

Form No. (1-3)



Subject: Semi-Annual Report as of 30/6/2018  
In English Language.

الموضوع: التقرير لصف السنوي كما في 2010/6/30  
باللغة الإنجليزية

مرفق طيه نسخة من التقرير نصف السنوي لشركة  
(المخطوط البحري الوطنية الأردنية) باللغة الإنجليزية  
عن الفترة المالية المنتهية في 2018/6/30.

**General Manager's Signature**

توقيع المدير العام



Y. 1A

الرقم المتسلسل.....٥٨٠٩٠٧٤

الجهة المختصة

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS FOR THE  
SIX MONTHS ENDED JUNE 30, 2018  
TOGETHER WITH THE REVIEW REPORT

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN  
JUNE 30, 2018

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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 June 30, 2018 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the six-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. The Company's investment in Smit Lamnalco Company - Jordan, an associate company and accounted for by the equity method, is carried at around JD 4.4 million on the condensed consolidated interim statement of financial position as at June 30, 2018, and the Group's share of Smit Lamnalco Company - Jordan net income of around JD 951,000 is included in the Group's income for the period then ended. We were unable to obtain sufficient appropriate review evidence about the carrying amount of the Group's investment in Smit Lamnalco Company - Jordan as at June 30, 2018 the Group's share of Smit Lamnalco Company - Jordan net income for the period then ended because we were denied access to the financial information, management, and the auditors of Smit Lamnalco Company - Jordan. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

## **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.

## **Emphasis of Matter**

We draw attention to Note (14) of the condensed consolidated interim financial statements, which describes the tax status of Aqaba Development and Marine Services Company "a subsidiary company". Our conclusion is not modified in respect of this matter.


## **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  
July 31, 2018

  
Deloitte & Touche (M.E.) Jordan  
ديلويت آند توش (الشرق الأوسط)  
010105



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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

		Note	June 30, 2018 (Reviewed not Audited)	December 31, 2017		Note	June 30, 2018 (Reviewed not Audited)	December 31, 2017
<b>ASSETS</b>			JD	JD	<b>LIABILITIES</b>		JD	JD
<b>Current Assets:</b>					<b>Current Liabilities:</b>			
Cash on hand and at banks			3,927,124	4,092,139	Accounts payable and other credit balances		3,074,179	3,140,828
Accounts receivable - net		4	1,135,164	1,443,239	Income tax provision	14/a	94,647	121,121
Financial assets at fair value through profit or loss			1,286,416	1,337,816	Due to related parties	5/b	1,038,541	859,078
Due from related parties		5/a	243,415	320,336	Short - term loans installments	8	2,141,995	1,881,012
Other debit balances and prepaid expenses			361,090	228,851	Total Current Liabilities		6,349,362	6,002,039
Inventory - hotel			101,652	69,938				
Total Current Assets			7,054,861	7,492,319				
Deferred tax assets		14/c	-	574	Long - term loans installments	8	5,043,786	5,780,855
<b>Investments:</b>								
Financial assets at fair value through other comprehensive income			3,869,955	3,807,771	<b>OWNERS' EQUITY</b>			
Investment in associate companies		6	6,686,733	7,050,603	Shareholders' Equity:			
Investment properties - net		7	1,233,266	1,245,966	Paid-up capital		15,000,000	15,000,000
Total Investments			11,789,954	12,104,340	Statutory reserve		3,750,000	3,750,000
					Investments revaluation reserve		(433,124)	(487,203)
Property and Equipment:					Retained earnings	9	2,939,733	4,748,158
Property and equipment - at cost			23,589,162	23,478,358	Profit for the period		1,594,092	-
Less: Accumulated depreciation			(6,870,140)	(6,762,660)	Total Shareholders' Equity		22,850,701	23,010,955
Net Book Value of property and equipment			16,719,022	16,715,698	Non-controlling interests		1,319,988	1,519,082
<b>TOTAL ASSETS</b>			<b>35,563,837</b>	<b>36,312,931</b>	<b>TOTAL OWNERS' EQUITY</b>		<b>24,170,689</b>	<b>24,530,037</b>
					<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>35,563,837</b>	<b>36,312,931</b>

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 CONSOLIDATED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
Note	2018	2017	2018	2017
	JD	JD	JD	JD
Revenue:				
Net revenue from maritime agencies, sea freight and cruising vessels	584,128	687,719	1,163,010	1,345,565
Gross hotel operating revenue before other expenses	600,349	564,234	1,122,172	982,141
Gross Profit	1,184,477	1,251,953	2,285,182	2,327,706
<u>Less:</u> General and administrative expenses and depreciation	(895,450)	(856,339)	(1,728,229)	(1,637,911)
Information technology expenses - Hotel	8,169	(22,937)	(55,554)	(43,454)
Power and maintenance expenses - Hotel	(178,325)	(134,951)	(250,225)	(251,822)
Financing expenses	(132,840)	(119,047)	(273,129)	(275,205)
(Loss) gain from financial assets at fair value through profit or loss	(124,472)	16,301	(93,819)	164,427
Dividends from financial assets at fair value through comprehensive income	197,964	124,762	197,964	124,762
Company's share from investment in associate companies income	10 489,350	576,431	1,096,119	1,177,432
Other revenue - Net	177,082	97,560	418,376	198,934
Income for the period before Tax	725,955	933,733	1,596,685	1,784,869
Income tax expense	14/t (40,790)	(40,513)	(61,897)	(58,800)
Income for the Period	685,165	893,220	1,534,788	1,726,069
Attributable to:				
The Company's shareholders	706,521	906,001	1,594,092	1,775,180
Non-controlling interests	(21,354)	(12,781)	(59,304)	(49,111)
	685,167	893,220	1,534,788	1,726,069
Earnings per share for the period attributable to the Company's shareholders:				
Basic and Diluted	11 -/047	-/057	-/106	-/118

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

	For the Six Months	
	Ended June 30,	
	2018	2017
	JD	JD
Income for the period	1,534,788	1,726,069
Items that will not be reclassified subsequently to the condensed consolidated interim statement of income:		
Loss from sale of financial assets at fair value through comprehensive income	1,134	-
Cumulative change in fair value - financial assets at fair value through comprehensive income	44,520	(9,568)
Total Comprehensive Income	<u>1,580,442</u>	<u>1,716,501</u>
Total Comprehensive Income Attributable to:		
The Company's shareholders	1,639,746	1,765,612
Non - controlling interests	(59,304)	(49,111)
	<u>1,580,442</u>	<u>1,716,501</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE  
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JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
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		Income for The Period	Total Shareholders' Equity	Non-Controlling Interest			
				Realized	Unrealized						
For the Six Months Ended June 30, 2018											
Balance - beginning of the period	15,000,000	3,750,000	(487,203)	4,237,775	510,383	4,748,158	-	23,010,955	1,519,082	24,530,037	
Income for the period	-	-	-	-	-	-	1,594,092	1,594,092	(59,304)	1,534,788	
Change in fair value - financial assets at fair value through other comprehensive income	-	-	44,520	-	-	-	-	44,520	-	44,520	
Gain from sale of financial assets at fair value through comprehensive income	-	-	9,559	(8,425)	-	(8,425)	-	1,134	-	1,134	
Total Comprehensive Income	-	-	54,079	(8,425)	-	(8,425)	1,594,092	1,639,746	(59,304)	1,580,442	
Transfers during the year	-	-	-	-	-	-	-	-	-	-	
Dividends distributed*	-	-	-	(1,800,000)	-	(1,800,000)	-	(1,800,000)	-	(1,800,000)	
Dividends distributed shareholders - subsidiary company	-	-	-	-	-	-	-	-	-	-	
Transferred to statutory reserve	-	-	-	-	-	-	-	-	(139,790)	(139,790)	
Balance - End of the Period	15,000,000	3,750,000	(433,124)	2,429,350	510,383	2,939,733	1,594,092	22,850,701	1,319,988	24,170,689	
For the Six Months Ended June 30, 2017											
Balance - beginning of the period	15,000,000	3,594,856	(456,609)	3,827,317	-	3,827,317	-	21,965,564	1,663,848	23,629,412	
Income for the period	-	-	-	-	-	-	1,775,180	1,775,180	(49,111)	1,726,069	
Change in fair value - financial assets at fair value through other comprehensive income	-	-	(9,568)	-	-	-	-	(9,568)	-	(9,568)	
Total Comprehensive Income	-	-	(9,568)	-	-	-	1,775,180	1,765,612	(49,111)	1,716,501	
Dividends distributed*	-	-	-	(2,250,000)	-	(2,500,020)	-	(2,250,000)	-	(2,250,000)	
Balance - End of the Period	15,000,000	3,594,856	(466,177)	1,577,317	-	1,577,317	1,775,180	21,481,176	1,614,737	23,095,913	

\* According to the General Assembly resolution in its meeting held on April 25, 2018 an amount of JD 1,800,000, 12% of Paid up capital was approved for distribution to the shareholders (JD 2,250,000 for the year 2017).

- Retained earnings includes zero as of June 30, 2018 (JD 574 as of December 31, 2017), representing restricted balances against deferred tax assets.

- An amount of JD 433,124 from retained earnings is restricted against the negative value in investment revaluation reserve as of June 30, 2018.

- Retained earnings includes JD 510,383 for the six months period ended June 30, 2018, representing unrealized losses from evaluating financial assets at fair value through income.

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

		For the Six Months Ended June 30,	
	Note	2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		1,596,685	1,784,869
Adjustments for:			
Loss (gain) revaluation of financial assets at fair value through income statement		93,819	(164,427)
Depreciation of property and equipment and investment properties		309,518	415,744
(Gain) from sale of property and equipment		-	(5,279)
Dividends from financial assets at fair value through comprehensive income		(197,964)	(124,762)
(Gain) from investment in associate companies	10	(1,096,119)	(1,177,433)
Cash flows from activities before changes in working capital		705,939	728,712
(Increase) decrease in current assets:			
Accounts receivable		308,075	(413,103)
Due from related parties		76,921	(208,172)
Other debit balances and prepaid expenses		(191,497)	(106,909)
Inventory - hotel		(31,714)	(33,283)
Increase (decrease) in current liabilities:			
Accounts payable and other credit balances		(346,167)	536,734
Due to related parties		104,368	92,405
Net cash flows from operating activities before income tax paid		625,925	596,384
Income tax paid	14a	(88,371)	(86,399)
Net cash flows from operating activities		537,554	509,985
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from investment in associate companies		1,459,989	1,519,000
(Purchase) of property and equipment - net		(86,582)	(142,305)
Proceeds from sale of property and equipment		-	8,600
Decrease (increase) in financial assets at fair value through income statement		51,400	(26,847)
(Increase) in financial assets at fair value through comprehensive income statement		(62,184)	(212,728)
Dividends from financial assets at fair value through comprehensive income		197,964	124,762
Net cash flows from investing activities		1,560,587	1,270,482
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in loans		(476,086)	(707,723)
Dividends distributed		(1,800,000)	(2,205,786)
Net cash flows (used in) financing activities		(2,276,086)	(2,913,509)
Net (decrease) in cash		(177,945)	(1,133,042)
Cash on hand and at banks - beginning of the year		4,085,096	3,189,191
Cash on hand and at banks - end of the period	12	3,907,151	2,056,150

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.



JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC LIMITED SHAREHOLDING COMPANY)  
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 July 29, 2018.

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 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 Jordanian National for Ships Operation Company, in which the Company owns 50% of its capital and that the Company no longer has the power to control the formulation of decisions and the development of its own policies in the Board of Directors. Accordingly, the accounts of Jordanian National for Ships Operation Company have been excluded from the consolidated financial statements of Jordan National Lines Company from the date of loss of control and classified as an investment in an associate.

The subsidiaries are represented as of June 30, 2018:

	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 433 and partners equity totaled to a deficit of JD 937 as of June 30, 2018. The Company did not achieve any revenue or any expenses during the period ended June 30, 2018.

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, 2017. In addition, the results of the Company's operations for the six months ended June 30, 2018 do not necessarily represent indications of the expected results for the year ending December 31, 2018, and do not contain the appropriation of the profit of the six months period ended June 30, 2018, which is usually performed at year-end.



- The accounting policies adopted in preparing the condensed interim financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards which are applied on or after the first of January of 2018 as follow:
- a. **Amendments with no material effect on the condensed interim financial statements of the company:**

**Annual Improvements to IFRS Standards 2014 – 2016** The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

**Amendments to IFRS 2 Share Based Payment**

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

**Amendments to IFRS 4 Insurance Contracts**

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

**IFRIC 22 Foreign Currency Transactions and Advanced Consideration**

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) or on de-recognition of a non-monetary asset or liability arising from advance considerations.

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**Amendments to IAS 40 Investment Property**

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

**IFRS 15 Revenue from Contracts with Customers**

In May 2014, 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.

#### **Amendments to IFRS 15 *Revenue from Contracts with Customers***

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

#### **Amendments to IFRS 7 *Financial Instruments: Disclosures***

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

#### **IFRS 7 *Financial Instruments: Disclosures***

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

### **B. Amendments effective on the condensed interim financial statements of the Company**

#### **IFRS 9 *Financial Instruments***

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*. And a new version of the new standard includes the requirements of recognition, measurement, impairment and hedge accounting.

The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, replacing a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

In accordance with IFRS 9 *Financial Instruments* the expected credit losses are recognized at an early date in accordance with IAS 39.



The revised version of IFRS 9 (2014) (Financial Instruments) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from the adoption of IFRS 9 for the year 2014.

The Company calculated the initial impact of the international financial reporting standard (IFRS 9) and being immaterial, its impact has not been reversed in the attached condensed interim financial statements, noting that a detailed analysis study will be conducted by the end of the year 2018.

#### **- 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, provisions, in addition to investment revaluation reserve that appear in condensed consolidated interim statement of comprehensive income and in shareholders' equity. 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 2017 except estimates used to calculate the impact of International Financial Reporting Standard No. (9) relating to Financial Instruments which was calculated using expected credit loss method using simplified approach.

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

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Cash on hand and checks under collection *	60,139	251,851
Deposit at a bank **	2,620,198	867,431
Current accounts ***	1,246,787	2,954,241
Saving accounts ****	-	18,616
	<u>3,927,124</u>	<u>4,092,139</u>

\* This item contain checks under collection with a maturity date extended to February 28, 2019.

\*\* The above deposit is for a term of 3 months and bears interest at a rate of 3.25%.

\*\*\* This item includes JD 19,973 as of June 30, 2018 and December 31, 2017 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 0.05% during the six months period ended on June 30, 2018 and December 31, 2017.

## 5. Related Party Transactions

This item consists of the following:

### a - Due from Related Parties:

	Nature of Relationship	June 30, 2018	December 31, 2017
		JD	JD
Arab Ship Management Company	Associate company	54,272	2,649
Smit Limnalko Company - Jordan *	Associate company	3,100	214,855
Jordan Phosphate Mines Company	Board member	428	428
Arab Potash Company	Board member	250	2,344
CMA CGMA Company	Sister company	-	7,638
Sea Star Shipping and Logistics Company	Sister company	182,013	86,915
Other		3,352	5,507
		<u>243,415</u>	<u>320,336</u>

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

### b - Due to Related Parties:

	Nature of Relationship	June 30, 2018	December 31, 2017
		JD	JD
Shipping Lines Company for Maritime and Storage Services	Associate company	335,400	335,400
Aqaba Diamond Company	Associate company	213,580	213,580
Salam International Transport and Trading Company	Sister company	402,633	235,264
Jordan National for Ship Operation Company	Associate company	32,569	34,691
Armouh Tourist Investments Co. Ltd	Sister company	34,613	25,406
Other		19,746	14,737
		<u>1,038,541</u>	<u>859,078</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	Profit for the Period	Ownership Percentage				June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
			JD	JD		%			JD	JD	JD	JD
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	-		40			32,464		32,848	
Arab Ship Management Company	Ships Management	Aqaba	149,000	45,000		30			198,414		201,474	
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	150,000		30			985,392		1,049,082	
Aqaba Diamond Company	Navigation	Aqaba	500,000	-		50			206,443		206,804	
Shipping Lines Company for Maritime and Storage Services	Navigation	Aqaba	3,500,000	-		50			310,501		310,823	
Smit Lamnalco Company - Jordan	Ships services	Aqaba	50,000	1,264,989		27			4,408,874		4,722,627	
Jordanian National for Ships Operation Company	Shipping	Aqaba	700,000	-		50			544,645		526,945	
Total Investments in associate Companies									6,686,733		7,050,603	

**7. Investment Properties - Net**

This item consists of the following:

	Land JD	Buildings JD	Total JD
<u>June 30, 2018</u>			
Balance beginning of the period	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<u>Accumulated Depreciation</u>			
Balance beginning of the period	-	(273,055)	(273,055)
Depreciation during the period	-	(12,700)	(12,700)
Total	-	(285,755)	(285,755)
Balance at the End of the Period	248,995	984,271	1,233,266

December 31, 2017

Balance beginning of the year	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<u>Accumulated Depreciation</u>			
Balance beginning of the year	-	(247,655)	(247,655)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(273,055)	(273,055)
Balance End of the Year	248,995	996,971	1,245,966

Annual depreciation rate - 2%

- The market value of property investments is estimated at JD 3,715 million as of December 31, 2017.

**8. Loans**

This item consists of the following:

	June 30, 2018			December 31, 2017	
	Due Installments	Short-term Loan Installments	Total	Long-term Loan Installments	Total
	JD	JD	JD	JD	JD
Al-Etihad Bank loans (a)	71,000	426,000	497,000	82,910	715,777
Egyptian Arab Land Bank loan (b)	148,247	600,648	748,895	2,556,216	3,374,761
Egyptian Arab Land Bank loan (b)	129,461	517,848	647,309	2,186,434	3,089,071
Egyptian Arab Land Bank loan (b)	64,823	183,968	248,791	218,226	482,258
	413,531	1,728,464	2,141,995	5,043,786	7,661,867

- (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 in the amount of USD 200,000.
- (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 JD 8.5 million 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. Retained Earnings

The movement on this item follows:

	June 30, 2018	December 31, 2017
	JD	JD
Balance – beginning of the period / year	4,748,158	3,827,317
Income for the period / year	-	3,335,578
Loss from sale of financial assets at fair value through other comprehensive income	(8,425)	(9,593)
Dividends distributed*	(1,800,000)	(2,250,000)
Appropriation to statutory reserve	-	(155,144)
Balance - End of the Period / Year	<u>2,939,733</u>	<u>4,748,158</u>

- \* According to the General Assembly resolution in its meeting held on April 25, 2018 an amount of JD 1,800,000 (12% of Paidup capital for the year 2017) was approved for distribution to the shareholders (JD 2,250,000 for the year 2017).

## 10. Company's Share from Investment in Associate Companies

Details of this item are as follows:

	Relationship	For the Six months Ended June 30,	
		2018	2017
		JD	JD
Jordan International Marine Chartering Company	Associate	86,310	92,211
Jordan Academy for Maritime Studies Company	Associate	(384)	(512)
Aqaba Diamond Company	Associate	(361)	(500)
Arab Ship Management Company	Associate	41,940	37,479
Smit Lamnalco Company - Jordan	Associate	951,236	1,024,002
Shipping Lines Company for Maritime and Storage Services	Associate	(322)	(1,000)
Jordanian National for Ships Operation Company	Associate	17,700	25,753
		<u>1,096,119</u>	<u>1,177,433</u>

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

## 11. 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 Six Months Ended June 30,	
	2018	2017
	JD	JD
Profit for the period -Attributable to the Company's Shareholders	<u>1,594,092</u>	<u>1,775,180</u>
	Share	Share
Number of shares *	<u>15,000,000</u>	<u>15,000,000</u>
	JD/Share	JD/Share
Earnings per share for the period: Basic and Diluted	<u>-/106</u>	<u>-/118</u>



12. Cash and Cash Equivalents

This item consists of the following:

	For the Six Months Ended June 30,	
	2018	2017
	JD	JD
Cash on hand and at banks	3,927,124	2,063,193
<u>(Less): Cash restricted</u>	<u>(19,973)</u>	<u>(7,043)</u>
	<u>3,907,151</u>	<u>2,056,150</u>

13. Transactions with Related Parties

- a. Rent revenue from Arabian Ships Management Company (Associate company) amounted to JD 45,317 for six months ended June 30, 2018 (JD 21,658 for six months ended June 30, 2017).
- b. Executive management's salaries and benefits for the Company and its subsidiaries:

	For the Six Months Ended June 30,	
	2018	2017
	JD	JD
Salaries, bonuses, and per diems	132,849	150,593
Board of Directors transportation allowances	69,717	48,760
	<u>202,566</u>	<u>199,353</u>

14. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Balance – beginning of the period / year	121,121	114,220
Income tax on profit for the period / year	61,897	116,820
Income tax paid	<u>(88,371)</u>	<u>(109,919)</u>
Balance - End of the Period / Year	<u>94,647</u>	<u>121,121</u>

b. Income tax expense for the year shown in the condensed consolidated interim statement of income the following:

	For the Six Months Ended June 30,	
	2018	2017
	JD	JD
Income tax on profit for the period	<u>(61,897)</u>	<u>(58,800)</u>
	<u>(61,897)</u>	<u>(58,800)</u>

c. Deferred Tax Assets

This item consists of the following:

	June 30, 2018			December 31, 2017		
	Balance Beginning of the Period	Released Amounts	Added Amounts	Balance End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>Accounts included Assets</u>						
Provision for doubtful debts	574	574	-	-	-	574
	<u>574</u>	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574</u>

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

	Assets	
	For the Six Months Ended June 30, 2018 JD	For the Year Ended December 31, 2017 JD
Balance – beginning of the period / year	574	574
Disposed	(574)	-
Balance - End of the Period / Year	-	574

- A final settlement has been reached with the Income Tax Department for Jordan National Shipping Lines (Holding Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) up to the end of the year 2014, in addition, a final settlement has been reached with the Income Tax Department also for Jordan Group for Shipping Agencies (Subsidiary Company) up to the end of the year 2013.
- The income tax for the Aqaba Company for Development and Marine Services was settled until the end of 2010. The self-assessment report for the years 2011 and 2012 was submitted and reviewed by the Income and Sales Tax Department, where financial claims were issued at 101 thousand dinars and fines estimated at 35 thousand dinars, Within the specified period. The self-assessment report for the years 2016 & 2017 has not been reviewed by the Income and Sales Tax Department after, in the opinion of the management and the company's lawyer, the Company is solely responsible for the value of its investment in the subsidiary and therefore is not obliged to pay the debts, liabilities and taxes incurred by the subsidiary and its partners.
- The income tax return of Jordan National Shipping Lines (Holding Company) was submitted for years 2015, 2016 & 2017, Jordan Group for Shipping Agencies (Subsidiary Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) has been submitted for the years 2014 until 2017. However, the Income and Sales Tax Department did not review them yet.
- A provision for income tax for six months ended June 30, 2018 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 June 30, 2018.
- 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.

#### 15. Contingent Liabilities

The Company was contingently liable for bank guarantees at the date of the condensed consolidated interim statement of financial position of JD 120,000 and it's related cash margins amounted to JD 44,250.

- On July 19, 2011, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) received a claim from the main contractor for the construction of the hotel with an amount of JD 2,150 million, which represents calculation variances from the starting date of the project and up to date, but the Company's management did not approve it yet, therefore both parties agreed to go for arbitration.



During the year 2017, a final decision was issued by the Court of Cassation to bind Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) in an amount of around JD 1,000,000, noting that this decision cannot be contested. However, the Company reached a final settlement with the contractor to pay an amount of around JD 800,000 after reducing some of the legal interests which resulted from the settlement. On September 28, 2017 a final settlement agreement was signed between the main contractor and the company in which it terms that Jordan National Shipping Line Company shall pay JD 380,000 after signing the agreement as for the rest balance which is amounted to JD 420,000 it shall be paid by the other partner on 28 monthly installments amounted to JD 15,000 per month starting from October 1, 2017 until the full payment. Moreover, the details of the agreed upon amount based on the settlement are as follows:

- a- JD 410,000 for work done;
- b- JD 83,000 represents legal interests resulted from the settlement;
- c- JD 307,000 represents a compensation for loss of labor productivity due to late delivery of the project.

The Company capitalized an amount of JD 550,000 on the hotel's building from the total claim amount after deducting JD 167,000 related to amounts previously capitalized by the same contractor, and after deducting the depreciation and until December 31, 2017.

#### 16. Geographical Distribution

The assets and liabilities of the Company located within the Hashemite Kingdom of Jordan as of June 30, 2018 and December 31, 2017 except for the following:

##### a. Debts

	June 30, 2018		December 31, 2017	
	Receivables	Payables	Receivables	Payables
	JD	JD	JD	JD
Receivables (Payables)	<u>125,724</u>	<u>686,316</u>	<u>45,407</u>	<u>734,243</u>

##### b. Investments

	June 30, 2018	December 31, 2017
	Financial Investments	
	JD	JD
Clarkson Company	139,747	191,759
Arab Logistics Company	259,090	282,479
Dubai Ports Company	<u>205,944</u>	<u>223,852</u>
	<u>604,781</u>	<u>698,090</u>

c. Information from Company Business Sectors

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

				Total	
				For the Six Months Ended	
				June 30,	
	Marine Services Sector	Hotel Services Sector	Other	2018	2017
	JD	JD	JD	JD	JD
Revenue	5,815,713	1,745,701	-	7,561,414	8,607,818
Direct cost	(4,652,703)	(623,529)	-	(5,276,232)	(6,280,112)
Business Sector Results	1,163,010	1,122,172	-	2,285,182	2,327,706
General and administrative expenses and depreciation	(597,977)	(1,130,252)	-	(1,728,2290)	(1,637,911)
Information technology expenses	-	(55,554)	-	(55,554)	(43,454)
Power and maintenance expenses	-	(250,225)	-	(250,225)	(251,822)
Financing expenses	(189,567)	(273,129)	-	(273,129)	(275,205)
Financial assets and investments revenue	-	-	1,200,264	1,200,264	1,466,621
Other revenue – net	367,273	51,101	-	418,376	198,934
Income (loss) for the period before Income Tax	932,308	(525,887)	1,200,265	1,596,685	1,784,869
Income tax expense	(61,897)	-	-	(61,897)	(58,800)
Income ( Loss) for the period	870,411	(525,877)	1,200,265	1,534,788	1,726,069
				June 30, 2018	December 31, 2017
<u>Other Information:</u>				JD	JD
Sector Assets	18,455,150	17,108,687	-	35,563,837	36,312,931
	18,455,150	17,108,687	-	35,563,837	36,312,931
Sector Liabilities	1,968,104	9,425,044	-	11,393,148	11,782,894
	1,968,104	9,425,044	-	11,393,148	11,782,894