

**Jerusalem Cigarette Company Ltd.  
Bethnay/ Jerusalem  
562600015**

**Unaudited interim consolidated financial Statements  
and report on review of condensed unaudited interim consolidated financial statements  
for the six-month period ended on 30 June 2021**

**Maayah & Co.**

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معاينة وشركاهم  
Maayah & CO.

محاسبون قانونيون  
Certified Public Accountants

## Report on Review of Interim consolidated Financial Statements

To the Board of Directors of Jerusalem Cigarette Company Ltd.

### Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Jerusalem Cigarette Company P.L.C. (the Company), as of June 30, 2021 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Accounting Standard number (34) Interim Financial Reporting. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not give a true and fair view of the financial position of the company as at June 30, 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard number (34).

Maayah & Co.

Abla S. Maayah

Certified Public Accountant

License no. 167

Ramallah on August 15, 2021

**Jerusalem Cigarette Company Ltd.  
Bethnay/ Jerusalem**

**Statement 1**

**Interim consolidated statement of financial position as at 30 June 2021**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>JOD</b>	<b>JOD</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,242,188	532,817
Accounts receivable	11,488,369	11,083,117
Inventory	5,847,101	5,921,028
Other debit balances	308,488	199,145
Income tax	587,812	518,889
<b>Total current assets</b>	<b>19,473,958</b>	<b>18,254,996</b>
<b>Non- current assets</b>		
Property, plant and equipment	11,109,398	9,725,590
Investment property	9,407,792	9,836,714
Financial notes	1,547,778	1,423,685
Financial assets at fair value through other comprehensive income	4,810,465	4,903,545
<b>Total non-current assets</b>	<b>26,875,433</b>	<b>25,889,534</b>
<b>Total assets</b>	<b>46,349,391</b>	<b>44,144,530</b>

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>JOD</b>	<b>JOD</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Due to banks	5,786,829	7,288,649
Accounts payable	4,681,707	3,023,540
Accruals and other credit balances	621,062	394,146
Cigarette banderol - Palestine	1,872,553	2,503,084
Value added tax	2,337,877	3,000,154
Board of directors expenses	180,060	189,353
<b>Total current liabilities</b>	<b>15,480,088</b>	<b>16,398,926</b>
<b>Non-current liabilities</b>		
Cigarette banderol- Palestine- long term portion	4,731,544	4,799,125
Long term loans	2,844,982	1,150,786
Provision for severance pay	520,044	464,198
<b>Total liabilities</b>	<b>8,096,570</b>	<b>6,414,109</b>
	<b>23,576,658</b>	<b>22,813,035</b>
<b>Equity</b>		
Share capital- fully paid	10,000,000	10,000,000
Treasury stock	(1,223,249)	(1,223,249)
Statutory reserve	3,042,966	3,042,966
Voluntary reserve	4,672,098	4,672,098
Retained earnings	1,019,784	(372,817)
Investments revaluation to fair value reserve	609,523	534,506
Currency translation into Jordanian Dinars	987,142	1,025,489
<b>Total equity attributable to parent</b>	<b>19,108,264</b>	<b>17,678,993</b>
Non-controlling interests	3,664,469	3,652,502
<b>Total equity</b>	<b>22,772,733</b>	<b>21,331,495</b>
<b>Total liabilities and equity</b>	<b>46,349,391</b>	<b>44,144,530</b>

The accompanying notes form an integral part of these interim consolidated financial statements and are read with it.

**Jerusalem Cigarette Company Ltd.  
Bethany /Jerusalem**

**Statement 2**

**Interim consolidated income statement for the period ended 30 June 2021**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>JOD</b>	<b>JOD</b>
Sales of cigarettes	32,386,462	23,265,970
Cost of sales	(30,200,953)	(22,674,409)
<b>Gross profit</b>	<b>2,185,509</b>	<b>591,561</b>
Net revenues of leased property and car parking	235,091	232,399
Other revenues	110,750	95,591
Selling and distribution expenses	(264,218)	(117,932)
Research and development and operating	(56,801)	(8,031)
General and administrative expenses	(844,996)	(502,560)
Bank charges and interest	(334,119)	(225,011)
Share of results of associates	589,566	342,158
Other expenses	(125,899)	(120,770)
<b>Profit before income tax</b>	<b>1,494,883</b>	<b>287,405</b>
Income tax expense	(84,375)	(13,514)
Income tax- previous years	(5,940)	-
<b>Profit for the year</b>	<b>1,404,568</b>	<b>273,891</b>
<b>Basic and diluted earnings per share</b>	<b>0.140</b>	<b>0.027</b>
<b>Attributable to:</b>		
<b>Owners of the company</b>	<b>1,392,601</b>	<b>248,093</b>
<b>Non-controlling interests</b>	<b>11,967</b>	<b>25,798</b>

The accompanying notes form an integral part of these interim consolidated financial statements and are read with it.

**Jerusalem Cigarette Company Ltd.  
Bethany / Jerusalem**

**Statement 3**

<b>Interim consolidated statement of comprehensive income for the period ended 30 June 2021</b>		
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>JOD</b>	<b>JOD</b>
Profit for the period- statement 2	1,404,568	273,891
<b>Other comprehensive income items:</b>		
<b>Items that will not be subsequently reclassified to consolidated income statement:</b>		
Currency translation into Jordanian Dinar	(38,347)	14,650
Changes in fair value of investments	75,017	(15,373)
<b>Total comprehensive income for the period</b>	<b>1,441,238</b>	<b>273,168</b>

The accompanying notes form an integral part of these interim consolidated financial statements and are read with it.

Jerusalem Cigarette Company Ltd.  
Bethany /Jerusalem

Statement 4

Interim consolidated statement of changes in equity for the period ended 30 June 2021

	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
	Share capital	Treasury stock	Statutory reserve	Voluntary reserve	Retained earnings	Investments revaluation reserve	Translation into JOD	Total attributable to owners of the parent	Non-controlling interest	Total				
<b>Six months ended 30 June 2021</b>														
<b>Balance at 1 January 2021 - audited</b>	10,000,000	(1,223,249)	3,042,966	4,672,098	(372,817)	534,506	1,025,489	17,678,993	3,652,502	21,331,495				
Profit for the period- statement 2	-	-	-	-	1,392,601	-	-	1,392,601	11,967	1,404,568				
Other comprehensive income	-	-	-	-	-	75,017	(38,347)	36,670	-	36,670				
<b>Total comprehensive income for the period</b>	-	-	-	-	1,392,601	75,017	(38,347)	1,429,271	11,967	1,441,238				
Non-controlling interest	-	-	-	-	-	-	-	-	-	-				
<b>Balance at 30 June 2021 - unaudited</b>	10,000,000	(1,223,249)	3,042,966	4,672,098	1,019,784	609,523	987,142	19,108,264	3,664,469	22,772,733				
<b>Six months ended 30 June 2020</b>														
<b>Balance at 1 January 2020- audited</b>	10,000,000	(1,210,549)	2,824,743	4,672,098	(2,125,279)	520,033	1,327,895	16,008,941	3,463,499	19,472,440				
Profit for the period- statement 2	-	-	-	-	248,093	-	-	248,093	25,798	273,891				
Other comprehensive income	-	-	-	-	-	(15,373)	14,650	(723)	-	(723)				
<b>Total comprehensive income</b>	-	-	-	-	248,093	(15,373)	14,650	247,370	25,798	273,168				
Non-controlling interest	-	-	-	-	-	-	-	-	-	-				
<b>Balance at 30 June 2020- unaudited</b>	10,000,000	(1,210,549)	2,824,743	4,672,098	(1,877,186)	504,660	1,342,545	16,256,311	3,489,297	19,745,608				

The accompanying notes form an integral part of these interim consolidated financial statements and are read with it.



**Jerusalem Cigarette Company Ltd.**  
Bethany /Jerusalem

**Statement 5**

**Interim consolidated statement of cash flows for the period ended 30 June 2021**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>JOD</b>	<b>JOD</b>
<b>Cash flows from operating activities</b>		
Profit for the period before income tax- statement 2	1,494,883	287,405
<b>Adjustments:</b>		
<b>Non-cash items</b>		
Depreciation	327,823	306,452
Provision for severance pay	55,846	24,952
Currency translation into Jordanian Dinar	(38,347)	14,650
<b>Changes in fair value</b>		
Accounts receivable	(405,252)	(358,191)
Inventory	73,927	199,374
Other current assets	(109,343)	(70,922)
Accounts payable	1,658,167	(210,233)
Other current liabilities	(1,142,766)	2,006,841
Income tax –paid	(159,238)	(78,555)
<b>Net cash flows from (used in) operations</b>	<b>1,755,700</b>	<b>2,121,773</b>
<b>Cash flows from (used in) investing activities</b>		
Purchases of property, plant and equipment	(1,282,709)	(1,313,478)
Net additions to investments	44,004	(146,360)
<b>Net cash flows from (used in) investing activities</b>	<b>(1,238,705)</b>	<b>(1,459,838)</b>
<b>Cash flows from (used in) financing activities</b>		
Decrease in due to banks and loans	192,376	(354,709)
<b>Net cash flows from (used in) financing activities</b>	<b>192,376</b>	<b>(354,709)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>709,371</b>	<b>307,226</b>
Cash and cash equivalents, beginning of period	532,817	829,148
<b>Cash and cash equivalents, end of period</b>	<b>1,242,188</b>	<b>1,136,374</b>

The accompanying notes form an integral part of these interim consolidated financial statements and are read with it.

**Jerusalem Cigarette Company Ltd.**  
**Bethany /Jerusalem**

**Notes to the interim consolidated financial statements**  
**for the six months period ended 30 June 2021**

**1- General:**

Jerusalem Cigarette Company (the company) is a limited liability public shareholding company, incorporated in 1960 and works in the tobacco industry through its headquarters in Bethany/Jerusalem.

**2- Accounting policies:**

**a- Basis of preparation:**

The accompanying financial statements are the unaudited condensed interim consolidated financial statements of Jerusalem Cigarette Company, which is registered with the Company's comptroller as a public shareholding company under registration number 562600015 for the six-months period ended on 30 June 2021. These interim consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended on December 31, 2020, as they give an update of the status within the company since that date.

**b-** The interim consolidated financial statements have been prepared in accordance with International Accounting Standard number (34) Interim Financial Statements.

**c-** The accounting policies used for the period are consistent with those followed in the consolidated annual financial statements, as well as for the presentation of the financial statements.

**d-** The attached interim consolidated financial statements do not include all disclosures and information that would otherwise be required in a complete set of financial statements that are compatible with international financial reporting standards. In addition, the results of the six-month period ended on 30 June 2021, are not necessarily indicative of the results of operations for the year that will end on December 31, 2021.

**e- Consolidated interim financial statements:**

The consolidated interim financial statements include the financial statements of Jerusalem Cigarette Company and its subsidiaries as of 30 June 2021. Consolidated subsidiaries are those entities controlled by the company. Control is achieved when the company:

- Has the power over the investee company.
- Is exposed or has rights to variable returns resulting from its involvement with the investee company.
- Has the ability to use power to affect its returns.

The company reassesses its ability to control the investee if facts and circumstances indicate that there are changes to one or more of the above-mentioned elements.

- Percentage of ownership of the company in the share capital of subsidiaries as at 30 June 2021 is as follows:

<b>Subsidiary</b>	<b>Ownership percentage</b>	<b>Paid share capital</b>	<b>Share capital currency</b>
Arab Investors Company	78.61%	9,452,328	JOD
JCC Company/ Jerusalem	99%	199,999	NIS
Arab Care Company	34.04%	1,000,000	JOD
Rift Valley for Development	60.50%	3,765,799	JOD

- The subsidiary companies operate in Palestine including East Jerusalem.
- **Basis of consolidation:**  
The financial statements of the company and its subsidiaries are consolidated by adding all items of assets and liabilities and the results of the company's operation with that of its subsidiaries. All intra company balances and transactions such as receivables, payables, investments, dividends, profits and losses and any item relating to transactions between these companies are completely eliminated upon consolidation.
- The consolidation of the financial statements of the company and its subsidiaries begins from the date of control, and continues until the date of losing control over the subsidiaries.
- Non-controlling interests are shown separately from the owners of the parent company.

3-The Chairperson of the Board of Directors approved the interim consolidated financial statements for the period ended 30 June 2021 on August 15, 2021.