of associate company 2011	-	(273,086)
Company share of profit of associate company 2012	219,358	-
Company share of loss of associate company 2013	(232,441)	-
	536,322	**549,405**

The calculation of the group's share from the profit and loss based on the audited financial statements as of December 31, 2012 and 2013.

12) Intangible assets – Goodwill from acquisition of subsidiary

The Fakher international trading tobacco and agencies purchased on June 1, 2006 100% of Fakher trading tobacco and agencies – Ajman as follow:

Jordanian Dinar	Fair value on acquisition	Book value on acquisition
Property, plant and equipment	418,293	418,293
Land	251,817	251,817
Other debit balances	38,857	38,857
Inventory	418,390	418,390
	1,127,357	**1,127,357**
Other credit balances	(10,343)	(10,343)
Net assets	**1,117,014**	**1,117,014**
Cash paid	7,720,000	
Goodwill from acquisition	**6,602,986**	
Cash flow at acquisition		
Net cash obtained from subsidiary company	-	
Cash paid	7,720,000	
Net cash paid	**7,720,000**	

The recoverable amount of this cash generating unit was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as level 3 fair value based on the inputs in the valuation technique used.

The cash flow projections from the Group's management included specific estimates for five years, reasonable growth rate and reasonable discount rate in line with average current borrowing rates. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

13) Property, plant and equipment

Jordanian Dinar	Land	Vehicles	Other equipment	Computers and office equipment	Furniture and fixture	Tools	Machines and equipment	Buildings and apartment	Total
Cost									
Balance as of January 1, 2013	3,515,741	356,936	964,474	246,152	388,381	1,398,743	9,684,548	8,458,053	25,013,028
Addition	-	110,214	82,680	46,662	37,352	488,334	675,377	1,037,025	2,477,644
disposal	-	(15,054)	(8,361)	(10,423)	(92,559)	(65,946)	(313,119)	-	(505,462)
Balance as of December 31, 2013	**3,515,741**	**452,096**	**1,038,793**	**282,391**	**333,174**	**1,821,131**	**10,046,806**	**9,495,078**	**26,985,210**
Accumulated depreciation									
Balance as of January 1, 2013	-	239,584	514,687	139,610	235,582	541,741	3,552,948	2,038,735	7,262,887
Depreciation for the year	-	54,535	199,832	51,019	56,682	389,882	1,028,187	1,042,928	2,823,065
Disposal	-	(15,054)	(7,034)	(10,554)	(92,031)	(61,623)	(308,230)	-	(494,526)
Balance as of December 31, 2013	**-**	**279,065**	**707,485**	**180,075**	**200,233**	**870,000**	**4,272,905**	**3,081,663**	**9,591,426**
Net book value as of December 31, 2013	**3,515,741**	**173,031**	**331,308**	**102,316**	**132,941**	**951,131**	**5,773,901**	**6,413,415**	**17,393,784**
Cost									
Balance as of January 1, 2012	3,515,741	412,281	811,282	196,690	942,116	722,967	6,093,805	6,069,225	18,764,107
Addition	-	16,405	186,469	60,193	52,383	1,281,829	4,012,770	2,502,330	8,112,379
Disposal	-	(71,750)	(33,277)	(10,731)	(606,118)	(606,053)	(422,027)	(113,502)	(1,863,458)
Balance as of December 31, 2012	**3,515,741**	**356,936**	**964,474**	**246,152**	**388,381**	**1,398,743**	**9,684,548**	**8,458,053**	**25,013,028**
Accumulated depreciation									
Balance as of January 1, 2012	-	201,030	341,626	100,262	487,355	183,911	2,497,346	1,082,205	4,893,735
Depreciation for the year	-	38,554	189,925	43,051	145,205	537,823	1,202,777	972,962	3,130,297
Disposal	-	-	(16,864)	(3,703)	(396,978)	(179,993)	(147,175)	(16,432)	(761,145)
Balance as of December 31, 2012	**-**	**239,584**	**514,687**	**139,610**	**235,582**	**541,741**	**3,552,948**	**2,038,735**	**7,262,887**
Net book value as of December 31, 2012	**3,515,741**	**117,352**	**449,787**	**106,542**	**152,799**	**857,002**	**6,131,600**	**6,419,318**	**17,750,141**

14) Due to related party

Jordanian Dinar	Nature of transaction	Nature of relationship	As of December 31, 2013	2012
Due to related party	Finance	Associate company	321,442	500,000
			321,442	**500,000**

Key management remuneration

Salaries and benefits of the key management personnel for the year-end December 31, 2013 amounted to 415,560 JOD (December 31, 2012: 407,469 JOD).

15) Other credit balances

Jordanian Dinar	As of December 31, 2013	2012
Income tax provision	3,520,314	3,094,277
Legal provision	480,151	132,450
Shareholders deposits	478,967	102,608
Accrued expenses – advertisement material	280,105	-
Contingent liability provision	214,001	214,001
Jordanian universities provision	76,448	76,448
Board of directors' bonuses	45,833	45,000
Accrued expenses	7,600	41,088
Social security deposits	7,441	5,594
Education and training fund	2,017	2,017
Others	88,911	70,947
	5,201,788	**3,784,430**

16) Loans and bank facilities mature within a year

Fakher tobacco trading and Agencies Company – subsidiary company got a credit facilities from Bank of Jordan amounted 25,000,000 USD, (17,700,000 JOD) which represent a reducing loan, that will be settled in one payment on January 4, 2014 with a LIBOR of +2%. The loan payment due date has been extended till January 4, 2015.

The purpose from these facilities is to distribute dividends.

17) Administrative expenses

Jordanian Dinar	As of December 31, 2013	2012
Salaries and benefits	3,587,982	2,677,210
Legal and consulting fees	674,033	569,727
Donations	322,985	306,952
End of service indemnity	222,727	417,403
Travel and residency	190,163	94,152
Board of directors transportation	108,000	108,000
contributions	168,300	91,828
Depreciation	132,977	150,976
Phone and post mail	93,528	80,916
Rent	79,569	95,601
Bdaya project	74,825	77,668
Stamps	51,788	14,805
Treatments and medical insurance	47,497	50,666
Advertisement	40,368	18,975
Cars licenses and fuel	14,793	26,642
Stationary and printings	22,046	30,671
Trade marks	26,167	6,553
Bank commission	13,220	9,614
Cleaning and hospitalities	35,071	25,585
Repairs	5,731	15,746
Property insurance	1,822	2,490
Computer	6,698	944
Expenses related to Aqaba and Amman	-	14,782
Bad debts	-	28,175
Others	36,720	67,439
	5,957,010	**4,983,520**

18) Selling and distribution expenses

Jordanian Dinar	As of December 31, 2013	2012
Promotion expenses	3,394,867	4,616,922
Salaries and bonuses	660,955	482,987
Depreciation	22,740	23,500
Cars licenses	3,385	1,470
Export and shipping expenses	225,623	231,350
Contributions	2,146	19,833
Consumed goods	22,618	-
Stationary and printing	380	491
Phone and post mail	58,027	20,143
Other	16,505	81,613
Medical insurance	8,491	6,191
Travel	49,863	29,235
Rent	18,332	38,550
End of service of indemnity	58,884	26,372
Donation	19,339	-
Trade mark registration	65,157	51,773
Damaged and absolute goods	67,940	129,174
Bad debts	-	30,993
Trade commission	338,056	492,365
Allowed discount	86,988	153,685
	5,120,296	**6,436,647**

19) Dividends

The following table described the declared and paid dividends by the group:

Jordanian Dinar	As of December 31, 2013	2012
Cash Dividends*	20,000,000	20,000,000
	20,000,000	**20,000,000**

* The General assembly decided in its meeting held on 25 February 2013 to distribute an amount of 20,000,000 as dividends for the year 2012. The General assembly decided in its meeting held on 15 March 2012 to distribute an amount of 20,000,000 as dividends for the year 2011.

20) Income tax

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 year.

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

Jordanian Dinar	As of December 31, 2013	2012
Balance at the beginning of the year	3,094,277	2,943,053
Allowance for the year	1,973,005	1,459,152
Income tax paid for the year	(1,546,968)	(1,307,928)
Balance at the end of the year	**3,520,314**	**3,094,277**

Group tax position

a- Parent company – Al Eqbal for Investment PLC

The settlement of income tax up to the 2010 fiscal year, and related and reached a final settlement with the income tax department.

The income and sales tax audit for fiscal years 2011 and 2012 and has issued its final decision.

b- Subsidiary – AL Fakher for tobacco trading LLC

Al Fakher – Amman

The Income Tax Department audited the accounts of the company and issue its decision for the financial years 2006, 2007 and 2008 and which pending at the court of the tax, the tax consultant opinion, is that the decisions of the Tax Department is misplaced and will be dismissed in favor of the company.

The income tax department audited the fiscal years 2009, 2010 and 2011 and has not issued its final decision yet.

The tax return was submitted for the financial year 2012 within the legal period of submission, the department did not audit the company's accounts and issue final decisions until the date of the preparation of the consolidated financial statements.

Al Fakher – Aqaba private

The tax return was submitted for the years 2009, 2010, 2011 and 2012 within the legal period, the department did not audit the company's accounts and issue final decisions until the date of the preparation of the consolidated financial statements.

c- **Subsidiary – Al Dokhan – under liquidation**

Income tax has been settled for the company until the end of fiscal 2011.
Request for subrogation for the purposes of the liquidation has been submitted, and still in process to the date of these consolidated financial statements.

d- **Subsidiary – Altyef International for Investment**

The tax return was submitted for the financial year 2011 and 2012 within the legal period for submission of statements, the department did not audit the company's accounts and issue final decisions until the date of the preparation of the consolidated financial statements.

Based on the opinion of a tax consultant, it does not need to take any provision to meet the income tax liability for the lack of taxable income, the fact that the results of the business is "losses".

Income tax expense recognized based on management estimate of enacted of average annual tax rate. The company make a reconciliation between taxable income and financial income. The tax rate based on prevailing local law is 14% for Al Eqbal Company and Al Fakhar Company. and 5% for Al Fakhar- Aqaba, the effective tax rate for the group is 6.5% for the profit of both years ended December 31, 2013 and 2012.

21) Earning per share

Jordanian Dinar	As of December 31, 2013	As of December 31, 2012
Profit for the year for the shareholders (JD)	27,994,900	20,959,698
Weighted average for number of shares (Share)	25,000,000	25,000,000
Earning per share for the year	**1,12**	**0,84**

Weighted average number of shares has been adjusted for the year comparison for the Group, because of the increase in capital by the amount of voluntary reserves and a portion of retained earnings, in accordance with International Accounting Standard No. (33).

22) Employees end of service of indemnity

End of service of indemnity is calculated according to the company's internal bylaw the movement on the provision during the year was as follows:

Jordanian Dinar	As of December 31, 2013	As of December 31, 2012
Balance at the beginning of the year	1,512,252	1,162,654
Provision for the year	496,793	443,775
Paid during the year	(176,265)	(94,177)
Balance at the end of the year	**1,832,780**	**1,512,252**

23) Contingent liabilities

The contingent liabilities at the date of these consolidated financial statements are as the following:

Jordanian Dinar	As of December 31,	
	2013	2012
Bank guarantees	3,028,560	3,000,000
	3,028,560	**3,000,000**

Against cash margins represented as follow:

Jordanian Dinar	As of December 31,	
	2013	2012
Cash margins	322,660	300,000
	322,660	**300,000**

There is a pending lawsuit filed against the Group by other parties to claim compensation for damages caused by illegitimate competition. As of today, the registered case number is 622/2002. The courthouse ruled that the Group is liable to pay the full amount of JD (833,000) including all attorney fees, expenses, and interest. A request to appeal the decision was issued by the Group; the Court of Appeal's response to such an action was to reject the appeal. As a result, the Group has appealed this decision to the Court of Cassation.

Therefore, the Group took a provision of JD 480,150 in order to meet all liabilities resulting from this lawsuit. The Group's management and legal counsel have expressed their opinions stating that the possibility of winning the case is extremely high.

Furthermore, the Group's subsidiary (Al-Fakher for Trading Tobacco and Agencies Company) filed a lawsuit with the First Instance Court to object to the decisions passed on by the Income Tax Department for imposing taxes and fees to support a fund for education and training during the years of 2006, 2007, and 2008 totaling JD 3.5 million. The controversy was a result of the fact that the Income and Sales Tax Department consider the branch of the subsidiary mentioned in Ajman as an investment rather than a branch, the case is still pending in the Tax First Instance Court.

Based on the lawyer opinion on the probability of winning the legal case is depends on the courthouse point of view expert report that will be presented in this case. Taken into consideration that the expert have presented his report to the court house, and summarized through it that Al fakher factory in Ajman is treated as a branch, accordingly the accrued taxes has been determined as JD 1,009,420.

24) Statutory Reserve

The amounts in this account represent what transferred from the annual profit before taxes and fees. By 10% during the year and previous years, according to the Companies Act, and is not available for distribution to shareholders.

25) Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of Group's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

- **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 receivables and investment securities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying value as at	
Jordanian Dinar	**2013**	**2012**
Cash and cash equivalents	36,426,835	12,674,335
Cheques under collection	178,976	178,522
Trade and other receivables	17,418,550	11,385,048
Other debit balances	1,701,137	1,321,178
	55,725,498	**25,559,083**

- **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 both normal and stressed 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 following are the contracted maturities of financial liabilities, including estimated interest payments:

December 31, 2013 *Jordanian Dinar*	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
Deferred cheques	320,638	(320,638)	(153,324)	(167,314)
Accounts payable	6,228,460	(6,228,460)	(6,228,460)	-
Due to related party	321,442	(321,442)	(321,442)	-
Other credit balances	5,201,788	(5,201,788)	(5,201,788)	-
Loan and bank facilities mature within a year	17,700,000	(17,700,000)	(17,700,000)	-
	29,772,328	**(29,772,328)**	**(29,605,014)**	**(167,314)**

December 31, 2012 *Jordanian Dinar*	Carrying Amount	Contractual Cash Flows	less than a year	More than a year
Deferred cheques	534,538	(534,538)	(223,812)	(310,726)
Accounts payable	4,076,643	(4,076,643)	(4,076,643)	-
Due to related party	500,000	(500,000)	(500,000)	-
Other credit balances	3,784,430	(3,784,430)	(3,784,430)	-
	8,895,611	**(8,895,611)**	**(8,584,885)**	**(310,726)**

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- **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 and UAE Dirhams

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

December 31, 2013	**JOD**	**UAE Dirhams**	**Total**
Jordanian Dinar			
Cash and cash equivalent	29,997,799	6,429,036	36,426,835
Cheques under collection	141,800	37,176	178,976
Trade and other receivables	44,600	17,373,950	17,418,550
Other debit balances	1,123,918	1,489,315	2,613,233
Deferred cheques	(310,726)	(9,912)	(320,638)
Accounts payable	(110,557)	(6,117,903)	(6,228,460)
Other credit balances	(4,872,900)	(328,888)	(5,201,788)
Loans and bank facilities mature within a year	(17,700,000)	-	(17,700,000)
	8,313,934	**18,872,774**	**27,186,708**

December 31, 2012	**JOD**	**UAE Dirham**	**Total**
Jordanian Dinar			
Cash and cash equivalent	9,870,309	2,804,026	12,674,335
Cheques under collection	141,800	36,722	178,522
Trade and other receivables	44,566	11,340,482	11,385,048
Other debit balances	453,159	1,601,471	2,054,630
Deferred cheques	(490,785)	(43,753)	(534,538)
Payables	(88,379)	(3,988,264)	(4,076,643)
Other credit balances	(3,720,109)	(64,321)	(3,784,430)
	6,210,561	**11,686,363**	**17,896,924**

- **Sensitivity analysis**

A strengthening (weakening) of the JD, as indicated below, against the UAE Dirhams at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2012, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	Increase	Decrease
December 31, 2013	**Profit or loss**	**Profit or loss**
Jordanian Dinar		
UAE dirham (10% change)	1,887,277	(1,887,277)
	1,887,277	**(1,887,277)**

	Increase	Decrease
December 31, 2012	**Profit or loss**	**Profit or loss**
Jordanian Dinar		
UAE dirham (10% change)	1,168,636	(1,168,636)
	1,168,636	**(1,168,636)**

- **Interest rate risk**

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

	As of December 31,	
Jordanian Dinar	**2013**	**2012**
Fixed Rate Instruments:		
Financial Assets	36,408,656	12,412,415
Variable rate instrument		
Financial Liabilities	(17,700,000)	-

An increase in the interest average rate by 1% will lead to increase in finance expense with an amount of JD 177.000, a decrease in the interest average rate by 1% will lead to decrease in finance expense with an amount of JD 177.000.

- **Other market price risk**

  Equity price risk arises from financial assets at fair value through other comprehensive income held for meeting partially the unfunded portion of the Group's obligations as well as investments at fair value through profit or loss. 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 Risk Management Committee.

- **Sensitivity analysis for equity price risk**

  A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity	
Jordanian Dinar	5% Increase	5% decrease
December 31, 2013		
Financial assets at fair value through other comprehensive income	165,937	165,937
	165,937	**165,937**
December 31, 2012		
Financial assets at fair value through other comprehensive income	181,730	181,730
	181,730	**181,730**

- **Capital management**

  The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares, retained earnings and non-controlling interests of the Group.

  The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity.

  The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

  There have been no changes in the group's approach to capital management during the year neither the group is subject to externally imposed capital requirements.

Debt-to-adjusted Capital Ratio

	As of December 31,	
Jordanian Dinar	**2013**	**2012**
Total Debt	31,605,108	10,407,863
(Less) cash and cash equivalents	(36,426,835)	(12,674,335)
Net Debt	**(4,821,727)**	**(2,266,472)**
Net Shareholders' equity	66,096,666	57,465,334
Adjusted capital	**66,096,666**	**57,465,334**
Debt - to- adjusted capital ratio	-	-

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 identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

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 (unobservable inputs).

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December 31, 2013	Book Value		Fair Value			
Jordanian Dinar	Amortized cost	Fair value	level (1)	level (2)	level (3)*	Total
Financial assets						
Cash and cash equivalent	36,426,835	-				
Cheques under collection	178,976	-				
Trade and other receivable	17,418,550	-				
Financial assets at fair value through statement of other comprehensive income	-	3,318,749	3,017,724	-	301,025	3,318,749
	54,024,361	**3,318,749**	**3,017,724**	**-**	**301,025**	**3,318,749**
Financial liabilities						
Deferred cheques	320,638	-				
Accounts payable	6,228,460	-				
Due to related party	321,442	-				
Loans and bank facilities	17,700,000	-				
	24,570,540	**-**				
December 31, 2012						
Financial assets						
Cash and cash equivalent	12,674,335	-				
Cheques under collection	178,522	-				
Trade and other receivable	11,385,048	-				
Financial assets at fair value through statement of other comprehensive income	-	3,634,598	3,333,573	-	301,025	3,634,598
	24,237,905	3,634,598	**3,333,573**	**-**	**301,025**	3,634,598
Financial liabilities						
Deferred cheques	534,538	-				
Accounts payable	4,076,643	-				
Due to related party	500,000	-				
	5,111,181	**-**				

Fair value in accordance with 3 level

This item represents the cost of financial assets through other comprehensive income that is not listed in financial markets for the company portion in North manufacturing Company -Jenin-. The company 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.

- **Fair value**

The fair value of financial assets and liabilities are not materially different from its book value in the consolidated statements of financial position. As of December 31, 2012 and 2013.

26) Comparative figures

The comparative figures represent the consolidated financial position for the year ended as of December 31, 2012. Certain comparative amounts have been reclassified to conform with the current year's presentation, the reclassification adjustments are as follow:

	2012		
Item	**Before classification**	**classification**	**After classification**
Inventory	11,660,600	782,172	12,442,772
Spare parts	750,882	(750,882)	-
Letter of credit deposits	31,290	(31,290)	-
Other debit balances	1,127,828	926,802	2,054,630
Intangible assets-Goodwill from acquisition of subsidiary	7,529,788	(926,802)	6,602,986