

نموذج رقم (5-1)

Form No. (1-5)



To: Jordan Securities Commission Amman Stock Exchange Date: 31/10/2019 Ref: 602 /2019 Subject: Quarterly Report as of 30/09/2019	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2019/10/31 الرقم:- 2019/ 602 الموضوع:- التقرير ربع السنوي كما هي في 2019/9/30
Attached are the Quarterly Report in English Language of (Jordan National Shipping Lines Company) as of 30/09/2019	وفي طيه نسخة من البيانات المالية ربع السنوية لشركة الخطوط البحرية الوطنية (الأردنية) كما هي بتاريخ 2019/09/30
Kindly accept our highly appreciation and respect.  Jordan National Shipping Lines Company.  General Manager's Signature	وتفضلوا بقبول فائق الاحترام...  شركة الخطوط البحرية الوطنية الأردنية  توقيع المدير العام

بورصة عمان
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رقم الملف: ٢١٠١٢
المختصة: المراجعة



شركة الخطوط البحرية الوطنية الأردنية  
Amman - Jordan

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

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION FOR THE  
PERIOD ENDED SEPTEMBER 30, 2019

JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA SPECIAL ECONOMIC ZONE – JORDAN  
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2019

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## INDEPENDENT AUDITOR'S REVIEW REPORT

AM \ 000744

To the Chairman and Board of Directors Members  
Jordan National Shipping Lines Company  
(Public Shareholding Limited Company)  
Aqaba Special Economic Zone - Jordan

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Jordan National Shipping Lines Company (Public Shareholding Limited Company) as of September 30, 2019 and the consolidated condensed interim related statements of income and comprehensive income for the three months and nine months ended September 30, 2019, and the consolidated condensed interim of changes in owners' equity and cash flows for the nine 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 consolidated condensed interim financial information in accordance with International Accounting Standard (34) Interim Financial Reporting. Our responsibility is to express an opinion on these consolidated condensed interim financial information based on our review.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Company. A review of consolidated condensed 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**

As a result of being denied access to the financial information, management and auditors of Smit Lamnalco Company – Jordan ("Lamnalco"), an associate accounted for by the equity method, we were unable to complete our review of the Company's equity accounted investment of JD 4.7 million as at September 30, 2019 and the Company's share of Lamnalco's income of approximately JD 660 thousand for the period then ended. Had we been able to complete our review of the equity accounted investment and the Company's share of income, matters might have come to our attention indicating that adjustments might be necessary to the consolidated condensed interim financial information.

## **Qualified Conclusion**

Except for the adjustments to the consolidated condensed interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects in accordance with International Accounting Standard (34) Interim Financial Reporting.

## **Other Matter**

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

Amman – Jordan  
October 30, 2019

*Deloitte & Touche*  
Deloitte & Touche (M.E.) – Jordan

**Deloitte & Touche (M.E.)**  
ديلويت آند توش (الشرق الأوسط)  
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JORDAN NATIONAL SHIPPING LINES COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA SPECIAL ECONOMIC ZONE - JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	September 30,		December 31,	
		2019 (Reviewed)	2018 (Audited)	2019 (Reviewed)	2018 (Audited)
		JD	JD	JD	JD
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash on hand and at banks - net	4	5,391,948	3,489,179	3,868,291	2,492,459
Accounts receivable - net		1,827,752	1,087,171	114,030	97,840
Financial assets at fair value through profit or loss	17	1,377,209	1,222,277	1,290,782	1,103,066
Due from related parties - net	5/A	124,634	262,528	1,126,748	1,796,535
Other debit balances and prepaid expenses		387,004	349,363	6,399,851	5,489,900
Inventory - hotel		68,245	63,594		
<b>Total Current Assets</b>		<b>9,176,792</b>	<b>6,474,112</b>		
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable and other credit balances	14				
Income tax provision					
Due to related parties	5/B				
Short - term loans and due installments	8				
<b>Total Current Liabilities</b>					
Long - term loans installments	8			5,282,382	4,726,328
<b>OWNERS' EQUITY</b>					
<b>Shareholders' Equity:</b>					
Paid-up capital		1,201,515	1,220,566	15,000,000	15,000,000
Statutory reserve		11,608,508	12,441,324	3,750,000	3,750,000
Investments revaluation reserve				(1,142,691)	(584,186)
Retained earnings	9			3,763,216	5,566,090
Profit for the year				2,807,741	-
<b>Total Shareholders' Equity</b>		<b>23,978,208</b>	<b>23,751,439</b>	<b>24,178,266</b>	<b>23,731,904</b>
Non-controlling interests		(7,779,233)	(7,443,804)	1,123,776	1,274,939
<b>TOTAL OWNERS' EQUITY</b>		<b>16,198,975</b>	<b>16,307,635</b>	<b>25,302,042</b>	<b>25,006,843</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>36,984,275</b>	<b>35,223,071</b>	<b>36,984,275</b>	<b>35,223,071</b>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND SHOULD READ WITH THEM.

JORDAN NATIONAL SHIPPING LINES COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AQABA SPECIAL ECONOMIC ZONE - JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	For the Three Months		For the Nine Months	
		Ended September 30,		Ended September 30,	
		2019 (Reviewed)	2018 (Reviewed)	2019 (Reviewed)	2018 (Reviewed)
Revenue:		JD	JD	JD	JD
Net revenue from maritime agencies, sea freight and cruising vessels		1,391,976	1,035,321	2,987,179	2,198,331
Gross hotel operating revenue before other expenses		<u>642,351</u>	<u>683,820</u>	<u>1,771,066</u>	<u>1,805,992</u>
Gross Profit		2,034,327	1,719,141	4,758,245	4,004,323
<u>Less:</u> General and administrative expenses and depreciation		(858,394)	(874,744)	(2,643,829)	(2,602,973)
Information technology expenses - Hotel		(20,526)	(21,681)	(73,701)	(77,235)
Power and maintenance expenses - Hotel		(155,890)	(175,869)	(410,359)	(426,094)
Financing expenses		(127,912)	(150,573)	(385,810)	(423,702)
Gain (loss) from financial assets at fair value through profit or loss		(25,052)	(42,481)	215,524	(75,889)
Dividends from financial assets at fair value through comprehensive income		-	364	156,962	137,917
Company's share from investment in associate companies income	10	46,609	337,625	906,128	1,433,744
Other revenue - Net		<u>149,963</u>	<u>(50,293)</u>	<u>326,436</u>	<u>368,083</u>
Income for the period before Tax		1,043,125	741,489	2,849,596	2,338,174
Income tax expense	14/B	<u>(65,981)</u>	<u>(25,523)</u>	<u>(118,018)</u>	<u>(87,420)</u>
Income for the Period		<u>977,144</u>	<u>715,966</u>	<u>2,731,578</u>	<u>2,250,754</u>
Attributable to:					
The Company's shareholders		996,070	697,868	2,807,741	2,291,960
Non-controlling interests		<u>(18,926)</u>	<u>18,098</u>	<u>(76,163)</u>	<u>(41,206)</u>
		<u>977,144</u>	<u>715,966</u>	<u>2,731,578</u>	<u>2,250,754</u>
Earnings per share for the period attributable to the Company's shareholders:					
Basic and Diluted	11	<u>0.066</u>	<u>0.047</u>	<u>0.187</u>	<u>0.153</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  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHINSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	For the Nine Months	
	Ended September 30,	
	<u>2019 (Reviewed)</u>	<u>2018 (Reviewed)</u>
	<u>JD</u>	<u>JD</u>
Income for the period	2,731,578	2,250,754
Items that will not be reclassified subsequently to the		
Consolidated condensed interim statement of profit or loss:		
Cumulative change in fair value - financial assets at fair value through		
Other comprehensive income	<u>(561,379)</u>	<u>(43,794)</u>
Total Comprehensive Income	<u>2,170,199</u>	<u>2,206,960</u>
Total Comprehensive Income Attributable to:		
The Company's shareholders	2,246,362	2,248,166
Non - controlling interests	<u>(76,163)</u>	<u>(41,206)</u>
	<u>2,170,199</u>	<u>2,206,960</u>

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JORDAN NATIONAL SHIPPING LINES COMPANY  
A PUBLIC SHAREHOLDING LIMITED COMPANY  
AOABA SPECIAL ECONOMIC ZONE - JORDAN

For the Nine Months Ended September 30, 2019

Balance - beginning of the period (Audited)

Income for the period

Change in fair value - t

Total Comprehensive

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DIVIDING UP EQUATIONS

NO MILK - SUPPLEMENT

For the Nine Months Ended September 30, 2018

**Balance - beginning of the year (Audited)**

Income for the period

STUDY ON THE

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## Dividends distributed

Dividends distributed to

**Balance - End of th**

\* According to the General Assembly resolution in its meeting held on April 28, 2019 an amount of JD 1,800,000, 12% of Paid up capital was approved for distribution to the shareholders for the year 2019 (JD 1,800,000 for the year 2018).

As amount of IN 1 142 681 from retained earnings is restricted against the negative revaluation reserve as of September 30, 2019.

income for the period includes JD 137 914 for the nine months ended September 30, 2019, representing unrealized gain for the period ended September 30, 2019.

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

		For the Nine Months Ended September 30,	
	Note	2019 (Reviewed)	2018 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before tax		2,849,596	2,338,174
Adjustments for:			
(Gain) loss on valuation on financial assets at fair value through profit or loss		(132,914)	75,889
(Gain) from sale financials assets at fair value through profit or loss		(2,760)	-
Depreciation of property and equipment and investment properties		354,480	465,935
Dividends from financial assets at fair value through other comprehensive income		(156,962)	(137,917)
(Gain) from investment in associate companies	10	(906,128)	(1,433,744)
Cash Flows from Operating Activities before Changes in Working Capital		2,005,312	1,308,337
(Increase) decrease in current assets:			
Accounts receivable		(740,581)	(769,897)
Due from related parties		137,894	179,660
Other debit balances and prepaid expenses		(37,641)	(76,034)
Inventory - hotel		(4,651)	(26,077)
Increase (decrease) in current liabilities :			
Accounts payable and other credit balances		1,342,832	843,211
Due to related parties		187,716	192,295
Net Cash Flows from Operating Activities before Income Tax Paid		2,890,881	1,651,495
Income tax paid	14/a	(101,828)	(130,151)
Net Cash Flows from Operating Activities		2,789,053	1,521,344
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from investment in associate companies	6	1,155,000	1,459,989
(Increase) in property and equipment - net		(226,769)	(372,173)
(Increase) decrease in financial assets at fair value through profit or loss		(101,608)	43,723
Dividends from financial assets at fair value through profit or loss		82,350	-
Decrease (increase) from financial assets at fair value through other comprehensive income		3,514	(8,044)
Dividends from financial assets at fair value through other comprehensive income		156,962	137,917
Net Cash Flows from Investing Activities		1,069,449	1,261,412
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in loans		(113,733)	(832,854)
Dividends distributed	9	(1,767,000)	(1,686,746)
(Decrease) in non-controlling interests		(75,000)	(112,500)
Net Cash Flows (used in) Financing Activities		(1,955,733)	(2,632,100)
Net Increase in cash		1,902,769	150,656
Cash on hand and at banks - beginning of the year		3,489,179	4,085,096
Cash on Hand and at Banks - End of the Period	12	5,391,948	4,235,752

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

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**1. Incorporation And Activities**

- 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 September 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.

**2. Basis of Preparation**

- a. Basis of preparation of consolidated condensed interim financial information:  
The consolidated condensed interim financial information for the nine months ended September 30, 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.
- The reporting currency of the consolidated condensed interim financial information is the Jordanian Dinar, which is the functional currency of the Company.
- The accompanying consolidated condensed interim financial information 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 annual report of the Company as of December 31, 2018. In addition, the results of the Company's operations for the nine months ended September 30, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019, and do not contain appropriation of the profit for the nine months period ended September 30, 2019, which is usually performed at year-end.

**Judgments, estimates and risk management**

The preparation of the consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2018, except as mentioned in Note (3).

**b. Basis of consolidation of the condensed interim financial information**

- The condensed interim financial information of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the company. If the accounting policies adopted by the subsidiary are different from those used by the Company, the necessary adjustments to the condensed interim financial information of the subsidiary are made to comply with the accounting policies followed by the Company.
- The results of the subsidiary are incorporated into the consolidated condensed interim statement of profit or loss from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Company. Moreover, the operating results of the disposed subsidiary are incorporated into the condensed consolidated interim statement of profit or loss up to the effective date of disposal, which is the date on which the Company loses control over its subsidiary.

Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect investee's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Company loses control of a subsidiary, the Company performs the following;

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes transfer difference accumulated in Owners Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in income statement.
- Reclassifies owners equity already booked in other comprehensive income to the profit or loss statement as appropriate.

The non-controlling interests represents the portion not owned by the Company relating to ownership of the subsidiaries.

The subsidiaries are represented as of September 30, 2019:

	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	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 115,891 as of September 30, 2019. The Company did not achieve any revenue or any expenses during the period ended September 30, 2019.

\*\* 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 Investment Company is 74% owned by Jordan National Shipping Lines Company and The Salam International Transport and trading Company own 26% of the Company's capital amounted to JD 15.6 million. The Company's objectives 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.

### 3. Significant Accounting Policies

- The accounting policies adopted in preparing the consolidated condensed interim financial statements are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of the new and amendments standards which are applied on or after the 1<sup>st</sup> of January of 2019 as follow:

#### a. Amendments with no material effect on the consolidated condensed interim financial information of the company:

##### **Annual improvements to IFRSs issued between 2015 and 2017**

Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

##### **IFRIC (23) Uncertainty on the Treatment of Income Tax**

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

**Amendments to IFRS (9) "Financial Instruments"**

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

**Amendments to IAS (28) "Investment in Associates and Joint Ventures"**

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

**Amendments to IAS (19) Employee Benefits**

These amendments relate to adjustments to plans, reductions, or settlements.

**Effect of Application of IFRS (16) "Leases Contracts"**

The Company has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases", IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "Operational leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has adopted for the modified retrospective application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The Company have evaluated the scope of IFRS (16), and there was no material impact on the financial statements, noting that the impact (if any) will be revaluated in details during the year.

The adoption of the above standards and policies have not affected the amounts or disclosures in the consolidated condensed interim financial information.

The Company has used the following Judgements in respect to IFRS 16:

**Extension and termination lease options**

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, most of the retained extension and termination options are practice at by both the company and the lessor.

When determining the duration of the lease, the management takes into account all the facts and circumstances that create an economic incentive to exercise the option of extension, or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably asserted to be extended (or not terminated). The evaluation is reviewed in the event of an important event or a significant change in the circumstances that affect this assessment which is within the tenant's control.

**Deduction of rental payments**

Rental payments are deducted using the Company's additional borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the additional borrowing rate at the start of the lease.

**b. New and revised standards and interpretations but not yet effective:**

Effective for annual periods beginning after January 1, 2020

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business under IFRS 3
- IFRS 17: Insurance Contracts
- 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.
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

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

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Cash on hand and checks under collection	13,272	7,450
Deposits at banks *	2,407,200	1,042,609
Current accounts	3,018,726	2,486,368
	<u>5,439,198</u>	<u>3,536,427</u>
<u>Less</u> : Expected credit loss provision (Current accounts and deposits at banks)	<u>(47,250)</u>	<u>(47,248)</u>
	<u>5,391,948</u>	<u>3,489,179</u>

\* The above deposit is for a term of one month and bears interest at a rate of 2.4%.

- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL, and taking into account the historical default experience and the current credit ratings of the bank.

**5. Related Party Balances**

This item consists of the following:

**a . Due from Related Parties – Net:**

	Nature of Relationship	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Arab Ship Management Company	Associate company	113,557	36,080
Smit Lamnalco Ltd Company - Jordan	Associate company	5,290	5,000
Sea Star Shipping and Logistics Company	Sister company	4,575	225,612
Other		7,922	2,546
Total		131,344	269,238
Less: Provision for expected credit loss		(6,710)	(6,710)
		124,634	262,528

**b . Due to Related Parties:**

	Nature of Relationship	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) 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	697,444	517,810
Jordan National for Ship Operation Company	Associate company	43,725	33,776
Other		633	2,500
		1,290,782	1,103,066



## 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	Profit for the Period JD	Ownership Percentage		September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
					September 30, 2019	December 31, 2018		
					%	%		
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	150,000	30	30	1,091,468	1,096,191
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	-	40	40	35,038	35,038
Aqaba Diamond Company	Navigation	Aqaba	500,000	-	50	50	206,013	206,928
Arab Ship Management Company	Ships Management	Aqaba	149,000	60,000	30	30	224,407	216,908
Smit Lamnalco Company Ltd - Jordan	Ships services	Aqaba	50,000	945,000	27	27	4,718,886	5,003,427
Shipping Lines Company for Maritime and Storage Services	Navigation	Aqaba	3,500,000	-	50	50	308,814	309,737
Jordan National for Ships Operation Company	Shipping	Aqaba	700,000	-	50	50	625,973	591,242
Total Investments in associate Companies				<u>1,155,000</u>			<u>7,210,599</u>	<u>7,459,471</u>

## 7. Investment Properties - Net

This item consists of the following:

	Land JD	Buildings JD	Total JD
<u>For the Nine Months Ended September 30, 2019</u>			
Balance beginning of the period (Audited)	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	-	(298,455)	(298,455)
Depreciation during the period	-	(19,051)	(19,051)
Total	-	(317,506)	(317,506)
Balance at the End of the Period (Reviewed)	248,995	952,520	1,201,515
<u>For the Year Ended December 31, 2018</u>			
Balance beginning of the year (Audited)	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	-	(273,055)	(273,055)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(298,455)	(298,455)
Balance End of the Year (Audited)	248,995	971,571	1,220,566
Annual depreciation rate	-	2%	

- The market value of property investments is estimated at JD 3.706 million based on latest valuation.

## 8. Loans

This item consists of the following:

	September 30, 2019 (Reviewed)				December 31, 2018 (Audited)
	Due Installments JD	Short- term Loan Installments JD	Long-term Loan Installments JD	Total JD	Total JD
Bank al-EtiHAD loans (a)	-	51,748	-	51,748	363,708
Egyptian Arab Land Bank loan (b) - JOD	130,000	520,000	3,025,153	3,675,153	3,534,107
Egyptian Arab Land Bank loan (b) - USD	85,000	340,000	2,257,229	2,682,229	2,625,048
	215,000	911,748	5,282,382	6,409,130	6,522,863

- (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 Maritime Complex Real Estate Investment Company (subsidiary Company) 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. On September 29, 2017, a reschedule agreement for the granted loan was signed, in which it terms to postpone the installments payment to mature starting from January 31, 2018 until it is fully paid as at September 30, 2019 under quarterly installments of 50,000 USD without interests except for the last installment which represent the rest amount.

(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. 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.
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 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.

During the first quarter of 2019, the facilities granted by the Egyptian Arab Land Bank were restructured as follows:

- The Facilities granted in Jordanian Dinars with an amount of JD 3,477,982 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments related to August 2018 with an total amount of JD193,430 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31, 2019 with an amount of JD130.000 (Installment including the interest) until May 31,2023 and the last installment is due on August 31,2023 with the rest of the remaining facilities and with a debit interest rate of 9/75%

annually without commission. The monthly interest shall be service during the grace period.

- The Facilities granted in US Dollar with an amount of USD 3,665,268 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments with an total amount of USD 182,598 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31,2019 with an amount of USD120.000 (Installment including the interest) until May 31,2023 and the last installment is due on August 31,2023 with the rest of the remaining facilities and with a debit interest rate of 5/25% annually without commission. The monthly interest shall be service during the grace period.

#### 9. Retained Earnings

The movement on this item follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period / year	5,566,090	4,748,158
IFRS (9) implementation effect	-	(75,719)
Adjusted balance	5,566,090	4,672,439
Income for the period	-	2,709,036
(Loss) from sale of financial assets at fair value through other comprehensive income	(2,874)	(15,385)
Dividends distributed*	(1,800,000)	(1,800,000)
Balance - End of the Period / Year	3,763,216	5,566,090

- \* According to the General Assembly resolution in its meeting held on April 28, 2019 an amount of JD 1,800,000, 12% of Paid up capital was approved for distribution to the shareholders for the year 2019 (JD 1,800,000 for the year 2018)

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

Details of this item are as follows:

		For the Nine months Ended September 30,	
	Relationship	2019 (Reviewed)	2018 (Reviewed)
		JD	JD
Jordan Academy for Maritime Studies Company	Associate	145,277	143,616
Jordan International Marine Chartering Company	Associate	-	(1,969)
Aqaba Diamond Company	Associate	(915)	545
Arab Ship Management Company	Associate	67,499	59,250
Smit Lamnalco Company – Jordan	Associate	660,459	1,207,710
Shipping Lines Company for Maritime and Storage Services	Associate	(923)	(712)
Jordanian national lines for shipping	Associate	34,731	25,304
		906,128	1,433,744

- 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 Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Profit for the period - Company's Shareholders	2,807,741	2,291,960
	Share	Share
Number of shares	15,000,000	15,000,000
	JD/Share	JD/Share
Earnings per share for the period	.187	.153

**12. Cash and Cash Equivalents**

This item consists of the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Cash on hand and at banks	5,391,948	4,255,725
<u>(Less):</u> Cash restricted	-	(19,973)
	5,391,948	4,235,752

**13. Transactions with Related Parties**

Related parties, as defined in International Accounting Standard 24: (Related Party Disclosures); include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The following transactions were carried out with related parties:

- a. Rent revenue from Arabian Ships Management Company (Associate company) amounted to JD 33,988 for nine months ended September 30, 2019 (JD 33,988 for nine months ended September 30, 2018).
- b. Executive management's salaries and benefits for the Company and its subsidiaries:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Salaries, bonuses, and per diems	273,529	287,851
Board of Directors transportation allowances	81,037	76,155
	354,566	364,006

#### 14. Income Tax Provision

##### a. Income tax provision

The movement on the income tax provision is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period / year	97,840	121,121
Accrued income tax on income for the period / year	118,018	93,519
Accrued income tax from previous years	-	121,552
Income tax paid	(101,828)	(238,352)
Balance - End of the Period / Year	114,030	97,840

##### b. Income tax for the year shown in the consolidated condensed interim statement of profit or loss is as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Income tax on profit for the period	(118,018)	(87,420)
	(118,018)	(87,420)

- A final settlement has been reached with the Income and Sales Tax Department for Jordan National Shipping Lines Company (Holding Company) up to end of the year 2017, and Jordan Group for Shipping Agencies (subsidiary company) up to the end of the year 2016, and Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) up to the end of the year 2014.
- The income tax for Aqaba Development & Marine Services Company has been settled up to the end of the year 2013. Moreover, the income tax returns for the years 2014 - 2018 have been submitted on time but not reviewed by the Income and Sales Tax Department, and since the Company did not perform any operations during the nine months ended on September 30, 2019 due to that there were no tax on the company.
- The income tax return was submitted for the year 2018 for the Jordan National Shipping Lines Company (Holding Company) but not reviewed yet, and the income tax return was submitted for the Jordan Group for Shipping Agencies (subsidiary company) for the years 2017 and 2018, as for Jordan Maritime Complex for Real Estate Investment Company (subsidiary company) the company submitted its income tax return for the years from 2015 to 2018 but still not reviewed yet.
- A provision for income tax for the period ended September 30, 2019 has been booked for Jordan National Shipping Lines Company, and 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 during that period. In the opinion of the Company's management and its tax consultant, there is no need to book any additional provision as of September 30, 2019.
- 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

# 15. Contingent Liabilities

As of the consolidated condensed financial statements date, the company has contingent liabilities representing bank guarantees of JD 660,000 with a paid cash deposit amounted to JD 98,250 thousands.

# 16. Geographical Distribution

The assets and liabilities of the Company located within the Hashemite Kingdom of Jordan as of September 30, 2019 and December 31, 2018 except for the following:

## a. Debts

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Receivables	Payables	Receivables	Payables
	JD	JD	JD	JD
Receivables (Payables)	192,798	1,629,040	242,425	686,316

## b. Investments

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	Financial Investments	
	JD	JD
Clarkson Company	154,305	119,665
Arab Logistics Company	263,210	281,589
Dubai Ports Company	125,444	153,331
	542,959	554,585

## 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 Nine Months Ended September 30,	
	JD	JD	JD	2019 (Reviewed) JD	2018 (Reviewed) JD
Revenue	10,521,047	2,780,980	-	13,302,027	12,670,492
Direct cost	(7,533,868)	(1,009,914)	-	(8,543,782)	(8,666,169)
Business Sector Results	2,987,179	1,771,066	-	4,758,245	4,004,323
General and administrative expenses and depreciation	(1,245,649)	(1,398,180)	-	(2,643,829)	(2,602,973)
Information technology expenses	-	(73,701)	-	(73,701)	(77,235)
Power and maintenance expenses	-	(410,359)	-	(410,359)	(426,094)
Financing expenses	-	(385,810)	-	(385,810)	(423,702)
Financial assets and investments revenue	-	-	1,278,614	1,278,614	1,495,772
Other revenue	296,785	29,651	-	326,436	368,083
Income for the period before Income Tax	2,038,315	(467,333)	1,278,614	2,849,596	2,338,174
Income tax expense	(118,018)	-	-	(118,018)	(87,420)
Income for the period	1,920,297	(467,333)	1,278,614	2,731,578	2,250,754
				September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
				JD	JD
Other Information:					
Sector Assets	8,966,440	16,409,327	11,608,508	36,984,275	35,223,071
	8,966,440	16,409,327	11,608,508	36,984,275	35,223,071
Sector Liabilities	3,220,362	8,461,871	-	11,682,233	10,216,228
	3,220,362	8,461,871	-	11,682,233	10,216,228

17. 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):

Financial Assets	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)				
	JD					
<b>Financial assets at fair value</b>						
Financial assets at fair value through profit or loss						
Quoted shares	1,377,209	1,222,277	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	2,831,551	3,374,741	Level 1	Quoted Shares through using the equity method and the latest available financial information	Not Applicable	Not Applicable
Unquoted Shares	364,843	386,546	Level 2		Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value</b>	<b>3,196,394</b>	<b>3,761,287</b>				
	<b>4,573,603</b>	<b>4,983,564</b>				

There were no transfers between Level 1 and Level 2 during the third quarter 2019 and 2018.

**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:

Financial assets not calculated at fair value	September 30, 2019		December 31, 2018		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD		JD		
Investments properties	1,207,865	3,706,000	1,220,566	3,715,020	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>1,207,865</b>	<b>3,706,000</b>	<b>1,220,566</b>	<b>3,715,020</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.

18. Approval of consolidated condensed interim financial information

These consolidated condensed interim financial information were approved by the Board of Directors and authorised for issue on October 29, 2019.