



الخطوط البحرية الوطنية الأردنية م.ع.م.  
Jordan National Shipping Lines P.L.C.

الرقم : 2017/241  
التاريخ: 15 أيار 2017

السادة هيئة الأوراق المالية المحترمون  
السادة بورصة عمان المحترمون

الموضوع: البيانات المالية المدققة عن العام 2016 باللغة الانجليزية

تحية وبعد،

مرفق طيه نسخة عن البيانات المالية المدققة لشركة الخطوط البحرية الوطنية الأردنية عن السنة المالية المنتهية في 2016/12/31 مترجمة للغة الانجليزية.

وتفضلوا بقبول فائق الاحترام،

المدير المالي والإداري

فايز منصور

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٥ أيار ٢٠١٧
الرقم المتسلسل: 3119
رقم الملف: 31012
الجهة المختصة: ١٠١٠١٠١٠١

JNSL



JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2016  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REPORT

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
DECEMBER 31, 2016

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## **Independent Auditor's Report**

**AM / 30626**

**To the Shareholders of  
Jordan National Shipping Lines Company  
(A Public Limited Shareholding Company)  
Aqaba Special Economic Zone - Jordan**

### **Opinion**

We have audited the consolidated financial statements of Jordan National Shipping Lines Company (a public limited shareholding company) which comprise of the consolidated statement of financial position as of December 31, 2016, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Deloitte

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Company's Share of the Associate Companies Income**

The Company's profits from associates represent a major part of the Company's revenues. In this regard, the Company books its share from these companies' profits based on the equity method as per the latest available audited or reviewed financial statements.

### **Scope of Audit to Address Risks**

The audit procedures included understanding the nature of the Company's procedures related to calculation of its share from the associates' profits based on the equity method. We also requested management to provide us with the most recent available audited or reviewed financial statements, recalculated the Company's share from those companies' profits, and reviewed the adequacy of the related disclosures.

## **Other Information**

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# Deloitte

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement on our compliance with relevant ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current years, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements, in all material respects, and we recommend that the General Assembly approve these financial statements.

## **Other Matter**

The accompanying financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

  
**Deloitte & Touche (M.E.) - Jordan**  
**Amman - Jordan**  
**March 30, 2017**

**Deloitte & Touche (M.E.)**  
**Public Accountants**  
**Amman - Jordan**

**JORDAN NATIONAL SHIPPING LINES COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**AQABA SPECIAL ECONOMIC ZONE - JORDAN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		December 31,		Note	December 31,	
		2016	2015		2016	2015
		JD	JD		JD	JD
ASSETS						
Current Assets:						
Cash on hand and at banks		3,196,234	3,703,026	5		
Accounts receivable - net		1,167,444	809,327	6		
Financial assets at fair value through profit or loss		1,186,521	1,053,050	7		
Due from related parties		407,347	1,196,855	16/a		
Other debit balances and prepaid expenses		214,788	240,258	8		
Inventory - Hotel		57,670	78,872	9		
Total Current Assets		6,230,004	7,081,388			
Deferred tax assets		574	3,635	15/c		
Investments:						
Financial assets at fair value through other comprehensive income		3,866,680	4,131,368	10		
Investment in associate companies		7,031,767	5,431,846	11		
Investment properties - net		1,271,366	1,296,766	12		
Total Investments		12,169,813	10,859,980			
Property and Equipment:						
Property and equipment - at cost		22,882,801	22,742,101	13		
Less: Accumulated depreciation		(5,767,202)	(4,830,879)	13		
Net Book Value of Property and Equipment		17,115,599	17,911,222			
TOTAL ASSETS		35,515,990	35,856,225			
LIABILITIES						
Current Liabilities:						
Accounts payable and other credit balances				14	2,377,043	2,369,219
Income tax provision				15/a	114,220	91,282
Due to related parties				16/b	623,150	522,964
Short - term loans installments				17	2,195,275	2,023,726
Total Current Liabilities					5,309,688	5,007,191
Long - term loans installments				17	6,576,890	7,804,049
OWNERS' EQUITY						
Shareholders' Equity:						
Paid-up capital				18/a	15,000,000	15,000,000
Statutory reserve				18/b	3,594,856	3,300,132
Investments revaluation reserve				19	(456,609)	(490,799)
Retained earnings				20	3,827,317	2,693,607
Total Shareholders' Equity					21,965,564	20,502,940
Non-controlling interests				24	1,663,848	2,442,045
TOTAL OWNERS' EQUITY					23,629,412	22,944,985
TOTAL LIABILITIES AND OWNERS' EQUITY					35,515,990	35,856,225

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.



JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended	
		December 31,	
		2016	2015
		JD	JD
Revenue:			
Net revenue from maritime agencies, sea freight and cruising vessels	21	3,154,085	2,586,398
Gross hotel operating revenue before other expenses	22	<u>1,709,102</u>	<u>1,719,787</u>
Gross Profit		4,863,187	4,306,185
<u>Less:</u> Marketing and advertising expenses		(211,673)	(228,119)
Information technology expenses - Hotel		(65,979)	(79,526)
Power and maintenance expenses - Hotel		(526,299)	(648,857)
General and administrative expenses	23	(2,460,812)	(2,475,525)
Allowance for doubtful accounts	6	-	(13,450)
Allowance for advance payments to suppliers	8	(10,000)	-
Allowance for slow-moving inventory	9	(15,000)	-
Depreciation of property and equipment and investment properties	12&13	(1,020,613)	(967,464)
Financing expenses		(567,254)	(609,984)
Profit from financial assets at fair value through profit or loss - net	25	32,761	30,135
Dividends return on financial assets at fair value through comprehensive income		183,822	166,925
Company's share from investment in associate companies income	26	2,296,386	1,603,855
Other revenue	27	<u>448,718</u>	<u>455,588</u>
Income for the year before tax		2,947,244	1,539,763
Income tax expense	15/b	<u>(106,601)</u>	<u>(126,708)</u>
Income for the Year		<u><u>2,840,643</u></u>	<u><u>1,413,055</u></u>
Attributable to:			
The Company's shareholders		3,046,712	1,724,239
Non-controlling interests	24	<u>(206,069)</u>	<u>(311,184)</u>
		<u><u>2,840,643</u></u>	<u><u>1,413,055</u></u>
Earnings per share for the year attributable to the Company's shareholders:			
Basic and Diluted	28	<u><u>0.203</u></u>	<u><u>0.115</u></u>

Chairman of the Board of Directors

General manager

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JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Income for the year	2,840,643	1,413,055
Items that will not be reclassified subsequently to the consolidated statement of income:		
Cumulative change in fair value - financial assets at fair value through comprehensive income	(93,643)	(26,464)
Gain from sale of financial assets at fair value through comprehensive income	9,555	50
Total Comprehensive Income	<u>2,756,555</u>	<u>1,386,641</u>
Total Comprehensive Income Attributable to:		
The Company's shareholders	2,962,624	1,716,196
Non - controlling interests	(206,069)	(329,555)
	<u>2,756,555</u>	<u>1,386,641</u>

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**JORDAN NATIONAL SHIPPING LINES COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**AOABA SPECIAL ECONOMIC ZONE - JORDAN**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

	Company's Shareholders' Equity						Total		Total Owners' Equity
	Paid-up Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings ***	Shareholders' Equity	Non-Controlling Interests	Shareholders' Equity	Non-Controlling Interests	
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the Year Ended December 31, 2016</b>									
Balance - beginning of the year	15,000,000	3,300,132	(490,799)	2,693,607	20,502,940	2,442,045	22,944,985		22,944,985
Income for the year	-	-	-	3,046,712	3,046,712	(206,069)	2,840,643		2,840,643
Cumulative change in fair value - financial assets at fair value through comprehensive income (Gain) from sale of financial assets at fair value through comprehensive income	-	-	(81,827)	(11,816)	(93,643)	11,816	(81,827)		(81,827)
Total Comprehensive Income	-	-	-	9,555	9,555	-	9,555		9,555
Dividends paid *	-	-	(81,827)	3,044,451	2,962,624	(194,253)	2,768,371		2,768,371
Dividends paid to partners - subsidiary company	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)		(1,500,000)
Transferred to statutory reserve	-	-	-	-	-	(166,500)	(166,500)		(166,500)
Loss of control of a subsidiary (Note 35)	-	294,724	-	(294,724)	-	-	-		-
Balance - End of the Year	15,000,000	3,594,856	(456,609)	3,827,317	21,965,564	1,663,848	23,629,412		23,629,412
<b>For the Year Ended December 31, 2015</b>									
Balance - beginning of the year	15,000,000	3,146,156	(482,706)	2,173,294	19,836,744	1,595,600	21,432,344		21,432,344
Income for the year	-	-	-	1,724,239	1,724,239	(311,184)	1,413,055		1,413,055
Cumulative change in fair value - financial assets at fair value through comprehensive income	-	-	(8,093)	-	(8,093)	(18,371)	(26,464)		(26,464)
Gain from financial assets at fair value through comprehensive income	-	-	-	50	50	-	50		50
Total Comprehensive Income	-	-	(8,093)	1,724,289	1,716,196	(329,555)	1,386,641		1,386,641
Capital increase of subsidiary	-	-	-	-	-	1,326,000	1,326,000		1,326,000
Dividends paid *	-	-	-	(1,050,000)	(1,050,000)	-	(1,050,000)		(1,050,000)
Dividends paid to partners - subsidiary company	-	-	-	-	-	(150,000)	(150,000)		(150,000)
Transferred to statutory reserve	-	153,976	-	(153,976)	-	-	-		-
Balance - End of the Year	15,000,000	3,300,132	(490,799)	2,693,607	20,502,940	2,442,045	22,944,985		22,944,985

\* In its meeting held on April 25, 2016, the General Assembly decided to distribute JD 1,500,000 as cash dividends to shareholders, representing 10% of capital for the year 2015 (JD 1,050,000 for the year 2014).

- Retained earnings includes JD 574 as of December 31, 2016, representing restricted balances against deferred tax assets (JD 3,635 as of December 31, 2015).

- An amount of JD 62,827 from retained earnings is restricted in accordance with the Jordan Securities Commission's instructions against the cumulative change in fair value transferred to retained earnings due to the early implementation of IFRS (9).

- An amount of JD 456,609 from retained earnings is restricted against the negative value in Investment revaluation reserve as of December 31, 2016.

- Income includes JD 14,826 as of December 31, 2016, representing unrealized losses from evaluating financial assets at fair value through profit or loss.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD  
BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended	
		December 31,	
		2016	2015
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income for the year before tax		2,947,244	1,539,763
Adjustments for:			
Depreciation of property and equipment and investment properties	12,13	1,020,613	967,464
Allowance for doubtful accounts	6	-	13,450
Allowance for advance payments to suppliers	8	10,000	-
Allowance for slow-moving inventory	9	15,000	-
Loss (gain) from sale of property and equipment		832	(540)
(Gain) from Investment in affiliate companies	26	(2,296,386)	(1,603,855)
Loss from the evaluation of financial assets at fair value through profit or loss	25	14,826	12,076
(Gain) from sale of financial assets at fair value through profit or loss	25	<u>(17,242)</u>	<u>(14,898)</u>
Cash Flows from Activities before Changes in Working Capital		1,694,887	913,460
(Increase) decrease in accounts receivable		(580,697)	136,409
(Increase) decrease in due from related parties		(291,710)	1,237,919
Decrease in other debit balances and prepaid expenses		15,470	27,644
Decrease (increase) in inventory		6,202	(6,160)
(Increase ) in restricted cash		-	(12,930)
Increase (decrease) in accounts payable and other credit balances		85,430	(706,248)
Increase (decrease) in due to related parties		<u>109,687</u>	<u>(784,493)</u>
Net Cash Flows from Operating Activities before Income Tax Paid		1,039,269	841,601
Income tax paid	15/a	<u>(80,602)</u>	<u>(123,762)</u>
Net Cash Flows from Operating Activities		<u>958,667</u>	<u>717,839</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Decrease in investment in affiliate companies		1,104,000	643,230
(Purchase) of property and equipment	13	(204,738)	(704,285)
Proceeds from sale of property and equipment		-	31,748
(Increase) in financial assets at fair value through profit or loss		(161,400)	(147,880)
Dividends return on financial assets at fair value through profit or loss	25	30,345	27,313
(Increase) in financial assets at fair value through comprehensive income		(23,700)	(289,922)
Dividends return on financial assets at fair value through comprehensive income		<u>183,822</u>	<u>166,925</u>
Net Cash Flows from (used in) Investing Activities		<u>928,329</u>	<u>(272,871)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
(Decrease) increase in non-controlling interests - net		(166,500)	1,176,000
(Decrease) in loans and credit banks		(717,951)	(752,578)
Dividends paid		<u>(1,496,407)</u>	<u>(1,053,159)</u>
Net Cash Flows (used in) Financing Activities		<u>(2,380,858)</u>	<u>(629,737)</u>
Net (Decrease) in Cash		(493,862)	(184,769)
Cash on hand and at banks - beginning of the year		<u>3,683,053</u>	<u>3,867,822</u>
Cash on Hand and at Banks - End of the Year	29	<u>3,189,191</u>	<u>3,683,053</u>

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**JORDAN NATIONAL SHIPPING LINES COMPANY**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**AQABA SPECIAL ECONOMIC ZONE - JORDAN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. General**

- According to the resolution of the Company's General Assembly, in its extraordinary meeting held on August 1, 2004, and the Companies Controller's Letter No. Msh/merger/13324 on August 30, 2004, stating the approval of his Excellency the Minister of Industry and Trade on the resolution of the Company's General Assembly to merge Jordan National Shipping Lines Company with Fast International Trade and Transport Company on June 30, 2004, a new public shareholding company was established under the name of Jordan National Shipping Lines Company with a capital of JD 5,750,000 allocated to 5,750,000 shares at a par value of JD 1 each. The Company's capital was increased in several stages, the last of which was during the year 2013. Accordingly, the Company's capital became JD 15 million through capitalizing JD 2/925 million from retained earnings and distributing it as free stock dividends to the shareholders. The proper procedures to list the stock was completed on June 19, 2013.
- The Company was also registered in Aqaba Special Economic Zone under registration number (1103110402) on November 4, 2003.
- The Company's main objectives are to carry out different types of marine transportation activities using its own ships, as well as ships on lease, in addition to carrying out marine agencies and land transportation activities.
- The Board of Directors approved the Company's consolidated financial statements on March 27, 2017, which are subject to the approval of the General Assembly of Shareholders.

**2. Basis of Consolidation**

The accompanying consolidated financial statements represent the financial statements of Jordan National Shipping Lines Company and its below subsidiaries, after eliminating inter-company balances and transactions between the Company and its subsidiaries.

- The first meeting of the Company's Board of Directors, held on January 14, 2016, resulted in the loss of control over the financial and operating policies of Jordan National for Ship Operation Company, in whose capital the Company owns 50%. Moreover, the Company no longer has the power to control the decision-making of this Company nor set the pertinent policies through the Management Committee. Consequently, the accounts of Jordan National for Ship Operation Company have been excluded from the consolidated financial statements of Jordan National Shipping Lines Company from the date of loss of control and classified as investments in an associate company (Note 35).

	Ownership Percentage	Nature of Activity	Establishment Country	Paid-Up Capital
	%			JD
Jordan Group for Shipping Agencies Company	70	Shipping Agency	Jordan	150,000
Jordan Maritime Complex for Real Estate Investments Company	74	Investment Properties / Hotel	Jordan	10,500,000
Aqaba Development & Marine Services Company *	95	Shipping Agency	Jordan	30,000

- \* During the year 2011, the Jordan Group for Shipping Agencies Company (a subsidiary) purchased 95% of the Aqaba Development & Marine Services Company for JD 28,500, whereby the former would share the profits of the latter effective from the beginning of 2011. Moreover, the results of operations of Aqaba Development & Marine Services Company, whose assets totaled JD 25,831 and shareholders' equity totaled a deficit of JD 634 as of December 31, 2016, have been consolidated. The Company did not achieve any revenues or any expenses during the year ended December 31, 2016.

Control is achieved when the Company has the ability to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. Intercompany transactions are eliminated. Moreover, adjustments to the subsidiaries' financial statements are made, when necessary, so as to align the subsidiary company's accounting policies with those adopted by the Company.

Jordan Group for Shipping Agencies Company is 70% owned by Jordan National Shipping Lines Company, whereas each of Jordan Phosphate Mines Company and Arab Potash Company owns 15% of the Company's capital of JD 150,000. The Company's objectives are to represent companies and ships that conduct marine transport activities, act as marine and commercial representatives and agents, intermediate in marine transport activities, and provide all the necessary services for ships, goods, and transporters.

Jordan Maritime Complex for Real Estate Investments Company is 74% owned by Jordan National Shipping Lines Company while Salam International Transport and Trading Company owns 26%. The Company's objectives are to invest in real estate including all types of buildings and residential apartments and lease commercial and residential real estate, including land and complexes.

The following are the most significant consolidated financial data of Jordan Group for Shipping Agencies Company, which also includes the financial statements of Aqaba Development & Marine Services Company (subsidiary company):

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Total Assets	949,274	1,143,344
Total Liabilities	247,504	267,514
Total Owners' Equity	701,770	875,830
	949,274	1,143,344
	<b>2016</b>	<b>2015</b>
Total Revenue	1,105,220	1,008,730
Total Expenses	(729,388)	(754,565)
Income for the Year	375,832	254,165

- \*\*\* Jordan Maritime Complex for Real Estate Investments Company is 74% owned by Jordan National Shipping Lines Company while Salam International Transport & Trading Company owns 26% of the Company's capital of JD 15.6 million. During the year 2015, the Company increased its capital by JD 5.1 million, and during the year 2012, the Company increased its capital by JD 2 million. The Company's objectives are to invest in real estate, including all types of buildings and residential apartments / complexes and lease commercial and residential real estate, including land and complexes.

The following are the most significant financial data of Jordan Maritime Complex for Real Estate Investments Company:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Total Assets	<u>17,059,333</u>	<u>17,937,044</u>
Total Liabilities	11,469,530	11,167,501
Total Partners' Equity	<u>5,589,803</u>	<u>6,769,534</u>
	<u>17,059,333</u>	<u>17,937,044</u>
	<b>2016</b>	<b>2015</b>
Total Revenue	1,962,022	1,928,816
Total Expenses	(3,188,249)	(3,430,424)
(Loss) for the Year	<u>(1,226,227)</u>	<u>(1,501,608)</u>

### **3. Significant Accounting Policies**

#### **- Basis of Preparation of the Consolidated Financial Statements:**

The accompanying consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), the Interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, and the prevailing local laws and regulations.

- The consolidated financial statements are stated on the historical cost basis, except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at their fair value on the date of the consolidated financial statements.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015, except for what is mentioned in Note (36. a).

The following are the most significant accounting policies followed during the year ended December 31, 2016:

#### **a. Revenue Recognition:**

Revenue from marine shipping operations is recognized based on the completed trip and when the service is rendered to customers and the invoice is issued.

Revenue from maritime agencies is recognized according to the contracts signed with maritime companies, when service is rendered to the related ship and invoice is issued.

Revenue from marine shipping operations is recognized according to the contracts signed with maritime companies, when service is rendered to the related ship and invoice is issued.

Commissions from operation of ships are recognized when service is rendered and credit memos are issued to the vessels' owners.

Service revenue is recognized, which mainly consists of the hotel operations in addition to room reservation, when the service is rendered according to the price list and signed agreements.

**b. Operational Leases Revenue:**

Revenues from ships operation contracts are recognized on the straight-line daily installment basis specified in the rent contract and for the whole period in case of lease contracts.

**c. Property and Equipment:**

Property and Equipment are stated at cost less accumulated depreciation. Depreciation for property and equipment, except for land, is calculated on a straight – line basis when the asset is ready for its intended use over the useful life of the asset using the following annual rates:

	%
Building	2
Office and electrical equipment	7.5 – 25
Vehicles	15
Furniture and fixtures	10 – 20
Computers	20 – 25
Partitions, improvements and decorations	15
Kitchen utilities and other	20 – 35

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

**d. Financial Assets at Fair Value through Profit or Loss:**

Financial assets at fair value through the profit or loss represent investments in companies' shares for the purpose of trading. The objective of keeping such assets is to generate revenue from short-term market price fluctuations or trading profit margins.

Financial assets at fair value through profit or loss are stated at fair value upon acquisition (acquisition expenses are recorded in the statement of income upon acquisition). They are subsequently re-measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of income, including the change in fair value resulting from foreign currency exchange translation of non-monetary assets. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.

Dividends paid or interest realized are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to/from this item except for the cases specified in International Financial Reporting Standards.

**e. Financial Assets at Fair Value through Comprehensive Income:**

Financial assets at fair value through comprehensive income represent strategic investments in other companies' shares. These investments are intended for long-term holding and not for trading purposes.



Financial assets at fair value through comprehensive income are initially stated at fair value in addition to acquisition costs upon purchase. They are subsequently re-measured to fair value and the change in fair value appears in the consolidated statement of comprehensive income and owners' equity, including the change in fair value resulting from foreign currency exchange translation of non-monetary assets. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of comprehensive income and owners' equity. The investments evaluation reserve balance that belongs to the equity instruments sold is transferred directly to retained earnings and not through the consolidated statement of income.

These financial assets are not subject to impairment loss testing.

Dividends are recorded in the consolidated statement of income.

**f. Fair Value:**

The fair value of a listed financial asset is based on its closing market price prevailing on the date of the consolidated financial statements.

For an unlisted financial asset with no quoted market price, no active trading for some financial assets or derivatives, or no active market, its fair value is estimated by one of the following methods:

Comparing it to the current market price of another financial asset with similar terms and conditions.

Analyzing future cash flows and using the discounted cash flow technique through adopting a discount rate used for a similar instrument.

The valuation methods aim to obtain a fair value reflecting market expectations, taking into consideration market factors and any expected risks and benefits upon estimating the value of the financial assets. Moreover, financial assets whose fair value cannot be reliably measured are stated at cost net of any impairment in their value.

Gains from investments are recorded as revenue when declared (i.e. approved by the General Assembly of the investee company).

**g. Investments in Associate Companies:**

Investments in associate whereby the Company owns between 20% - 50% of capital are stated according to the equity method as per the audited financial statements of the investee companies.

**h. Inventory:**

Inventory is stated at the lower of cost or net realizable value.

**i. Investment Properties:**

Investment properties are recorded at cost net of accumulated depreciation, and are depreciated over their productive lives. Moreover, any impairment in their value is taken to the consolidated statement of income. The operating revenue and expenses of investments in property are taken to the consolidated statement of income.

**j. Foreign Currencies:**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the average exchange rates prevailing at the end of the financial year. Moreover, transactions in foreign currencies are translated to Jordanian Dinar using the rates prevailing at the date of the transaction. The net exchange differences (gain / loss) are taken to the consolidated statement of income.

Interest expense incurred on loans during the preparation and installation of assets is capitalized as part of the cost of the asset until the assets are ready for use. Interest not qualifying for capitalization is taken to the consolidated statement of income.

**k. Interest**

Interest income and expense are taken to the consolidated statement of income on the accrual basis.

**l. Accounts Receivable**

Accounts receivable are stated at net realizable value after booking a provision for doubtful debts.

**m. Income Tax:**

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the declared income includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets and liabilities are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally, or when tax liabilities are realized.

**n. Provisions:**

Provisions are recognized when the Company has an obligation on the date of the consolidated financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**o. Provision for Employees' End-of-Service Indemnities**

- A provision for legal and contractual commitments relating to employees' end-of-service indemnities is taken according to the Company's internal regulations on the consolidated statement of financial position date.
- Payments to terminated employees are deducted from the provision amount. Moreover, the required provision for end-of-services indemnities for the year is charged to the consolidated statement of income.

**p. Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities are settled simultaneously.

#### **4. Use of Estimates**

Preparation of the consolidated financial statements and the application of the accounting policies require from the Company's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities, and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenue, expenses, provisions, and changes in the fair value shown within the consolidated comprehensive income and owners' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

We believe that the assessments adopted in the accompanying consolidated financial statements are reasonable. The details are as follows:

- A provision is set for accounts receivable based on the policies and estimates approved by the Company's management for estimating the provision according to International Financial Reporting Standards.
- The financial year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded as needed
- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.
- A provision is set for lawsuits raised against the Company based on an adequate legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that may be encountered in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews the financial assets at cost to estimate any decline in their value. Impairment loss is taken to the consolidated statement of income.
- Vacations provision is booked based on a study prepared by the Company whereby the determined number of days is multiplied by the basic salary on a daily basis at the end of each year. Such studies are reviewed periodically.
- Fair value hierarchy: The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the fair value of financial assets and financial liabilities, the Company deals with qualified and independent parties to prepare the assessment studies. In this regard, the assessment methods and inputs used are periodically reviewed by management.

## **5. Cash on Hand and at Banks**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Cash on hand and checks under collection	62,929	426,090
Deposit at banks *	1,018,403	-
Current accounts **	1,952,415	3,062,979
Saving accounts ***	162,487	213,957
	<u>3,196,234</u>	<u>3,703,026</u>

- \* The above deposit is for a term of 3 months and bears interest at a rate of 3.5% for the year 2016.
- \*\* This item includes JD 7,043 as of December 31, 2016 (JD 19,973 as of December 31, 2015) related to Jordan Maritime Complex for Real Estate Investments Company (subsidiary company), representing restricted amounts in accordance with Amman Execution Department, owing to a lawsuit raised against the Company
- \*\*\* Interest rate on saving accounts amounted to 0.5% during the years 2016 and 2015

## **6. Accounts Receivable - Net**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Trade receivables	562,271	322,724
Foreign companies receivable	492,871	362,202
Ships owners receivable	103,096	148,761
Hotel guests receivable	20,683	48,345
	<u>1,178,921</u>	<u>882,032</u>
<u>Less: Provision for doubtful debts *</u>	<u>(11,477)</u>	<u>(72,705)</u>
	<u>1,167,444</u>	<u>809,327</u>

- \* The movement on the provision for doubtful debts is as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Balance -beginning of the year	72,705	59,255
Additions during the year	-	13,450
Written-off debts during the year	<u>(61,228)</u>	<u>-</u>
Balance - End of the Year	<u>11,477</u>	<u>72,705</u>

- \*\* In the meeting of the Board of Directors of Jordan Group for Shipping Agencies Company (a subsidiary), it was approved to write-off receivables aging more than 4 years and totaling JD 61,228 as at December 31, 2016.

The Company has adopted a policy of dealing with only creditworthy counterparties with good reputation in the market, in addition to obtaining sufficient guarantees, whenever appropriate, as a means of mitigating the risk of financial loss from defaults. Moreover, the Company books a provision for the receivables aging more than 365 days. The following are the accounts receivable due but not impaired:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
1 day – 179 days	<u>1,167,444</u>	<u>809,327</u>

Impaired and past due accounts receivable amounted to JD 11,477 as of December 31, 2016 (JD 72,705 as of December 31, 2015).

## **7. Financial Assets at Fair Value through Profit or Loss**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Shares listed on Amman Stock Exchange	611,142	482,864
Clarkson Company's shares *	132,031	165,650
Shares listed on international stock markets	<u>443,348</u>	<u>404,536</u>
	<u>1,186,521</u>	<u>1,053,050</u>

\* Clarkson Company's shares are listed on London Stock Exchange.

## **8. Other Debit Balances and Prepaid Expenses**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Bank margin deposits	55,535	20,251
Refundable deposits	24,911	34,873
Advance payments to contractors and suppliers –		
Subsidiary company	48,135	48,135
Prepaid expenses	83,002	73,761
Employees receivable	6,955	8,681
Income tax deposits- subsidiary company	16,394	4,857
Lawsuit deposits – subsidiary company (Note 35)	-	51,000
Other	<u>23,832</u>	<u>32,676</u>
	258,764	274,234
<u>Less:</u> provision for suppliers' advance payments *	<u>(43,976)</u>	<u>(33,976)</u>
	<u>214,788</u>	<u>240,258</u>

- \* The movement on the provision for suppliers' advance payments is as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Balance –beginning of the year	33,976	33,976
Additions during the year	10,000	-
Balance – End of the Year	<u>43,976</u>	<u>33,976</u>

#### **9. Inventory-Hotel**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Food and beverage	26,898	40,738
Guest supplies	22,353	14,715
General supplies	29,419	29,419
	<u>78,670</u>	<u>84,872</u>
<u>Less:</u> Provision for slow-moving inventory and impairment *	<u>(21,000)</u>	<u>(6,000)</u>
	<u>57,670</u>	<u>78,872</u>

- \* The movement on the provision for slow-mowing inventory and impairment is as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Balance – beginning of the year	6,000	6,000
Additions during the year	15,000	-
Balance – End of the Year	<u>21,000</u>	<u>6,000</u>

#### **10. Financial Assets at Fair Value through Comprehensive Income**

This item consists of the following:

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Shares listed on Amman Stock Exchange*	3,326,544	3,581,415
Unlisted shares	540,136	549,953
	<u>3,866,680</u>	<u>4,131,368</u>

- \* Shares listed on Amman Stock Exchange of JD 1,013,060 as of December 31, 2016 were mortgaged to local banks (JD 1,032,750 as of December 31, 2015) against direct and indirect credit facilities granted to one of the subsidiary companies. Moreover, the Company maintains its right to sell these shares. However, priority should be given to using the cash proceeds from selling these shares to settle the credit facilities balances outstanding at the date of the sale transaction.

### 11. Investment in Associate Companies

This item represents the investment in associate companies, stated according to the equity method:

Company	Nature of Business	Location	Paid-up Capital JD	Ownership Percentage		December 31,	
				2016	2015	2016	2015
				%	%	JD	JD
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	40	40	33,360	64,180
Arab Ship Management Company	Ships Management	Aqaba	149,000	30	30	211,272	255,339
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	30	30	1,004,643	1,030,083
Aqaba Diamond Company	Navigation	Aqaba	500,000	50	50	208,125	209,259
Shipping Lines Company for Maritime and Storage Services*	Navigation	Aqaba	3,500,000	50	50	307,276	304,395
Lamnalco Company - Jordan	Ships services	Aqaba	50,000	27	27	4,831,836	3,568,590
Jordanian National for Ship Operation Company *	Shipping	Aqaba	700,000	50	50	435,255	-
Total Investments in Affiliate Companies						7,031,767	5,431,846

\* The first meeting of the Company's Board of Directors held on January 14, 2016 resulted in the loss of control over the financial and operating policies of Jordan National for Ship Operation Company, in the capital of which the Company owns 50%. Moreover, the Company no longer has the power to control the decision-making and the establishment of pertinent policies. The accounts of Jordan National for Ship Operation Company have also been excluded from the consolidated financial statements of Jordan National Shipping Lines Company from the date of loss of control and classified as investments in an associate company.

**12. Investment Properties - Net**

This item consists of the following:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>For the Year 2016</b>			
Balance beginning of the year	248,995	1,270,062	1,519,021
Total	248,995	1,270,062	1,519,021
<b>Accumulated Depreciation</b>			
Balance beginning of the year	-	(222,255)	(222,255)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(247,655)	(247,655)
Balance at the End of the Year	248,995	1,022,371	1,271,366

Annual depreciation rate

<b>For the Year 2015</b>			
Balance beginning of the year	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<b>Accumulated Depreciation</b>			
Balance beginning of the year	-	(196,857)	(196,857)
Depreciation during the year	-	(25,398)	(25,398)
Total	-	(222,255)	(222,255)
Balance at the End of the Year	248,995	1,047,771	1,296,766

Annual depreciation rate

- 2%

- The market value of property investments is estimated at JD 3.665 million as of December 31, 2016 (JD 3.673 million as of December 31, 2015).



### 13. Property and Equipment

This item consists of the following:

2016	Plots of Land*	Building*		Office and Electrical Equipment		Vehicles		Furniture and Fixtures		Computers		Partitions, Improvements and Decorations		Kitchen Utilities and Other		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:																
Balance-beginning of the year	1,398,230	15,572,497		1,933,420	183,086		2,130,786		433,663		644,575		445,844		22,742,101	
Loss of control of a subsidiary - Note (35)	-	-	-	(15,460)	-	-	(8,358)	-	(29,783)	-	(8,900)	-	-	-	(62,501)	
Additions	-	62,108		59,670	45,000		17,394		20,566		-		-	-	204,738	
Disposals	-	-	-	-	-	-	(1,537)	-	-	-	-	-	-	-	(1,537)	
Balance-End of the Year	1,398,230	15,634,605		1,977,630	228,086		2,138,285		424,446		635,675		445,844		22,882,801	
Accumulated depreciation:																
Balance-beginning of the year	-	1,434,663		767,630	97,112		1,288,009		366,380		431,242		445,843		4,830,879	
Loss of control of a subsidiary - Note (35)	-	-	-	(13,494)	-	-	(7,627)	-	(28,165)	-	(8,899)	-	-	-	(58,185)	
Additions	-	313,839		274,846	29,251		268,722		13,020		95,535		-		995,213	
Disposals	-	-	-	-	-	-	(705)	-	-	-	-	-	-	-	(705)	
Balance-End of the Year	-	1,748,502		1,028,982	126,363		1,548,399		351,235		517,878		445,843		5,767,202	
Net Book Value as of December 31, 2016	1,398,230	13,886,103		948,648	101,723		589,886		73,211		117,797		1		17,115,599	

### 2015

Cost:																
Balance-beginning of the year	1,158,230	15,272,517		1,911,112	231,786		2,077,645		385,044		610,675		445,844		22,092,853	
Additions	240,000	299,980		22,618	-		59,168		48,619		33,900		-		704,285	
Disposals	-	-	-	(310)	(48,700)		(6,027)		-		-		-		(55,037)	
Balance-End of the Year	1,398,230	15,572,497		1,933,420	183,086		2,130,786		433,663		644,575		445,844		22,742,101	
Accumulated depreciation:																
Balance-beginning of the year	-	1,126,425		623,711	89,258		1,038,885		294,758		340,735		398,870		3,912,642	
Additions	-	308,238		144,111	26,117		254,498		71,622		90,507		46,973		942,066	
Disposals	-	-	-	(192)	(18,263)		(5,374)		-		-		-		(23,829)	
Balance-End of the Year	-	1,434,663		767,630	97,112		1,288,009		366,380		431,242		445,843		4,830,879	
Net Book Value as of December 31, 2015	1,398,230	14,137,834		1,165,790	85,974		842,777		67,283		213,333		1		17,911,222	
Annual Depreciation rate %	-	2		7.5 - 25	15		10 - 20		20 - 25		15		20 - 35			

\* The land and related building are mortgaged against loans granted to a subsidiary company.

- Property and equipment include fully depreciated assets of JD 667,258 as of December 31, 2016 (JD 678,181 as of December 31, 2015).

**14. Accounts Payable and Other Credit Balances**

This item consists of the following:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Suppliers payable	1,197,636	1,098,601
Shareholders' and other deposits	113,650	122,434
Accrued expenses	850,461	884,743
Board of Directors' and management committee's remunerations	4,530	49,530
Deferred checks	108,435	101,170
Unearned revenue	37,392	33,303
End-of-service indemnity (Subsidiary Company)	-	3,730
Employees bonuses	-	26,739
Management and other fees-Hilton World Wide*	19,486	11,509
Sales Tax	35,719	33,240
Other	9,734	4,220
	<u>2,377,043</u>	<u>2,369,219</u>

- \* According to the agreement signed between Double Tree Hilton – Aqaba (the "Hotel") and Hilton Worldwide (Hilton), Hilton shall be entitled to annual fees and management fees of 2% and 1.75% of the Hotel's total operational revenue, respectively.

**15. Income Tax****a. Income tax provision**

The movement on the income tax provision is as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Balance – beginning of the year	91,282	87,664
Accrued income tax on income for the year	103,540	127,380
Income tax paid	(80,602)	(123,762)
Balance - End of the Year	<u>114,220</u>	<u>91,282</u>

- b. Income tax stated in the consolidated statement of income represents the following:

	<b>For the Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Accrued income tax on profit for the year	(103,540)	(127,380)
Deferred tax assets – net	(3,061)	672
	<u>(106,601)</u>	<u>(126,708)</u>

**c. Deferred Tax Assets**

This item consists of the following:

<u>Included accounts</u> <u>Assets</u>	2016			2015		
	Balance - Beginning of the Year	Released Amounts	Added Amounts	Balance - End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	72,705	(61,228)	-	11,477	574	3,635
	<b>72,705</b>	<b>(61,228)</b>	<b>-</b>	<b>11,477</b>	<b>574</b>	<b>3,635</b>

- \* The movement on the deferred tax assets is as follows:

	Assets	
	2016	2015
	JD	JD
Balance - beginning of the year	3,635	2,963
Added	-	672
Disposed	(3,061)	-
Balance - End of the Year	<u>574</u>	<u>3,635</u>

- A final settlement has been reached with the Income Tax Department for Jordan National Shipping Lines Company (Holding Company) up to the end of the year 2011. A final settlement has also been reached with the Income Tax Department for Jordan Group for Shipping Agencies (subsidiary company) and Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) up to the end of the year 2011.
- The income tax returns of Jordan National Shipping Lines Company (Holding Company) and Jordan Group for Shipping Agencies Company (Subsidiary Company) for the year 2012 have been submitted, and the Income and Sales Tax Department have reviewed the Company's records for that year, but has not issued a decision thereon yet.
- The income tax returns of Jordan National Shipping Lines Company (Holding Company) and Jordan Group for Shipping Agencies Company (Subsidiary Company) for the years 2013 until 2015 and the tax return of Jordan Maritime Complex for Real Estate Investments Company (Subsidiary Company) for the years 2012 until 2015 have been submitted. However, the Income and Sales Tax Department has not reviewed them yet.
- A provision for income tax for the year ended December 31, 2016 has been booked for Jordan National Shipping Lines Company, Jordan Group for Shipping Agencies Company (subsidiary company) in accordance with the Income Tax Law and Aqaba Special Economic Zone Law. However, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) did not book any income tax provision since it incurred losses for that year. In the opinion of the Company's management and its tax consultant, there is no need to book any additional provision as of December 31, 2016.
- Jordan Maritime Complex for Real Estate Investments Company did not book any deferred taxes since they have not been approved yet, and no benefits are expected from them in the near future.

## 16. Related Party Transactions

This item consists of the following:

### a - Due from Related Parties:

	Nature of Relationship	December 31,	
		2016	2015
		JD	JD
Puffin Shipping Limited **	Board member	-	658,094
Jordan National for Ship Operation Company	Associate company	26,386	-
Arab Ship Management Company	Associate company	58,872	22,714
Jordan International Marine Chartering Company	Associate company	13,667	2,723
Salam International Transport and Trading Company	Associate company	-	144,440
Limnalko Company - Jordan *	Associate company	214,855	214,855
Jordan Phosphate Mines Company	Board member	428	1,416
Arab Potash Company	Board member	2,344	-
Al-Salam International for Maritime Services**	Sister company	-	152,613
CMA CGMA Company	Sister company	-	-
Sea Star Shipping and Logistics Company	Sister company	90,795	-
		<u>407,347</u>	<u>1,196,855</u>

\* This item represents the loan installments and interest paid on behalf of Limnalko Company - Jordan. This balance bears no interest and has no repayment schedule.

\*\* This item represents receivables from Jordan National for ship operation Company (Note 35).

### b - Due to Related Parties:

	Nature of Relationship	December 31,	
		2016	2015
		JD	JD
Shipping Lines Company for Maritime and Storage Services	Associate company	298,922	298,922
Aqaba Diamond Company	Associate company	213,580	213,580
Salam International Transport and Trading Company	Sister company	110,063	-
Jordan Academy for Maritime Studies	Associate company	-	215
Al-Takniyat Company for Construction and Real Estate Services	Company owned by a board member	585	746
CMA CGM Company	Affiliate company	-	9,501
		<u>623,150</u>	<u>522,964</u>

## 17. Loans

This item consists of the following:

	December 31,			
	2016		2015	
	Due Installments	Short-term Loan Installments	Long-term Loan Installments	Total
	JD	JD	JD	JD
Al-Etihad Bank loans (a)	-	567,200	429,476	1,564,676
Standard Chartered Bank loan (Note 35)	-	-	-	437,669
Egyptian Arab Land Bank loan	149,962	600,648	2,985,821	3,787,526
Egyptian Arab Land Bank loan	129,662	517,847	2,722,000	3,440,281
Egyptian Arab Land Bank loan	45,990	183,966	439,593	697,623
	<u>325,614</u>	<u>1,869,661</u>	<u>6,576,890</u>	<u>9,927,775</u>

- (a) This loan was granted against mortgage of land plot No. (646), north port square area No. 7 of Aqaba City, along with the building constructed on it for JD 1.5 million. This is in addition to mortgaging 15 thousand shares from the Arab Bank shares and 97 thousand shares, from the Housing Bank shares owned by the holding company, including any resulting cash dividends, or stock dividends therefrom, in favor of the bank, as well as the Company's partners' guarantee. On December 23, 2013, Jordan Maritime Complex for Real Estate Investments Company signed an agreement with Al Etihad Bank, whereby the US dollar-denominated, declining cash loan installments due in 2014 have been postponed to be settled starting from January 1, 2015 until October 1, 2017, through quarterly installments amounting to USD 200,000 each. On June 29, 2015 an agreement was signed between AL Jordan Maririme Complex Real Estate Investment Company (subsidiary Company) Real estate company (subsidiary) and union bank whereby three installments of the decreasing cash loan in US dollar are due to be repaid during the year to be paid at the beginning of the year 2018 under quarterly installments 200,000 USD .
- (b) During the year 2011, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) was granted credit facilities by Egyptian Arab Land Bank as follows:
1. Loan of JD 3,785,200 with an annual interest rate of 8%. The loan will be settled in 36 quarterly installments of JD 150,162 each, including interest. Moreover, the first installment was due on August 31, 2012.
  2. Declining commercial advance of USD 5,600,000, bearing interest at a rate of 6 months Libor + 2.5% annually, with a minimum interest rate of 3%. The advance will be settled in 36 quarterly installments of USD 182,597 each, including interest. Moreover, the first installment was due on August 31, 2012.
- (c) During the year 2012, the Company was granted additional credit facilities by Egyptian Arab Land Bank to cancel the overdraft limit of JD 750,000 and turn it into a commercial advance of JD 759,000, plus interest and commissions thereon, to be settled in 20 quarterly installments of JD 45,990 each, at an annual interest rate of 8% effective from May 31, 2013.

According to the Company's Letter No. 36/JMCR/2013 dated November 25, 2013, the Company has requested the bank to postpone the loan that matured during the year 2016 for additional one year to be paid in the beginning of 2015. Moreover, the bank has approved the Company's request on March 12, 2014.

The main purpose of these facilities is to settle Al Etihad Bank credit facility. This facility has been granted against a first-degree mortgage, on plot of land No. (646), north port land square area No. (7) of Aqaba City, along with the hotel building constructed on it for JD 8.5 million, in accordance to mortgage deed No. (640), in addition to the Company's partners' guarantees.

On June 24, 2015, the Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) requested the Egyptian Arab Land Bank to postpone all loans installments due effective from November 30, 2015 to May 31, 2016 to be paid from November 30, 2022 to 31 May 2023 for the first and second loans and effective as of August 31, 2019 and February 28, 2020 for the third loan above. The agreement was signed on October 27, 2015.

**18. Capital and Reserves****a. Authorized and Paid-up Capital**

The authorized and paid-up capital amounted to JD 15,000,000, allocated to 15,000,000 shares. The par value of each share is JD 1 as of December 31, 2016 and 2015.

**b. Statutory Reserve**

The accumulated amounts in this account represent the appropriations from the annual profits before income tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders.

**c. Proposed Dividends to Shareholders and Dividends Paid**

In its meeting held on March 27, 2017, the Board of Directors recommended to the General Assembly of Shareholders, to distribute an amount of JD 2,250,000 as cash dividends to shareholders at 15% of capital. This recommendation is subject to the approval of the General Assembly of Shareholders.

The General Assembly decided, in its ordinary meeting held on April 25, 2016, to distribute JD 1,500,000 as cash dividends to shareholders, representing 10% of capital for the year 2015 (JD 1,050,000 for the year 2014).

**19. Investment Revaluation Reserve**

This item represents the change in investment revaluation reserve as follows:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Balance - beginning of the year	(490,799)	(482,706)
Change during the year	(81,827)	(8,093)
Loss of control of a subsidiary	116,017	-
Balance - End of the Year	<u>(456,609)</u>	<u>(490,799)</u>

**20. Retained Earnings**

The movement on this item is as follows:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Balance - beginning of the year	2,693,607	2,173,294
Income for the year	3,046,712	1,724,239
(Gain) from sale of financial assets at fair value through comprehensive income	9,555	50
Dividends paid	(1,500,000)	(1,050,000)
Transferred to statutory reserve	(294,724)	(153,976)
Loss of control of a subsidiary-Note (35)	(127,833)	-
Balance - End of the Year	<u>3,827,317</u>	<u>2,693,607</u>

**21. Net Revenue from Maritime Agencies, Sea Freight and Cruising Vessels**

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Freight and cruising vessels income *	12,876,446	12,759,072
Maritime agencies income	<u>849,345</u>	<u>731,890</u>
	13,725,791	13,490,962
(Less) : Cost of freight and cruising vessels	<u>(10,571,706)</u>	<u>(10,904,564)</u>
Net Revenue from Maritime Agencies, Sea Freight and Cruising Vessels	<u>3,154,085</u>	<u>2,586,398</u>

\* Jordan Petroleum Refinery Company (A Public Limited Shareholding Company) is the only lessee of the operated ship during the years 2016 and 2015.

**22. Gross Hotel Operating Revenue before Other Expenses**

This item consists of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Revenue</u>	<u>Direct Cost</u>	<u>Gross Operating Profit (Loss)</u>	<u>Gross Operating Profit (Loss)</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Rooms	2,032,233	(434,160)	1,598,073	1,761,138
Food and beverage	870,231	(757,866)	112,365	(39,400)
Phone, fax and internet	6,648	(2,398)	4,250	(10,154)
Health club and laundry	<u>12,976</u>	<u>(18,562)</u>	<u>(5,586)</u>	<u>8,203</u>
	<u>2,922,088</u>	<u>(1,212,986)</u>	<u>1,709,102</u>	<u>1,719,787</u>

**23. General and Administrative Expenses**

This item consists of the following :

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Salaries, wages, allowances and bonuses	1,118,241	1,116,325
Company's share of social security contributions	75,119	64,585
Rent	33,065	79,432
Postage, telephone and fax	28,856	41,693
Stationery and printings	15,783	17,535
Fees and subscriptions	141,970	149,309
Water, electricity and heating	25,119	24,761
Cleaning expenses	6,752	4,596
Hospitality	16,140	30,349
Traveling, accommodation and per diems	54,163	54,636
General maintenance	17,520	14,056
Machine and vehicles expenses	23,158	19,400
Losses from associate company's claim *	-	72,000
Insurance expenses	93,266	118,811
Marketing and advertising	16,167	15,536
Donations	24,552	14,778
Training, courses and conferences	12,858	29,282
Board of Directors' transportation allowances	70,800	71,140
Board of Directors' transportation allowances - Subsidiary Companies	20,460	20,240
Board of Directors' remunerations	129,513	45,000
Board of Directors' remunerations - Subsidiary Companies	24,630	20,630
Legal expenses, consultation, and stamps	84,077	67,918
Security expenses	81,719	83,701
Computer expenses	1,591	1,433
Commercial studies	13,721	21,753
Management and license fees - Hilton hotel	138,261	122,572
Governmental expenses	21,864	65,863
Bank commissions	33,972	30,143
Other	137,475	58,048
	<u>2,460,812</u>	<u>2,475,525</u>

\* This item represents compensation claimed by Arab Ships Management Company (associate company) imposed by the owner of one of the previously missed vessel.



#### 24. Non-Controlling Interests

This item represents non-controlling interest in the net equity of the subsidiary companies as of December 31, 2016 and 2015. The details are as follows:

Company's Name	Ownership Percentage	2016						2015			
		Paid-up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings Accumulated (Losses)	Profit (Loss) for the Year	Total Partners' Equity	Non-Controlling Interests	Non-Controlling Interests' Share from Profit (Loss) for the Year	Non-Controlling Interests	Non-Controlling Interests' Share from Profit (Loss) for the Year
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Jordan Group for Shipping Agencies Company	30	150,000	150,000	-	25,938	375,832	701,770	210,531	112,750	263,309	76,250
Jordan Maritime Complex for Real Estate Investments Company	26	15,600,000	-	-	(8,783,970)	(1,226,227)	5,589,803	1,453,349	(318,819)	1,760,082	(390,418)
Jordan National for Ship Operation Company	50	-	-	-	-	-	-	-	-	417,444	3,843
Aqaba Company for Development and Marine Services*	5	30,000	30,000	125,920	(187,554)	-	(634)	(32)	-	1,210	(859)
								1,663,848	(206,069)	2,442,045	(311,184)

\* Owned by Jordan Group for Shipping Agencies Company (subsidiary Company).

**25. Profit from Financial Assets at Fair Value through Profit or Loss - Net**

This item consists of the following:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Loss from evaluation of financial assets at fair value through profit or loss	(14,826)	(12,076)
Gains from sale of financial assets at fair value through profit or loss	17,242	14,898
Dividends income	30,345	27,313
	<u>32,761</u>	<u>30,135</u>

**26. Company's Share from Investment in Associate Companies**

The details of this item are as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Jordan International Marine Chartering Company	(30,820)	13,105
Arab Ship Management Company	63,933	57,089
Aqaba Diamond Company	(1,134)	(1,590)
Jordan Academy for Maritime Studies	214,560	171,280
Lamnalco Company – Jordan	2,019,246	1,363,983
Shipping Lines Company for Maritime and Storage Services	2,881	(12)
Jordan National for Ship Operation Company	27,720	-
	<u>2,296,386</u>	<u>1,603,855</u>

- Investment income from affiliated companies is calculated based on the equity method.

**27. Other Revenue**

This item consists of the following :

	<u>2016</u>	<u>2015</u>
	<u>JD</u>	<u>JD</u>
Foreign exchange differences	509	840
Gains from sale of property and equipment	-	540
Ticket sales commissions	14,591	11,185
Bank interest income	27,654	1,065
Rents revenue - net	236,634	237,806
Accounts payable settlements revenue	-	27,000
Other revenue - net *	<u>169,330</u>	<u>177,152</u>
	<u>448,718</u>	<u>455,588</u>

\*Includes other revenues related to the hotel.

**28. Earnings per Share for the Year Attributable to the Company's Shareholders**

Earnings per share was calculated by dividing the income for the year by the weighted average number of shares during the financial year. The details are as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Income for the year-attributable to the Company's Shareholders	3,046,712	1,724,239
	Share	Share
Number of shares	15,000,000	15,000,000
	JD/Share	JD/Share
Earnings per share for the year: Basic and Diluted	<u>0.203</u>	<u>0.115</u>

**29. Cash and Cash Equivalents**

This item consists of the following:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Cash on hand and at banks	3,196,234	3,703,026
(Less): Restricted cash	(7,043)	(19,973)
	<u>3,189,191</u>	<u>3,683,053</u>

**30. Transactions with Related Parties**

- a. Rent revenue from Arab Ships Management Company (associate company) amounted to JD 43,317 for the years ended December 31, 2016 and 2015.
- b. Executive management's salaries and benefits of the Company and its subsidiaries in addition to the salary and allowances of the hotel's General Manager were as follows:

	<b>2016</b>	<b>2015</b>
	<b>JD</b>	<b>JD</b>
Salaries, bonuses, and per diems	524,895	427,289
Board of Directors' transportation allowances	138,779	91,380
	<u>663,674</u>	<u>518,669</u>

- c. The hotel management agreement was signed with Hilton Hotels Group - International on June 1, 2010, and this agreement is valid for ten years from the hotel's actual operating date. The management fees and incentives were JD 122,572 for the year 2015 plus other expenses.

**31. Contingent Liabilities**

The Company was contingently liable for bank guarantees at the date of the consolidated statement of financial position of JD 122,508 and related cash margins of JD 24,251 as of December 31, 2016 and 2015.

On July 19, 2011, the Company received a claim from the main contractor for the construction of the hotel for JD 2.150 million, representing calculation variances from the starting date of the project up to date. Moreover, relentless negotiations have taken place to reach an amicable settlement for JD 500,000, but the Company's management has not approved it yet, as the claims from the contractor exceed this amount.

In this regard, a decision by the Court of First Instance was issued, and the lawsuit was transferred to the Court of Cassation on February 8, 2017 and is still pending there.

In the opinion of the Company's lawyer, there are valid reasons for challenging the arbitration decision, and it is probable that the Court of Cassation would cancel the arbitration decision. Furthermore, the Company's management believes that it is not necessary to record any provision against this lawsuit within the consolidated financial statements for the year ended December 31, 2016.

### **32. Risks Management**

#### **a. Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. No changes have occurred on the Company's policies since the year 2015.

The Company has a strategy to maintain a reasonable debt-to-equity ratio (calculated by dividing total debts over total equity) provided that total debt does not exceed 200%.

The table below shows total debt with respect to owners' equity:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	JD	JD
Total debts	11,886,578	12,911,240
Total owners' equity	23,629,412	22,944,985
Debt-to- Equity Ratio	50%	56%

#### **b. Market Risk**

Market risk refers to the losses that might arise from the changes in market prices such as changes in interest rates, foreign currency prices, and prices of equity instruments, and consequently, changes in the fair value of cash flows for on and off consolidated statement of financial position financial instruments.

##### **Foreign Currency Risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's major transactions are in Jordanian Dinar and US Dollar.

Foreign currencies risk relates to changes in currency exchange rates for settlements in foreign currencies. As the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar, the Company's management believes that the foreign currency risk related to transactions denominated in US Dollar is immaterial.

##### **Interest Rate Risk:**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The sensitivity analysis below is determined based on the exposure to interest rate for banks borrowings utilized and deposits outstanding at the consolidated financial statements date. The analysis is prepared assuming that the amount of liability outstanding at the consolidated statement of financial position date was outstanding for the whole year. A 0.5% increase or decrease is used:

	<b>Balance</b>	<b>+ 0.5%</b>	<b>-0.5%</b>
	JD	JD	JD
Current credit facilities – (loss) / gain	8,772,165	(43,861)	43,861

**c. Liquidity Risk**

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulties in raising funds to meet its commitments. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. Furthermore, a portion of the Company's funds is invested in cash bank balances and investments at fair value through the statement of income which are readily available to meet short-term and medium-term funding and liquidity management requirements.

**d. Credit Risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. Moreover, the Company has adopted a policy of dealing with only creditworthy counterparties, in addition to obtaining sufficient guarantees, whenever appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's financial assets mainly consist of customers' receivables, financial investments at fair value through the statement of income and financial investments at fair value through comprehensive income, cash and cash equivalents, and other receivables. Trade receivables are made up of local customers' receivables and debts due from governmental parties as well as external customers. In the opinion of the Company's management, the probability of not collecting the accounts receivable, totally or partially, is unlikely. Moreover, strict credit controls are maintained, and each customer's account is monitored separately and continuously.

**33. Geographical Distribution**

The assets and liabilities of the Company exist within Jordan as of December 31, 2016 and 2015 except for the following:

**a. Debts**

	<b><u>December 31, 2016</u></b>		<b><u>December 31, 2015</u></b>	
	<b><u>Receivables</u></b>	<b><u>Payables</u></b>	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>
Receivables (Payables)	<u>42,340</u>	<u>704,407</u>	<u>955,591</u>	<u>626,577</u>

**b. Investments**

	<b><u>December 31,</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>Financial Investments</u></b>	
	<b><u>JD</u></b>	<b><u>JD</u></b>
Clarkson Company	132,031	165,650
Arab Logistics Company	286,562	222,512
Dubai Ports Company	<u>156,786</u>	<u>182,024</u>
	<u>575,379</u>	<u>570,186</u>

**c. Information from Company Business Sectors**

The following are Information from the Company's business sectors allocated according to activities:

	Marine Services Sector	Hotel Services Sector	Other JD	Total For the Year Ended December 31,	
				2016	2015
	JD	JD	JD	JD	JD
Revenue	13,725,791	2,922,088	-	16,647,879	16,586,326
Direct cost	(10,571,706)	(1,212,986)	-	(11,784,692)	(12,280,141)
Business Sector Results	3,154,085	1,709,102	-	4,863,187	4,306,185
Marketing and advertising expenses	-	(211,673)	-	(211,673)	(228,119)
Information technology expenses	-	(65,979)	-	(65,979)	(79,526)
Power and maintenance expenses	-	(526,299)	-	(526,299)	(648,857)
General and administrative expenses	(1,608,338)	(852,474)	-	(2,460,812)	(2,475,525)
Allowances for doubtful accounts and provisions	-	(25,000)	-	(25,000)	(13,450)
Depreciation expenses	(81,042)	(939,571)	-	(1,020,613)	(967,464)
Financing expenses	-	(567,254)	-	(567,254)	(609,984)
Financial assets and investments revenue	-	-	2,512,969	2,512,969	1,800,915
Other revenue - net	195,798	252,920	-	448,718	455,588
Income (Loss) for the Year before Income Tax	1,660,503	(1,226,228)	2,512,969	2,947,244	1,539,763
Income tax expense	(106,601)	-	-	(106,601)	(126,708)
Income for the Year	1,553,902	(1,226,228)	2,512,969	2,840,643	1,413,055

	Marine Services Sector	Hotel Services Sector	Other JD	December 31	
				2016	2015
	JD	JD	JD	JD	JD
<u>Other Information:</u>					
Sector Assets	18,465,657	17,050,333	-	35,515,990	35,856,225
	18,465,657	17,050,333	-	35,515,990	35,856,225
Sector Liabilities	1,696,291	10,190,287	-	11,886,578	12,911,240
	1,696,291	10,190,287	-	11,886,578	12,911,240

### 34. Fair Value Hierarchy

#### A. Fair value of financial assets and financial liabilities measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs):

	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	2016	2015				
	JD					
Financial Assets						
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted shares	1,186,521	1,053,050	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	3,326,544	3,581,415	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	540,136	549,953	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	3,866,680	4,131,368				
	5,053,201	5,184,418				

There were no transfers between Level 1 and Level 2 during the years 2016 and 2015.

#### B. Fair value of financial assets and financial liabilities not measured at fair value on a recurring basis:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Company's financial statements approximate their fair values:

	December 31, 2016		December 31, 2015		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial assets not calculated at fair value</b>					
Investments properties	1,271,366	3,665,120	1,296,766	3,673,420	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>1,271,366</b>	<b>3,665,120</b>	<b>1,296,766</b>	<b>3,673,420</b>	

The fair values of the financial assets and financial liabilities included in Level 2 categories above have been determined in accordance with the generally accepted pricing models that reflect the credit risk of the counterparties.



### **35. Loss of Control of a Subsidiary**

According to the meeting of the Company's Board of Directors held on January 14, 2016 resulted in loss of control over the financial and operating policies of Jordan National for Ship Operation Company. Moreover, the Company no longer has the power to control the decision-making and the establishment of pertinent policies. Consequently, the accounts of Jordan National for Ship Operation Company have been excluded from the consolidated financial statements of Jordan National Shipping Lines Company from the date of loss of control and classified as investments in an associate company.

The most significant financial information as of January 1, 2016 for the Jordan National for Ship Operation Company is as follows:

	<b>January 1 2016</b>
<b><u>Assets:</u></b>	JD
Cash on hand and at banks	3,074
Accounts receivable and other debit balances	222,580
Due from related parties	1,084,218
Financial assets at fair value through comprehensive income	104,566
Properties and equipment- Net	4,316
<b>Total Assets</b>	<b><u>1,418,754</u></b>
<b><u>Liabilities:</u></b>	
Loan installments	437,659
Accounts payables and other credit balances	136,706
Due to related party	9,501
	<b><u>583,866</u></b>
<b><u>Partners' equity:</u></b>	
Paid-up capital	700,000
Statutory reserve	700,000
Revaluation of investment accounts	(232,034)
Accumulated (losses)	(333,078)
<b>Partners' equity-Net</b>	<b><u>834,888</u></b>
<b>Total Liabilities and Partners' Equity</b>	<b><u>1,418,754</u></b>

### **36. Adoption of New and Revised International Financial Reporting Standards (IFRSs)**

- a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 – 2012 Cycle covering amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 – 2013 Cycle covering amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits relating to the distributions of the contributions paid by the employees or external parties according to their service period.

- b- New and revised IFRSs in issue but not yet effective and not early adopted  
The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure Initiative	January 1, 2016
Amendments to IFRS 11 Joint Arrangements relating to accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	January 1, 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants	January 1, 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	January 1, 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.	January 1, 2016
Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	January 1, 2016
IFRS 9 <i>Financial Instruments</i> (revised versions in 2009, 2010, 2013 and 2014)	January 1, 2018
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9

When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

When IFRS 9 is first applied

IFRS 15 *Revenue from Contracts with Customers*

January 1, 2018

In May 2015, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

January 1, 2019

#### IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date  
deferred  
indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated financial statements as and when they are applicable; and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the consolidated financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of revenue from contracts with customers; and the Company's financial assets and financial liabilities.

However, it is not practicable to submit a reasonable assessment of the consequences of adopting these standards on the Company's consolidated financial statements until the Company prepares a review in this regard.