

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

CONDENSED CONCOLIDATED INTERIM  
FINANCIAL STATEMEMTS FOR THE  
THREE MONTHS ENDED March 31, 2017  
TOGETHER WITH THE REVIEW REPORT

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
MARCH 31, 2017

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## Review Report on the Condensed Consolidated Interim Financial Statements

AM \ 30626

To the Chairman and the Members of the Board of Directors  
Jordan National Shipping Lines Company  
(Public Shareholding Limited Company)  
Aqaba – The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan National Shipping Lines (Public Shareholding Limited Company) as of March 31, 2017 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express an opinion on these condensed consolidated interim 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 Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Basis of Qualified Conclusion**

1. We were not provided by neither reviewed nor audited financial statements for Aqaba Development and Marine Services Company (subsidiary company) as of March 31, 2017 and 2016, where the net investment in this subsidiary was consolidated based on un-audited and not reviewed financial statements. Also, we were not provided by neither reviewed nor audited financial statements for the associate company Limnalko Company as of March 31, 2017 and 2016 where the company's share from investment in associates company income was calculated for the period then ended based on unaudited and not reviewed financial statements as stated by management.

## **Qualified Conclusion**

Based on our review, except for the possible effect of the matter described in the "Basis of Qualified Conclusion" paragraphs (1), nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial Statements is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.


## **Explanatory Paragraph**

The Company's fiscal year ends on December 31, of each year. However, the accompanying condensed consolidated interim financial statements are for the purposes management use and for the purposes of Jordan Securities Commission only.

## **Other Matter**

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

Amman – Jordan  
April 27, 2017

  
Deloitte & Touche (M.E.) – Jordan

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2017 (Reviewed not Audited)	December 31, 2016		March 31, 2017 (Reviewed not Audited)	December 31, 2016
	Note	JD	JD	ASSETS	Note	JD
Current Assets:						
Cash on hand and at banks		3,035,381	3,196,234			
Accounts receivable - net	4	1,146,301	1,167,444			
Financial assets at fair value through profit or loss		1,334,647	1,186,521			
Due from related parties	5/a	696,009	407,347			
Other debit balances and prepaid expenses		316,777	214,788			
Inventory - hotel		64,495	57,670			
Total Current Assets		6,593,610	6,230,004			
Deferred tax assets	13/b	574	574			
Investments:						
Financial assets at fair value through other comprehensive income		4,137,701	3,866,680			
Investment in associate companies	6	7,422,768	7,031,767			
Investment properties - net	7	1,265,016	1,271,366			
Total Investments		12,825,485	12,169,813			
Property and Equipment:						
Property and equipment - at cost		22,885,551	22,882,801			
Less: Accumulated depreciation		(5,920,994)	(5,767,202)			
Net Book Value of property and equipment		16,964,557	17,115,599			
TOTAL ASSETS		36,384,226	35,515,990			
LIABILITIES						
Current Liabilities:						
Accounts payable and other credit balances						
Income tax provision	13/a					
Due to related parties	5/b					
Short - term loans installments	8					
Total Current Liabilities						
Long - term loans installment	8					
OWNERS' EQUITY						
Shareholders' Equity:						
Paid-up capital						
Statutory reserve						
Investments revaluation reserve						
Retained earnings						
profit for the period						
Total Shareholders' Equity						
Non-controlling interests						
TOTAL OWNERS' EQUITY						
TOTAL LIABILITIES AND OWNERS' EQUITY						
EQUITY						

Chairman of the Board of Directors

General Manager

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

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
CONDENSED CONCOLIDATED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

	For the Three Months	
	Ended March 31,	
	Note	
	2017	2016
Revenue:	JD	JD
Net revenue from maritime agencies, sea freight and cruising vessels	657,846	644,326
Gross hotel operating revenue before other expenses	<u>417,907</u>	<u>334,098</u>
Gross Profit	1,075,753	978,424
Less : General and administrative expenses and depreciation	(781,572)	(780,716)
Information technology expenses - Hotel	(20,517)	(18,295)
Power and maintenance expenses - Hotel	(116,871)	(105,872)
Financing expenses	(156,158)	(142,712)
Profit from financial assets at fair value through profit or loss	148,126	44,185
Company's share from investment in associate companies income	9 601,001	592,159
Other revenue	<u>101,375</u>	<u>79,778</u>
Income for the period before Tax	851,137	646,951
Income tax expense	13/a <u>(18,287)</u>	<u>(20,069)</u>
Income for the Period	<u>832,850</u>	<u>626,882</u>
Attributable to:		
The Company's shareholders	869,180	696,369
Non-controlling interests	<u>(36,330)</u>	<u>(69,487)</u>
	<u>832,850</u>	<u>626,882</u>
Earnings per share for the period attributable to the Company's shareholders:		
Basic and Diluted	10 <u>0.058</u>	<u>0.046</u>

Chairman of the Board of Directors

General manager

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JORDAN NATIONAL SHIPPING LINES COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AQABA SPECIAL ECONOMIC ZONE - JORDAN

CONDENSED CONCOLIDATED INTERIM STATEMENT OF COMPREHINSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months	
	Ended March 31,	
	2017	2016
	JD	JD
Income for the period	832,850	626,882
Items that will not be reclassified subsequently to the condensed consolidated interim statement of income:		
Cumulative change in fair value - financial assets at fair value through comprehensive income	271,021	53,933
Total Comprehensive Income	<u>1,103,871</u>	<u>680,815</u>
Total Comprehensive Income Attributable to:		
The Company's shareholders	1,140,201	750,302
Non - controlling interests	<u>(36,330)</u>	<u>(69,487)</u>
	<u>1,103,871</u>	<u>680,815</u>

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JORDAN NATIONAL SHIPPING LINES COMPANY  
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AQABA SPECIAL ECONOMIC ZONE - JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF EQUITY  
(REVIEWED NOT AUDITED)

	Company's Shareholders' Equity						Total Owners' Equity
	Paid-up Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Shareholders' Equity	Non-Controlling Interest	
	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2017</u>							
Balance - beginning of the period	15,000,000	3,594,856	(456,609)	3,827,317	21,965,564	1,663,848	23,629,312
Income for the period	-	-	-	-	869,180	(36,330)	832,850
Cumulative change in fair value - financial assets at fair value through other comprehensive income	-	-	271,021	-	271,021	-	271,021
Total Comprehensive Income	-	-	271,021	-	1,140,201	36,330	1,103,871
Balance - End of the Period	15,000,000	3,594,856	(185,588)	3,827,317	23,105,765	1,627,518	24,733,283
<u>For the Three Months Ended March 31, 2016</u>							
Balance - beginning of the period	15,000,000	3,300,132	(490,799)	2,693,607	20,502,940	2,442,045	22,944,985
Income for the period	-	-	-	-	696,369	(69,487)	626,882
Cumulative change in fair value - financial assets at fair value through other comprehensive income	-	-	53,933	-	53,933	-	53,933
Total Comprehensive Income	-	-	53,933	-	53,933	-	53,933
loss of controlling subsidiary company	-	-	-	-	-	(416,980)	(416,980)
Balance - End of the Period	15,000,000	3,300,132	(436,866)	2,693,607	21,253,242	1,955,578	23,208,820

- Retained earnings includes JD 574 as of March 31, 2017 and December 31, 2016, representing restricted balances against deferred tax assets.

- 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 185,588 from retained earnings is restricted against the negative value in investment revaluation reserve as of March 31 2017.

- Income includes JD 148,126 for the Three months period ended March 31, 2017, representing unrealized losses from evaluating financial assets at fair value through profit or loss.

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JORDAN NATIONAL SHIPPING LINES COMPANY  
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

		For the Three Months Ended March 31,	
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
profit for the period before tax		851,137	646,951
Adjustments for:			
(Gain) revaluation of financial assets at fair value through Income statement		(148,126)	(44,185)
(Gain) from investment in associate companies	9	(601,001)	(592,159)
Depreciation of property and equipment and investment properties		206,006	251,339
Cash Flows from Activities before Changes in Working Capital		308,016	261,946
Decrease (increase) in current assets :			
Accounts receivable		21,143	(282,530)
Due from related parties		(288,662)	(215,433)
Other debit balances and prepaid expenses		(101,989)	(15,965)
Inventory - hotel		(6,825)	(9,696)
Increase ( decrease) in current liabilities :			
Accounts payable and other credit balances		208,961	438,946
Due to related parties		(107,953)	179,840
Net Cash Flows from Operating Activities before Income Tax Paid		32,691	357,108
Income tax paid	13/a	(19,148)	(15,282)
Net Cash Flows from Operating Activities		13,543	341,826
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in investment in associate companies		210,000	240,000
Change in property and equipment - net		(48,614)	(62,991)
(Increase) in financial assets at fair value through income statement		-	(53,088)
Net Cash Flows from Investing Activities		161,386	123,921
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in loans		(335,782)	(142,042)
Net Cash Flows (used in) Financing Activities		(335,782)	(142,042)
Net (Decrease) Increase in cash		(160,853)	323,705
Cash on hand and at banks - beginning of the year		3,189,191	3,679,979
Cash on Hand and at Banks - End of the Period	11	3,028,338	4,003,684

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JORDAN NATIONAL SHIPPING LINES COMPANY  
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AQABA SPECIAL ECONOMIC ZONE - JORDAN  
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(REVIEWED NOT AUDITED)

**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 increased in several stages, the last of which was during the year 2013. Where the Company's capital became JD 15 million through capitalizing JD 2/925 million from the 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 condensed consolidated interim financial statements on April 20, 2017.

**2. Basis of Consolidation**

The accompanying condensed consolidated interim 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 subsidiaries are represented as of March 31, 2017:

	Ownership Percentage	Activity Nature	Establishment Country	Paid Up Capital
	%			JD
Jordan Group for Shipping Agencies	70	Shipping Agency	Jordan	150,000
Jordan Maritime Complex for Real Estate Investment	74	Investment Properties / Hotel	Jordan	15,600,000
Aqaba Company for Development and Maritime Services*	95	Shipping Agency	Jordan	30,000

- \* During the year 2011, the Jordanian Group shipping agencies (a subsidiary) purchased 95% of the Aqaba Development and 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 and Maritime Services whose assets totaled of JD 25,831 and partners equity totaled to a deficit of JD 634 as of March 31, 2017. The Company did not achieve any revenues or any expenses during the period ended March 31, 2017 based on neither reviewed nor audited financial statements.

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 used 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 Real Estate Investment 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 through constructing buildings and residential apartments complexes and to rent commercial and residential plots of land.

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

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

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.

- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information statement.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and should be read with the consolidated financial statements of the Company as of December 31, 2016. In addition, the results of the Company's operations for the three months ended March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017, and do not contain the appropriation of the profit of the three Months period ended March 31, 2017, which is usually performed at year-end.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statement are consistent with those adopted for the year ended December 31, 2016, except for the following:

- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 12.
- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

**- Using Estimates**

Preparation of the condensed consolidated interim financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities and disclosures on contingent liabilities. These estimates and judgments impact revenue, expenses, and provisions. In particular, this requires from the Company's management to issue significant judgments for estimating the amounts of future cash flows and their timing. These estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Management believes that the estimates in the condensed consolidated interim financial statements are reasonable, and consistent with the estimates used at the end of the year 2016.

**4. Cash on Hand and at Banks**

This item consists of the following:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>JD</b>	<b>JD</b>
Cash on hand and checks under collection	13,400	62,929
Deposit at banks *	1,330,000	1,018,403
Current accounts **	1,570,479	1,952,415
Saving accounts ***	121,502	162,487
	<u>3,035,381</u>	<u>3,196,234</u>

\* The above deposit is for a term of 3 months and bears interest at a rate of 3.5% for the three months period ended March 31, 2017.

\*\* This item includes JD 7,043 as of March 31, 2017 and December 31, 2016 related to Jordan Maritime Complex for Real Estate Investment Company (subsidiary company), representing restricted amounts in accordance with Amman Execution Department for laws its raised against the Company.

\*\*\* Interest rate on saving accounts amounted to 0.5% during the three months period ended on March 31, 2017 and December 31, 2016.

## **5. Related Party Transactions**

This item consists of the following:

### **a - Due from Related Parties:**

	Nature of Relationship	March 31, 2017	December 31, 2016
		JD	JD
Jordan National for Ships Operation Company	Associate company	27,980	26,386
Arab Ship Management Company	Associate company	140,135	58,872
Jordan International Marine Chartering Company	Associate company	14,056	13,667
Salam International Transport and Trading Company	Sister company	118,536	-
Limnalko Company - Jordan *	Associate company	214,855	214,855
Jordan Phosphate Mines Company	Board member	428	428
Arab Potash Company	Board member	2,344	2,344
Sea Star Shipping Logistics Services Company	Sister company	177,675	90,795
		<u>696,009</u>	<u>407,347</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.

### **b - Due to Related Parties:**

	Nature of Relationship	March 31, 2017	December 31, 2016
		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	2,110	-
Al-Takniyat Company for construction and real estate services	Company owned by a board member	585	585
		<u>515,197</u>	<u>623,150</u>

## 6. Investment in Associate Companies

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

Company	Nature of Business	Location	Paid-up Capital JD	Ownership Percentage			
				March 31, 2017 %	December 31, 2016 %	March 31, 2017 JD	December 31, 2016 JD
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	40	40	33,360	33,360
Arab Ship Management Company	Ships Management	Aqaba	149,000	30	30	171,822	211,272
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	30	30	906,603	1,004,643
Aqaba Diamond Company	Navigation	Aqaba	500,000	50	50	207,625	208,125
Shipping Lines Company for Maritime and Storage Services	Navigation	Aqaba	3,500,000	50	50	306,276	307,276
Lamnalko Company – Jordan	Ships services	Aqaba	50,000	27	27	5,346,827	4,831,836
Jordanian National for Ships Operation Company	Shipping	Aqaba	700,000	50	50	450,255	435,255
Total Investments in associate Companies						<u>7,422,768</u>	<u>7,031,767</u>

## **7. 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><u>March 31, 2017</u></b>			
Balance beginning of the period	248,995	1,270,062	1,519,021
Total	248,995	1,270,062	1,519,021
<b><u>Accumulated Depreciation</u></b>			
Balance beginning of the period	-	(247,655)	(247,655)
Depreciation during the period	-	(6,350)	(6,350)
Total	-	(254,005)	(254,005)
Balance at the End of the Period	248,995	1,016,021	1,265,016
Annual depreciation rate	-	2%	

## **December 31, 2016**

Balance beginning of the year	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<b><u>Accumulated Depreciation</u></b>			
Balance beginning of the year	-	(222,255)	(222,255)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(247,655)	(247,655)
Balance End of the Year	248,995	1,022,371	1,271,366
Annual depreciation rate	-	2%	

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

## **8. Loans**

This item consists of the following:

	<b>March 31, 2017</b>			<b>Dec 31, 2016</b>	
	<b>Due</b>	<b>Short- term</b>		<b>Long-term</b>	
	<b>Installments</b>	<b>Loan</b>	<b>Total</b>	<b>Installments</b>	<b>Total</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Al-Etihad Bank loans (a)	-	426,195	426,195	428,475	996,676
Egyptian Arab Land Bank loan(b)	150,161	600,648	750,809	2,915,878	3,736,431
Egyptian Arab Land Bank loan(b)	129,460	517,851	647,311	2,630,773	3,369,509
Egyptian Arab Land Bank loan(b)	45,556	183,966	229,522	407,420	669,549
	325,177	1,728,660	2,053,837	6,382,546	8,722,165

- (a) This loan was granted with guarantee of a land mortgage, plot number (646), north port square area number 7 from Aqaba city along with the building located on the land with a value of JD 1.5 Million. In addition to mortgaging 18 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 share dividends therefrom in favor of the bank, in addition to the Company's Related Estate Investment partners guarantee. On December 23, 2013, Jordan Maritime Complex Company signed an agreement with Al Etihad bank, where they will postpone all of the US Dollars declining loan installments due in 2014 so as to be settled starting from January 1, 2015 till 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 Real Estate Investment (subsidiary company) was granted credit facilities from Egyptian Arab Land Bank as follows:
  1. Loan amounted to JD 3,785,200 with an annual interest rate of 8%. The loan will be settled through 36 quarterly installments by an amount of JD 150,162 each, including interest. Where the first installment was due on August 31, 2012.
  2. Declining commercial advance amounted to USD 5,600,000 with 6 months libor + 2.5% annually, with a minimum interest rate of 3%. The advance will be settled through 36 quarterly installments amounting to USD 182,597 each, including interest. Where the first installment was due on August 31, 2012.
  3. During the year 2012, the Company was granted additional credit facilities from Egyptian Arab Land Bank to cancel the overdraft limit amounted to JD 750,000 and turned it into a commercial advance in an amount of JD 759,000, bearing all interest and commissions charged, to be settled through 20 quarterly installments amounting to JD 45,990 each, with an annual interest rate of 8% started from May 31, 2013.

The Company has requested Egyptian Arab Land Bank in its letter no. 36/JMCR/2013 dated November 25, 2013 to delay the loans that matured during the year 2014 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. The facility is granted against a first degree mortgage, on plot of land number (646) north port land square area number (7) from Aqaba city along with the hotel building located on the land amounted to JD 8.5 Million in accordance to mortgage deed number 640 at 8.5 million JD in addition to the Company's partners guarantees.

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

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

Details of this item are as follows:

	For the Three months Ended March 31,		
	2017 JD	2016 JD	Relationship
Jordan International Marine Chartering Company	-	13,105	Associate
Arab Ship Management Company	20,550	28,623	Associate
Aqaba Diamond Company	(500)	(504)	Associate
Jordan Academy for Maritime Studies Company	51,960	63,641	Associate
Lamnalco Company – Jordan	514,991	528,895	Associate
Shipping Lines Company for Maritime and Storage Services	(1000)	2,414	Associate
Jordanian national lines for shipping	15,000	(1,870)	Associate
	<u>610,001</u>	<u>592,159</u>	

- Investment income from associate companies is accounted for using the equity method.

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

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

	For the three Months Ended March 31,	
	2017 JD	2016 JD
Profit for the period -Attributable to the Company's Shareholders	<u>869,180</u>	<u>696,369</u>
Number of shares *	Share <u>15,000,000</u> JD/Share	Share <u>15,000,000</u> JD/Share
Earnings per share for the period: Basic and Diluted	<u>0.058</u>	<u>0.046</u>

**11. Cash and Cash Equivalents**

This item consists of the following:

	For the three Months Ended March 31	
	2017 JD	2016 JD
Cash on hand and at banks	3,035,381	4,023,657
(Less): Cash Restricted	<u>(7,043)</u>	<u>(19,973)</u>
	<u>3,028,338</u>	<u>4,003,684</u>

**12. Transactions with Related Parties**

- a. Rent revenue from Arabian Ships Management Company (Associate company) amounted to JD 10,829 for three months ended March 31, 2017 and 2016.
- b. Executive management's salaries and benefits for the Company and its subsidiaries in addition to salary and allowances of the general manager of the hotel were as follows:

	<b>For the Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>JD</b>	<b>JD</b>
Salaries, bonuses, and per diems	89,245	70,471
Board of Directors transportation allowances	23,550	21,750
	<u>112,795</u>	<u>92,221</u>

**13. Income Tax****a. Income tax provision**

The movement on the income tax provision is as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>JD</b>	<b>JD</b>
Balance – beginning of the period / year	114,220	91,282
Income tax on profit for the period / year	18,287	103,540
Income tax paid	(19,148)	(80,602)
Balance - End of the Period / Year	<u>113,359</u>	<u>114,220</u>

**b. Deferred Tax Assets**

This item consists of the following:

	<b>March 31, 2017</b>			<b>December 31, 2016</b>		
	<b>Balance Beginning of the Period</b>	<b>Released Amounts</b>	<b>Added Amounts</b>	<b>Balance End of the Period</b>	<b>Deferred Tax</b>	<b>Deferred Tax</b>
<b>Accounts included</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>Assets</b>						
Provision for doubtful debts	11,477	-	-	11,477	574	547
	<u>11,477</u>	<u>-</u>	<u>-</u>	<u>11,477</u>	<u>574</u>	<u>547</u>

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

	<b>Assets</b>	
	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>JD</b>	<b>JD</b>
Balance – beginning of the period / year	574	3,635
Disposed	-	(3,061)
Balance - End of the Period / Year	<u>574</u>	<u>574</u>

- A final settlement has been reached with the Income Tax Department for Jordan National Shipping Lines (Holding Company) up to the end of the year 2012, A final settlement has been reached with the Income Tax Department also for Jordan Group for Shipping Agencies (Subsidiary Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) up to the end of the year 2011.

- The income tax return of Jordan National Shipping Lines (Holding Company), for the year 2012 was submitted and the Income and Sales Tax Department did review them yet.
- The income tax return of Jordan National Shipping Lines (Holding Company) was submitted for years 2013 - 2016, Jordan Group for Shipping Agencies (Subsidiary Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) has been submitted for the years 2013 until 2015. However, the Income and Sales Tax Department did not review them yet.
- A provision for income tax for three months ended March 31, 2017 has been booked for Jordan National Shipping Lines, Jordan Group for Shipping Agencies (subsidiary company) in accordance with Income Tax Law and Aqaba Special Economic Zone Law. However, Jordan Maritime Complex Real Estate Investment (subsidiary company) and did not book any income tax provision since it incurred losses for that period. In the opinion of management and the tax consultant, there is no need to book any additional provision as of March 31, 2017.
- Jordan Maritime Complex Real Estate Investment did not book any deferred taxes since it is not approved yet, and no benefits are expected from it in the near future.

#### **14. Contingent Liabilities**

The Company was contingently liable for bank guarantees at the date of the condensed consolidated interim statement of financial position of JD 122,508 and it's related cash margins amounted to JD 24,251 .

The Company received a claim from the main contractor for the construction of the hotel on July 19, 2011 with an amount of JD 2.150 million, which represents calculation variances from the starting date of the project and up to date, noting that there is several negotiations to reach amicable settlement with an amount of JD 500,000 but the Company's management did not approve it yet, because there are claims on the contractor with an amount exceeding the JD 500,000. Moreover, the claim is still in the experience stage at the adjudication committee in the opinion of management there is no need to book any additional provision as of March 31, 2017.

#### **15. Geographical Distribution**

The assets and liabilities of the Company located within the Hashemite Kingdom of Jordan as of March 31, 2017 except for the following:

##### **a. Debts**

	<b>Marc 31, 2017</b>		<b>December 31, 2016</b>	
	<b>Receivables</b>	<b>Payables</b>	<b>Receivables</b>	<b>Payables</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Receivables (Payables)	<u>71,881</u>	<u>669,934</u>	<u>42,340</u>	<u>704,407</u>

##### **b. Investments**

	<b>March 31, 2017</b>	<b>December 31 , 2016</b>
	<b>Financial Investments</b>	
	<b>JD</b>	<b>JD</b>
Clarkson Company	157,975	132,031
Arab Logistics Company	348,697	286,562
Dubai Ports Company	<u>192,513</u>	<u>156,786</u>
	<u>699,185</u>	<u>575,379</u>

**c. Information from Company Business Sectors**

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

	Marine Services Sector	Hotel Services Sector	Other	Total For the Three Months Ended March 31,	
	JD	JD	JD	2017 JD	2016 JD
Revenue	3,293,479	693,260	-	3,986,739	3,834,278
Direct cost	(2,635,633)	(275,353)	-	(2,910,986)	(2,855,854)
Business Sector Results	657,846	417,907	-	1,075,753	978,424
Information technology expenses	-	(20,517)	-	(20,517)	(18,295)
Power and maintenance expenses	-	(116,871)	-	(116,871)	(105,872)
General and administrative Expenses and depreciation	(348,288)	(433,284)	-	(781,572)	(780,716)
Financing expenses	-	(156,158)	-	(156,158)	(142,712)
Financial assets and investments revenue	-	-	749,127	749,127	636,344
Other revenue – net	58,650	42,725	-	101,375	79,778
Income (loss) for the period before Income Tax	368,208	(266,198)	749,127	851,137	646,951
Income tax expense	(18,287)	-	-	(18,287)	(20,069)
Income ( Loss) for the period	349,921	(266,198)	749,127	832,850	626,882

				March 31 , 2017	December 31, 2016
Other Information:				JD	JD
Sector Assets	6,661,760	16,827,350	12,895,116	36,384,226	35,515,990
	<u>6,661,760</u>	<u>16,827,350</u>	<u>12,895,116</u>	<u>36,384,226</u>	<u>35,515,990</u>
Sector Liabilities	1,661,451	9,989,492	-	11,650,943	11,886,578
	<u>1,661,451</u>	<u>9,989,492</u>	<u>-</u>	<u>11,650,943</u>	<u>11,886,578</u>

**16. Subsequent Events**

In its ordinary meeting held on April 25, 2017, the General Assembly has approved the Board of Directors' recommendation to distribute JD 2,250,000 cash dividends to shareholder representing 15% of the paid up capital.

## 17. Fair Value Hierarchy

### A. Fair value of financial assets and financial liabilities that are 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):

Financial Assets	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	March 31, 2017	December 31, 2016				
	JD	JD				
<b>Financial assets at fair value</b>						
Financial assets at fair value through profit or loss						
Quoted shares	1,334,647	1,186,521	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	3,597,565	33,216,544	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	540,136	540,136	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value</b>	<b>4,137,701</b>	<b>3,866,680</b>				
	<b>5,472,348</b>	<b>5,053,201</b>				

There were no transfers between Level 1 and level 2 during the first quarter of the year 2017 and 2016.

### B. Fair value of financial assets and financial liabilities that are 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:

Financial assets not calculated at fair value	March 31, 2017		December 31, 2016		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Investments properties	1,265,016	3,665,120	1,271,366	3,665,120	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>1,265,016</b>	<b>3,665,120</b>	<b>1,271,366</b>	<b>3,665,120</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 reflects the credit risk of the counterparties.