



SALAM INTERNATIONAL  
TRANSPORT & TRADING CO. P.S.C.

## السلام الدولية للنقل والتجارة شركة مساهمة عامة

أشارتنا رقم : 2019/73/ب ر/م ر  
التاريخ : 2019/ 8 /5

السادة / بورصة عمان المحترمين

تحية طيبة وبعد ،

مرفق طيه البيانات المالية عن الفترة كما في 2019/6/30 باللغة الانجليزية.

وتفضلوا بقبول فائق الاحترام.....

رئيس مجلس الإدارة

الدكتور محمد أبو حمور

Arcc2019-mr-arc85

بورصة عمان
الدائيرة الإدارية والمالية
الديوان
٧ . آب ٢٠١٩
الرقم التسلسلي ٢٩٤٨
رقم الملف ٤١٠٤٤
الجهة المختصة: <u>مكتب المراجعة</u>



SALAM INTERNATIONAL TRANSPORT  
AND TRADING COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA - JORDAN

CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
JUNE 30, 2019 TOGETHER  
WITH THE REVIEW REPORT

SALAM INTERNATIONAL TRANSPORT  
AND TRADING COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA – JORDAN  
JUNE 30, 2019

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## Review Report

AM \ 000744

To the Chairman and the Members of the Board of Directors  
Salam International Transport and Trading 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 Salam International Transport and Trading Company (a Public Shareholding Limited Company) as of June 30, 2019 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 (34) 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.

## Conclusion

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.

## Emphasis of Matters

We draw attention to:

1. Note (9) of the condensed consolidated interim financial statements, which discloses projects under construction that are not yet completed.
2. Note (10) of the condensed consolidated interim financial statements, which discloses that advance payment to acquire land in which its ownership is not transferred to the Company yet.
3. Note (25) of the condensed consolidated interim financial statements, which states that the corresponding figures included in the condensed consolidated interim statement of changes in equity, statement of income, statement of comprehensive income and cash flows have been restated to comply with a new International Financial Reporting Standards and to rectify the qualifications included in our report in the condensed consolidated interim financial statements for the first half of the year 2018, our conclusion is not modified in respect of this matter.

## Other Matters

The Company's fiscal year ends on December 31 of each year. These condensed consolidated interim financial statements have been prepared for management purposes and for the Jordan Securities Commission's requirements.

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

Amman – Jordan  
July 30, 2019

  
Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)  
ديلويت آند توش (الشرق الأوسط)  
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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2019 (Reviewed not Audited) JD	December 31, 2018 JD
<b>ASSETS</b>			
<u>Current Assets:</u>			
Cash and balances at banks	4	154,589	646,463
Accounts receivable-net	5	1,015,990	734,104
Due from related parties	11/a	1,584,386	1,473,892
Accounts receivable - Decent Housing for Decent Living project		429,625	614,625
Residential units available for sale	6	471,362	519,974
Checks under collection and notes receivable maturing during the year		417,602	401,741
Financial assets at fair value through profit or loss		9,003	10,004
Inventory - net		239,165	243,604
Other debit balances		514,013	422,088
Total Current Assets		<u>4,835,735</u>	<u>5,066,495</u>
<u>Non-Current Assets:</u>			
Checks under collection and notes receivable - long term		99,155	99,536
Financial assets at fair value through other comprehensive income		596,268	613,190
Investment properties - net	8	4,717,576	4,753,573
Investments in associates	7	13,464,254	13,541,063
Projects under construction	9	3,108,838	2,373,881
Advance payments for land acquisition	10	6,431,223	3,146,817
Advance payments for acquiring investment in companies	12	150,494	150,494
Property and equipment - net		756,685	873,472
Total Non-Current Assets		<u>29,324,493</u>	<u>25,552,026</u>
TOTAL ASSETS		<u><u>34,160,228</u></u>	<u><u>30,618,521</u></u>
<u>LIABILITIES AND OWNERS' EQUITY</u>			
<u>Current Liabilities:</u>			
Due to banks	13	583,854	666,939
Accounts payable		2,018,006	1,844,289
Due to related parties	11/b	5,252,886	1,603,393
Loans - short term	14	672,963	950,257
Deferred checks and notes payable - short term		584,040	717,006
Income tax provision	15	53,654	70,369
Other credit balances		735,413	524,511
Total Current Liabilities		<u>9,900,816</u>	<u>6,376,764</u>
<u>Non-Current Liabilities:</u>			
Shareholder's current account	11/b	809,757	1,015,950
Long-term Loans	14	884,002	1,133,135
Total Non-Current Liabilities		<u>1,693,759</u>	<u>2,149,085</u>
Total Liabilities		<u><u>11,594,575</u></u>	<u><u>8,525,849</u></u>
<u>OWNERS' EQUITY</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and Paid-up capital	1, 17	18,000,000	18,000,000
Share discount		(1,349,998)	(1,349,998)
Statutory reserve		2,059,079	2,059,079
Voluntary reserve		48,024	48,024
Financial assets at fair value revaluation reserve		(233,899)	(212,192)
Accumulated (losses)		(1,189,769)	(1,162,955)
Income for the period		615,866	-
Net Shareholders' Equity		<u>17,949,303</u>	<u>17,381,958</u>
Non-controlling interests		<u>4,616,350</u>	<u>4,710,714</u>
Net Owners' Equity		<u>22,565,653</u>	<u>22,092,672</u>
TOTAL LIABILITIES AND NET OWNERS' EQUITY		<u><u>34,160,228</u></u>	<u><u>30,618,521</u></u>

H.E. Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) to (25) CONSTITUTE AN INTEGRAL PART OF THESE  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ  
WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

SAIAM INTERNATIONAL TRANSPORT AND TRADING COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AOABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

(REVIEWED NOT AUDITED)

	<u>Note</u>	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
		<u>2019</u>	<u>2018 (Restated)</u>	<u>2019</u>	<u>2018 (Restated)</u>
		<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Revenue		1,158,802	1,262,501	2,302,381	2,406,080
<u>Less:</u> Cost of revenue		<u>(813,259)</u>	<u>(790,806)</u>	<u>(1,625,215)</u>	<u>(2,077,793)</u>
Gross Profit		345,543	471,695	677,166	328,287
 <u>Less:</u> General and administrative expenses		 (193,233)	 (308,467)	 (446,704)	 (677,826)
Marketing expenses		(2,389)	(11,364)	(14,690)	(23,782)
Borrowing costs		(65,212)	(120,237)	(134,194)	(247,157)
Expected credit loss provision		(125,000)	-	(125,000)	-
Company's share of associate companies profits	7	258,929	261,896	523,730	536,143
(Losses) from valuation of financial assets at fair value through profit or loss		(1,948)	(856)	(999)	(321)
Other income / (losses) - net	18	32,250	(442,922)	54,652	(2,772)
<b>Income / (Loss) for the Period before Income Tax</b>		<b>248,940</b>	<b>(150,255)</b>	<b>533,961</b>	<b>(87,428)</b>
<u>Less:</u> Income tax expense for the period	15/b	<u>(68)</u>	<u>(76,836)</u>	<u>(12,459)</u>	<u>(90,489)</u>
<b>Income / (Loss) for the Period</b>		<b>248,872</b>	<b>(227,091)</b>	<b>521,502</b>	<b>(177,917)</b>
 Attributable to:					
The Company's shareholders		289,299	(194,265)	615,866	234,255
Non-controlling interest		(40,427)	(32,826)	(94,364)	(412,172)
<b>Total</b>		<b>248,872</b>	<b>(227,091)</b>	<b>521,502</b>	<b>(177,917)</b>
 Earnings per Share for the Period Attributable to the Company's Shareholders	21			<u>-/034</u>	<u>-/013</u>

H.E. Chairman of the Board of Directors

General Manager

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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AQABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	<u>2019</u>	<u>2018 (Restated)</u>	<u>2019</u>	<u>2018 (Restated)</u>
	JD	JD	JD	JD
Income / (Loss) for the period	248,872	(227,091)	521,502	(177,917)
<b><u>Comprehensive Income Items:</u></b>				
<b><u>Items not to be subsequently transferred to condensed consolidated interim statement of income:</u></b>				
Change in fair value of financial assets at fair value through other Comprehensive Income	<u>(15,529)</u>	<u>(25,000)</u>	<u>(21,707)</u>	<u>(51,014)</u>
Total Comprehensive Income / (Loss) for the Period	<u>233,343</u>	<u>(252,091)</u>	<u>499,795</u>	<u>(228,931)</u>
<b><u>Total Comprehensive Income / (Loss) for the Period Attributable to:</u></b>				
Company's shareholders	273,770	(219,265)	594,159	183,241
Non- controlling interest	<u>(40,427)</u>	<u>(32,826)</u>	<u>(94,364)</u>	<u>(412,172)</u>
Total	<u>233,343</u>	<u>(252,091)</u>	<u>499,795</u>	<u>(228,931)</u>

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(REVIEWED NOT AUDITED)

An amount equivalent to the negative balance of financial assets revaluation reserve is restricted from retained earnings according to the Jordanian Securities Exchange Commission's instructions.

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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA - JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

(REVIEWED NOT AUDITED)

		For the Six Months Ended June 30,	
	Note	2019	2018 (Restated)
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income / (Loss) for the period before income tax		533,961	(87,428)
<b>Adjustments:</b>			
Property and equipment and investment properties depreciation		40,846	54,013
Expected credit loss provision		125,000	-
Company's share of associate companies (profits)	7	(523,730)	(536,143)
(Gain) from the disposal of property and equipment		-	(372,000)
Loss (gain) from valuation of financial assets at fair value through profit or loss		999	(321)
Borrowing costs		134,194	247,157
<b>Net Cash from (used in) Operating Activities before Changes in Working Capital</b>		<b>311,270</b>	<b>(694,722)</b>
(Increase) in accounts receivable		(221,886)	(100,081)
(Increase) decrease in checks under collection and notes receivable		(15,480)	32,036
Decrease in inventory		4,439	18,815
(Increase) in other debit balances		(91,925)	(11,196)
Increase (decrease) in accounts payable		173,717	(124,361)
Increase in other credit balances		210,904	1,137,074
<b>Net Cash Flows from Operating Activities before Income Tax Paid</b>		<b>371,039</b>	<b>257,565</b>
Income tax paid	15/a	(29,174)	(104,140)
<b>Net Cash Flows from Operating Activities</b>		<b>341,865</b>	<b>153,425</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Sale on residential units available for sale	6	48,612	-
Decrease in Investments in associates		552,021	638,656
Net change in property and equipment		111,938	(16,000)
Decrease in financial assets at fair value through other comprehensive income		16,919	54,453
<b>Net Cash Flows from Investing Activities</b>		<b>729,490</b>	<b>677,109</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowing cost settlements		(134,194)	(247,157)
(Decrease) Increase in deferred checks and notes payable		(132,966)	199,319
(Increase) in due from/to related parties		(686,557)	(58,435)
(Decrease) in due to banks		(83,085)	(145,994)
Loans paid	14	(526,427)	(891,677)
Granted loans	14	-	137,000
<b>Net Cash flows (used in) Financing Activities</b>		<b>(1,563,229)</b>	<b>(1,006,944)</b>
Net (Decrease) in Cash		(491,874)	(176,410)
Cash on hand and at banks - beginning of the year		646,463	278,463
<b>Cash on Hand and at Banks - End of the Period</b>	<b>4</b>	<b>154,589</b>	<b>102,053</b>

Non-Cash Transactions:

(Increase) in projects under constructions	(734,957)	(3,997)
(Increase) in advance payment for land acquisition	(3,284,406)	-
Increase in account payable	-	3,997
Proceeds from sale of property and equipment	11,938	150,000
(Increase) in investments in associates	-	(388,000)
(Decrease) in due from related parties	-	(1,422,547)
(Decrease) Increase in shareholder's current account from related parties	(206,193)	1,422,547

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SALAM INTERNATIONAL TRANSPORT AND  
TRADING COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AQABA – JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
REVIEWED NOT AUDITED

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**1. General**

- a. Salam International Transport and Trading Company was established and registered as a Public Shareholding Limited Company on January 30, 1997 under registration no. (326), with a paid-up capital of JD 1,200,000. The Company's paid-up capital was gradually increased to JD 15,000,000, distributed over 15 million shares at JD 1 par value per share. In its extraordinary meeting held on April 22, 2014, the Company's General Assembly approved increasing the Company's capital of JD 15 million so that authorized and paid-up capital would become JD 18 million through public underwriting to the Company's shareholders.
- On September 13, 2011, the Company was registered at the Aqaba Special Economic Zone according to Law No. (32) For the Year 2000.
  - The Company's Head Office is located in Aqaba – Jordan.
- b. The Parent Company's and its Subsidiaries' main objectives include the following:
- Conducting all types of marine activity (transporting passengers and various types of goods, in addition to touristic marine transportation).
  - Possessing, managing, operating and leasing ships of all kinds.
  - Obtaining maritime agencies, brokering, and representing international rating agencies.
  - Obtaining commercial agencies and tendering.
  - Renting marine maintenance workshops of all kinds, including repairing ships.
  - Conducting land transport, business and related tendering.
  - Conducting real estate activities (buying and selling real estates and other real estate-related activities).
  - Providing services, operating touristic restaurants, and supplying hotels with food.
  - Guaranteeing others while benefiting the Company.
  - Transporting crude oil.
  - Investing in other companies.
  - Borrowing funds from banks to finance its activities.
- c. The condensed consolidated interim financial statements have been approved by the Board of Directors on July 29, 2019.

## **2. Significant Accounting Policies**

### **a. 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 which are stated at fair value through profit or loss and financial assets stated at fair value through other comprehensive income as of the date of the condensed consolidated interim financial statements. Furthermore, hedged financial assets and financial liabilities are also stated at fair value.
- 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 annual report of the Company as of December 31, 2018. In addition, the results of the Company's operations for the six month ended June 30, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019, and do not contain the appropriation of the profit of the three months period ended June 30, 2019, which is usually performed at year-end.

### **b. Basis Consolidated Financial Statements**

- The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries under its control. The control exists when the Company controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.
- 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.
- All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.
- The subsidiaries financial statements are prepared under the same accounting policies adopted by the Company. If the subsidiaries apply different accounting policies than those used by the company, the necessary modifications shall be made to the subsidiaries' financial statements to make them comply with the accounting policies used by the Company.
- The results of the subsidiaries' operations are consolidated in the consolidated statement of income effective their acquisition date, which is the date on which control over subsidiaries is effectively transferred to the Company. Furthermore, the results of the disposed of subsidiaries are consolidated in the consolidated statement of income up to the date of their disposal, which is the date on which the Company loses control over the subsidiaries.
- The non-controlling interests represents the portion not owned by the company on the subsidiaries. Non-controlling interests are shown in the subsidiaries net assets as a separate line item within the Company's statement of shareholders equity.

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 Company owns the following subsidiary companies as of June 30, 2019:

Company's Name	Paid-up Capital JD	Ownership Percentage %	Nature of Activity	Place of Work	Date of Ownership	Total Assets JD	Total Liabilities JD	Total Revenue JD	Total Expenses JD
Farah International Catering Service Company	1,000,000	100	Trading	Jordan	September 21, 1992	2,546,784	605,742	1,628,296	1,495,537
Golden State For Commercial Services Company	204,874	100	Trading	Jordan	September 4, 2005	10,117	450	-	1,550
Mada'en Al - Noor Investment and Real Estate Development	6,000,000	75	Real estate	Jordan	June 3, 2004	17,917,032	7,484,050	263,920	464,628
Al - Ibtikar Land Transportation	2,600,000	70	Transportation	Jordan	March 9, 2005	452,071	580,481	-	81,226
Afaq Supply and Storage Company	500,000	90	Supply & storage	Jordan	February 18, 2008	1,251,442	916,286	64,928	3,249
Amman River Transport and Supply Company	1,000	100	Trading	Jordan	August 31, 2008	2,843	3,230	-	-
Mada'en Al - Bahr Investment and Real Estate Development	1,000,000	100	Trading	Jordan	September 5, 2010	1,883,677	1,339,501	-	18,628
Technical for Construction and Real Estate Services	1,000,000	98.75	Real estate	Jordan	September 1, 1992	5,099,068	1,892,576	161,820	105,794
Mada'en Al - Shorouq Investment Real Estate Company	6,660,000	69.99	Real estate	Jordan	November 20, 2006	12,347,955	5,013,815	38,500	123,898
Mada'en Al - Aqaba Investment Real Estate Company	2,500,000	60	Real estate	Jordan	September 6, 2007	1,697,224	4,500	-	20,346
Mada'en Al - Salam Construction Company	250,000	80	Real estate	Jordan	May 15, 2006	311,959	-	-	676
Zain AL Maha Al Ordouni Real Estate Development Company *	544,192	100	Real estate	Jordan	January 30, 2019	544,192	-	-	-
Maha Al Sharq Real Estate Investment & Development Company *	1,709,608	100	Real estate	Jordan	January 30, 2019	1,709,608	-	-	-
Al Maha Al Arabi Real Estate Investment & Development Company *	715,150	100	Real estate	Jordan	January 30, 2019	715,150	-	-	-
Ard Al Maha Al Arabi Real Estate Development Company *	1,050,413	100	Real estate	Jordan	January 30, 2019	1,050,413	-	-	-

\* Based on the Board of Directors' decision of Madaen Al Shorouk Investment & Real Estate Development Company dated December 16, 2018 an approval to purchase and own the whole shares of the subsidiaries companies of the associate company "Al Maha Real Estate Development Company", and as follows:

1. Zain AL Maha Al Ordouni Real Estate Development Company with a capital after the addition of JD 544,192 / share.
2. Maha Al Sharq Real Estate Investment & Development Company with a capital after the addition of JD 1,709,608 / share.
3. Al Maha Al Arabi Real Estate Investment & Development Company with a capital after the addition of JD 715,150 / share.
4. Ard Al Maha Al Arabi Real Estate Development Company with a capital after the addition of JD 1,050,413 / share.

During the first quarter of the year 2019, the companies completed the procedures to transfer the ownerships and capital increase.

### **Investments in Associates and Companies Subject to Joint Control**

Associated companies are those companies whereby the Company exercises significant influence over their financial and operating policies but does not control them, and whereby the Company owns between 20% to 50% of the voting rights. Moreover, associates are established through contractual agreements and their operating and financial decisions require unanimous approval. Investments in associated companies are accounted for according to the equity method, and initially recognized at cost which includes all acquisition costs.

The condensed consolidated interim financial statements include the Company's share of the profit and loss from the investment in associated companies, according to the equity method, after the required necessary adjustments are made to comply with the accounting policies adopted by the parent company.

As of June 30, 2019, the details of investments in associates are as follows:

<u>Company's Name</u>	<u>Percentage of Ownership</u> %	<u>Business Location</u>
Jordanian Marine Real Estate Investment Complex Company	26	Jordan
Jordan National Shipping Lines Company *****	22.64	Jordan
Jordanian Academy for Marine Studies	25	Jordan
Jordanian National Line for Ships Operation Company ***	50	Jordan
Maset Al Aqaba for Ships Building Company ***	50	Jordan
Aqaba Storing Chemicals Company	*	Jordan
Al Maha Real Estate Development Company	33.33	Jordan
Marine Lines for Storage and Port Services Company ***	50	Jordan
Arabian Ships Management Company	20	Jordan
Maset Al Salam Company – Sudan	46	Sudan
Al Shams Economics Company	30	Jordan
Sea Star for Shipping and Logistics Company ***	50	Jordan
Haqel al Aqaba for Investment **	33.33	Jordan
Ayyam Amman Company for real estate improvement *****	40	Jordan

\* During the third quarter of 2017, Afaq Supply and Storage Company (a subsidiary) sold 50% of its investments in Aqaba Storing Chemicals Company (an associate) to a strategic partner. The new partner ownership reached 55% of the Company's shares. The remaining shares in Aqaba Chemical Storage Company are in the process of being transferred to Haqel Al Aqaba for Investment Company (an associate).

\*\* Haqel al Aqaba for investment Company was established by a group of Aqaba Storing Chemicals Company partners, and will have significant influence over the financial and operating policies of the Aqaba Storing Chemicals Company.

\*\*\* The Company does not exercises significant influence over their financial and operating policies of these companies.

\*\*\*\*\* According to the Board Of Directors meeting of Salam Transport and Trading Company (Parent Company) held on January 8, 2018, it was agreed to accept the partnership of AL-Salam International Transport And Trading Company (Parent) as a partner in Ayyam Amman For State Development Company an associate with 40% in exchange of transferring Farah International Catering Service Company project contracts (a subsidiary) to Ayyam Amman For Real Estate Development Company (an associate) in a condition that Salam International Transport And Treading Company (Parent Company) will pay an amount of JD 150,000 for Farah International Catering Service Company a (subsidiary) as compensation for waving their interests in those projects noting that their fair value for the project amounted to JD 388,000.

\*\*\*\*\* During the second quarter of the year 2018, and first quarter of 2019, Salam International Transport and Trading (the Holding Company) sold part of its shares in Jordan National Shipping Line (associate company) to related parties.

- The accounting policies adopted in preparing the condensed consolidated 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 revised 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 condensed consolidated interim financial statements 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"**

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 opted 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 initial application. The Company adoption had not affected the amounts or disclosures in the interim condensed financial statements.

### **3. Significant accounting Estimates and key sources of uncertainty estimates**

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve, and in a specific way, it requires the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believes that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018, except for the effect of the following:

#### **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 bank 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 bank'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.

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

This item consists of the following:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Cash on hand	31,818	50,395
Current accounts at banks	124,725	600,379
Total	156,543	650,774
<u>Less:</u> provision for expected credit loss	(1,954)	(4,311)
Net change on cash on hand and banks	154,589	646,463

#### **5. Accounts Receivable - Net**

This item consists of the following:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Trade receivables	1,249,105	966,420
Employees' receivables	16,923	15,866
Total	1,266,028	982,286
<u>Less:</u> provision for expected credit loss *	(250,038)	(248,182)
<b>Accounts Receivable - Net</b>	<b>1,015,990</b>	<b>734,104</b>

- \* The movement on provision for expected credit loss during the period / year is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Balance - beginning of the period / year	248,182	271,515
<u>Add:</u> Added during the period / year	1,856	2,500
<u>Less:</u> Written off debts *	-	(25,833)
<b>Balance - End of Period / Year</b>	<b>250,038</b>	<b>248,182</b>

- \* According to the second Board of Directors meeting of Salam International Transport and Trading Company dated March 21, 2019, the approval to write off debts totaled to JD 25,833 was issued

#### **6. Residential Units Available for Sale**

This item represents residential units available for sale in ZARQA and Abu-NSAIR as of June 30, 2019 and December 31, 2018.

Movement on the residential units available for sale during the period / year is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Balance - beginning of period / year	519,984	519,974
<u>Less :</u> Cost of department sold	(48,622)	-
<b>Balance - End of Period / Year</b>	<b>471,362</b>	<b>519,974</b>

## 7. 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, 2019	December 31, 2018	
			JD	JD	%	%	JD
Maset Al Aqaba for ships building Company	Navigation	Aqaba	500,000	-	50	50	205,615
Arabian Ships Management Company	Ships Management	Aqaba	149,000	40,000	20	20	144,746
Marine Lines for Storage and port Services Company	Navigation	Aqaba	3,500,000	-	50	50	315,603
Jordan National Line for Ships Operation Company	Marine	Aqaba	700,000	-	50	50	588,592
Jordanian Marine Real Estate Investment Complex Company	Real Estate Properties	Aqaba	15,600,000	-	26	26	1,041,291
			0	-			1,130,006
Jordan National Shipping Lines Company	Marine	Amman	15,000,000	371,528	20.64	20.64	4,944,128
Jordanian Academy for Marine Studies	Education	Amman	0	125,001	25	25	854,655
Aqaba storing Chemicals Company*	Chemical Storage	Amman	4,000,000	-	*	*	536,058
			12,000,000	-			
Al Maha Real Estate Development Company	Real Estate Properties	Amman	0	-	33.33	33.33	3,980,901
Maset Al Salam Company - Sudan	Transportation	Sudan	71,000	-	46	46	140,184
Al Shams Economics Company	Commercial Agencies	Amman	30,000	-	30	30	7,200
Sea Star for Shipping and logistics Company	Marine Services	Aqaba	200,000	-	50	50	178,753
Haqel Al Aqaba for Investment	Real Estate Properties	Aqaba	50,000	-	33.33	33.33	16,667
Ayyam Amman Company For Real Estate improvement	Real Estate Properties	Amman	750,000	-	40	40	520,172
Total				536,529			13,464,254
							13,541,063

\* During the third quarter of 2017, Afaq Supply and Storage Company (a subsidiary) sold 50% of its investments in Aqaba Storing Chemicals Company (an associate) to a strategic partner. The new partner ownership reached 55% of the Company's shares. The remaining shares in Aqaba Chemical Storage Company are in the process of being transferred to Haqel Al Aqaba for Investment Company (an associate).

- The Company's share of associate companies' profits amounted JD 523,730 the first half of the year 2019 (JD 536,143 for first half of the year 2018)

## **8. Investment Properties - Net**

The movement on this item during the period/year is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
<b><u>Cost</u></b>		
Balance at the beginning of the period / year	3,599,696	3,599,696
Balance at the End of the Period / Year	3,599,696	3,599,696
<b><u>Accumulated depreciation</u></b>		
Balance at the beginning of the period / year	747,827	675,754
Depreciation for the period/ year	35,997	72,073
Balance at the End of the Period / Year	783,824	747,827
Net Book Value	2,815,872	2,851,869
<b><u>Add: Lands</u></b>		
Balance at the beginning of the period / year	1,901,704	1,901,704
Balance at the End of the Period / Year	1,901,704	1,901,704
	4,717,576	4,753,573

- According to the latest real estate appraiser the fair value of the investment properties amounted to JD 7.7 million as of December 31, 2018.
- Investment properties were mortgaged to obtain direct credit facilities which are granted to the Company Note (14).

## **9. Projects under Construction**

This item consists of the following:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Al Shouroq City Project *	1,225,162	490,204
Dead Sea project	1,883,676	1,883,677
	<b>3,108,838</b>	<b>2,373,881</b>

- Projects under construction represent total value JD 3,108,838 as of June 30, 2019 are not completed yet. However, the recovery of these amounts depends on executing the future plans of the subsidiaries to complete the projects and obtain the necessary funding.

According to the Department of Land and Survey, the market value based on the price of the plot, of land on which Al Shorouq City Project and Dead Sea Project are erected, for these projects under construction, including the value of the land on which the projects are built exceeds their book value as of June 30, 2019.

- \* Madaen Al Shorouq Investment and Real Estate Development Company bought and acquired the shares of the associate company "Al Maha Real Estate Development Company" amounting to JD 4,019,363, against JD 4,019,363 of which JD 734,958 projects are under construction.

#### **10. Advance Payments for Land Acquisition**

This item consists of the following:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Advance payments on Mada'en Al – Shorouq Investment Real Estate Company contracts*	6,431,223	3,146,817
	<b>6,431,223</b>	<b>3,146,817</b>

- \* This item represents advance payments related to contracts with Madaen Al Shorouq Real Estate Investment and Development Company (subsidiary company) to purchase land from the National Resources Investment and Development Corporation, for development and construction purposes. The Company is still in the process of completing the terms of the contract to conclude the ownership transfer.

Madaen Al Shorouq Investment and Real Estate Development Company purchased and acquired all the shares of the subsidiaries companies of the associate company "Al Maha Real Estate Development Company" and as follows:

- Zain AL Maha Al Ordouni Real Estate Development Company with a capital after the addition of JD 544,192 / share.
- Maha Al Sharq Real Estate Investment & Development Company with a capital after the addition of JD 1,709,608 / share.
- Al Maha Al Arabi Real Estate Investment & Development Company with a capital after the addition of JD 715,150 / share.
- Ard Al Maha Al Arabi Real Estate Development Company with a capital after the addition of JD 1,050,413 / share.

On April 14, 2019, the companies completed the procedures to transfer the ownerships and capital increase.

# 11. Balances and Transactions with Related Parties

## a. Due from related parties during the period / year

	Nature of Relationship	Nature of Transaction	June 30, 2019 JD	December 31, 2018 JD
Company Name:				
Jordanian Marine Real Estate Investment Complex Company	Associate Company	Financing	719,930	516,357
Al Maha Real Estate Development Company	Associate Company	Financing	-	74,656
Zahret AL Ordoon Clearance Company	Sister Company	Financing	-	28,360
Armouh Tourist Investment	Sister Company	Financing	59,852	-
Aqaba for Storing Chemical	Associate Company	Financing	670,547	667,546
Sun General Investments Company	Sister Company	Financing	78,734	140,969
CMA CGM Company	Sister Company	Expenses	14,844	5,250
Others	Sister company	Expenses	79,139	79,414
Total			1,623,046	1,512,552
Less: Provision for expected credit loss *			(38,660)	(38,660)
Due from related parties - net			1,584,386	1,473,892

\* The movement on provision expected credit loss during the period / year is as follows:

	June 30, 2019 JD	December 31, 2018 JD
Balance - beginning of the period / year	38,660	-
The impact of IFRS (9) implementation	-	38,660
Adjusted balance -Beginning of the period / year	38,660	38,660
Balance - End of the Period / Year	38,660	38,660

- Due from related party with maturity exceeding 360 days amounted to JD 1,330,802 as of June 30, 2019 (JD 1,001,376 as of December 31, 2018) representing payments to related parties associates as of the same date. Moreover, no decision has been made to pay it, or capitalize, it in part or in whole, and no provision is needed thereon.

## b. Due to related parties during the period / year

	Nature of Relationship	Nature of Transaction	June 30, 2019 JD	December 31, 2018 JD
Partner Current Account -Ahmad Armouh	Shareholder	Financing	809,757	1,015,950
Company Name:				
Jordanian Academy for Marine Studies	Associate Company	Expenses	-	1,692
Jordanian National Line for Ships Operating Company	Associate Company	Financing	323,812	389,706
Marine Lines for Storage and Port Services Company	Associate Company	Financing	294,423	298,497
Jordan National Shipping Lines Company	Associate Company	Financing	3,593	7,482
CMA CGM Company	Sister Company	Expenses	-	45,336
Maset Al Aqaba Ships for Building Company	Associate Company	Financing	195,715	199,789
Jordan - Dubai for Properties Company	Associate Company	Financing	472,000	472,000
Petra Company	Sister company	Expenses	-	72,878
Armouh Tourist Investment	Sister company	Expenses	-	26,998
Al Maha Real Estate Development Company **	Associate Company	Financing	3,944,707	10,459
Sea Star for Shipping and Logistics Company	Associate Company	Financing	-	12,628
Others	Sister company	Expenses	18,636	65,928
Total *			5,252,886	1,603,393

\* The above accounts are non - interest bearing and have no repayment schedule.

\*\* A purchase and an ownership of the full shares of four subsidiaries companies from the associate company "Al Maha Real Estate Development Company", amounting to JD 4,019,363 compared to JD 4,019,363.

- The total earnings for Transportation for CMA CGM Company (Sister Company) amounted to JD 133,988 for the six months ended June 30, 2019 (JD 127,115 for the six months ended June 30, 2018).

- The total earnings of management and supervision from Sea Star for Shipping and Logistics' Company (Associate Company) is JD 30,000 for the six months ended June 30, 2019 (JD 30,000 for the six months ended June 30, 2018).

## Executive management salaries and remunerations

Executive management salaries amounted to JD 44,520 for six months ended June 30, 2019 (JD 60,200 for six months ended June 30, 2018).

**12. Advance Payments for Acquiring Investment in Companies**

This item represents advance payments against investing in Maset Al - Salam Company-Sudan (Private Shareholding Company) as of June 30, 2019 and December 31, 2018, note that the fair value of the company's assets is equal to its par value.

**13. Due to Banks**

This item consists of the following:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Overdraft *	583,854	666,939
	<b>583,854</b>	<b>666,939</b>

- \* This item represents direct credit facilities in the form of an overdraft account, granted by several local banks, with a ceiling of JD 710,000 and an interest rate ranging from 7.5 % to 9.5 %. The purpose of the facilities is to finance the normal activities of the Company, and they have been granted against the personal guarantee of Mr. Ahmed Helmi Armoush. And cash margin guarantees amounted to JD 110,000.

#### 14. Bank Loans

This item consists of the following:

Loan Principle	Remaining Installments	Interest Rate	June 30, 2019		December 31, 2018	
			Due during a Year		Due during a Year	
			JD	Total	JD	Total
JD		%				
Housing Bank for Trade and Finance (1) *	95	8	239,524	239,524	160,000	160,000
Ethad Bank *****	17	8.75	184,000	184,000	-	305,182
Standard Chartered Bank **	12	6.5	-	-	-	82,908
Arab Bank *****	12	9.6	11,600	11,600	-	228,770
Housing Bank for Trade and Finance (2)****	27	8.5	118,151	118,151	-	60,000
Housing Bank for Trade and Finance (3)***	32	8	64,688	64,688	-	58,397
Housing Bank for Trade and Finance (4)*****	43	7.75	55,000	55,000	424,002	55,000
			672,963	672,963	884,002	950,257
						1,133,135

\* During the third quarter of the year 2013, the Company has changed the due bill into a loan, the first installment of which matures on January 1, 2014 to put in order the liquidity position of the Company. Moreover, during the year 2015, the Company signed an agreement with the Housing Bank for Trade and Finance to defer settlement during 2015 to February 1, 2016 until February 1, 2027, of the installments that mature



- \*\* During the first half of the year 2015, the loan has been rescheduled and merged with the overdraft account, and the agreement was signed on April 23, 2015.
- \*\*\* At the beginning of 2017, the Company was granted a discounted loan from Housing Bank for Trade and Finance in the amount of JD 250,000 with annual interest rate 8%, the loan shall be repaid over 50 installments where the first is due on January 1, 2017 and the other installments are due at the beginning of each month
- \*\*\*\* During the year 2017, the overdraft account was rescheduled and converted to a loan to be repaid in 48 equal monthly installments and the remaining balance will be repaid in one payment in five years, including a grace period, in which the first installment will be on August 1, 2018.
- \*\*\*\*\* The Company was granted discounted a loan from Bank AL-EtiHAD with an amount of JD 1,446,209 ,to be repaid in a monthly basis installment with an amount 25K and the interest rate 8,75%.
- \*\*\*\*\*During the second quarter of the year 2018, the Company has a loan from Arab Bank an amount of JD 137 thousand , representing part of the guarantee balance paid to Jordan free and development zone company for a contribution of 220 thousand dinars. The loan is repayable under 12 equal monthly installments including interest each worth JD 11,400 except for the last installment which worth JD 11,600.

The guarantees against the direct credit facilities above represent personal guarantee of Mr. Ahmed Helmi Armoush (major shareholder) and mortgages of listed shares at fair value amounted to JD 3,113,943 as of June, 30 2018.

The movement on the loans as of June 30,2019 and December, 31 2018 as of follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Balance at the beginning of the period / year	2,083,392	5,030,463
Loans received	-	137,000
Loans paid	(526,427)	(3,084,071)
Balance at the End of the Period / Year	<u>1,556,965</u>	<u>2,083,392</u>

**15. Income Tax**

**a. Income Tax Provision:**

The movement on the income tax provision during the period / year is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Balance beginning of the period / year	70,369	71,557
Income tax expense for the period / year	6,893	72,217
Prior years income tax expense	5,566	55,151
Income tax paid during the period / year	(29,174)	(128,556)
<b>Balance - End of the Period / Year</b>	<b>53,654</b>	<b>70,369</b>

**b. Income Tax Expense:**

Income tax expense shown in the condensed consolidated interim statement of income represents the following:

	<b>For the Six Months Ended June 30, 2019</b>	<b>2018</b>
	<b>JD</b>	<b>JD</b>
Income tax expense for the period	6,893	90,489
Income tax expense for the prior year	5,566	-
<b>Balance - End of the period</b>	<b>12,459</b>	<b>90,489</b>

**c. Income Tax status:**

Salam International Transport and Trading Company (Parent):

**a. Aqaba:**

The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2016 and paid its tax dues on time. Furthermore, the Company has submitted its tax returns for the years 2017 and 2018 but did not reach to a settlement yet, according to the Company's management there are no due balances on the Company.

**b. Amman:**

The Company has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2014 and submitted its tax returns for the years 2015 to 2018 but did not reach to a settlement yet, and according to the Company's management and the tax consultants there are no due balances on the Company.

Subsidiaries:

The following schedule shows the tax situation of each subsidiary:

<u>Company</u>	<u>Tax Returns up to Year</u>	<u>Final Settlement up to Year</u>
Farah International Catering Service Company	2018	2014
Golden State for Commercial Services Company	2018	2014
Mada'en Al - Noor Investment and Real Estate Development Company	2018	2014
Al-Ibtikar Land Transportation Company	2018	2016
Afaq Supply and Storage Company	2018	2016
Mada'en Al - Bahr Investment and Real Estate Development Company	2018	2016
Technical for Construction and Real Estate Services Company	2018	2015
Mada'en Al - Shorouq Investment Real Estate Company	2018	2016
Mada'en Al - Aqaba Real Estate Investment and Development Company	2018	2016
Mada'en Al - Salam Construction Company	2018	2015

- In the opinion of management and the Company's tax consultant, the income tax provision for the Company and its subsidiaries is sufficient to settle any potential tax liability arising therefrom as of the date of the condensed consolidated interim financial statements.

**16. Lawsuits against the Company**

- Mada'en Al – Noor Investment and Real Estate Development Company (subsidiary company) has raised a claim of arbitration against the Housing and Urban Development Corporation – “Decent Housing for Decent Living” project, and arbitrators were designated to follow the arbitration procedures. The decision of the arbitration committee has been issued during the third quarter of the year the deferred revenues that are related to the project amounted around JD 2.2 million in addition to the accounts payable to the developers of the project amounted to about JD 2.5 million, where it was reached with them. The arbitration decision for one of the items around one million was appealed on October 16, 2018. The management and the legal counsel of the company believe that the possibility of revoking the decision is strong.

**17. Paid-up Capital and Shares Discount**

The authorized and paid - up capital was amounted to JD 18 million, and the shares discount was amounted to JD 1,349,998 as of June 30, 2019 and December 31, 2018.

**18. Other Income / (Losses) – Net**

This item consists of the following:

		<b>For the Six Months Ended 30</b>	
		<b>June</b>	
		<b>2019</b>	<b>2018(Restated)</b>
		<b>JD</b>	<b>JD</b>
Gain from disposal of property and equipment		-	372,000
Cash dividends		16,276	16,291
Gain on sale of securities		2,376	17,809
Supervision revenues		12,000	12,000
Prior year adjustments		-	(432,870)
Others		24,000	11,998
		<b>54,652</b>	<b>(2,772)</b>

# 19 - Segmental Distribution

A- The following is information on the Company's business segments distributed according to activities:

	Projects and	Real Estate and	For the Six Months Ended June 30,			
	Investments	Construction	Services	Transportation	2019	2018
	JD	JD	JD	JD	JD	JD
Net sales	342,440	213,933	1,612,020	133,968	2,302,381	2,406,080
Less: Cost of sales	(46,445)	(131,679)	(1,408,616)	(38,475)	(1,625,215)	(2,077,793)
<b>Gross Profit</b>	<b>295,995</b>	<b>82,254</b>	<b>203,404</b>	<b>95,513</b>	<b>677,166</b>	<b>328,287</b>
Less: Expenses allocated to segments						
General and administrative expenses	(184,646)	(145,754)	(80,028)	(36,276)	(446,704)	(677,826)
Expected credit loss provision	-	(125,000)	-	-	(125,000)	-
Marketing expenses	-	(14,690)	-	-	(14,690)	(23,782)
Profit (loss) from investments and other	514,628	46,479	16,276	-	577,383	533,050
Borrowing cost	(89,288)	(38,431)	-	(6,475)	(134,194)	(247,157)
<b>Income (loss) before tax</b>	<b>536,689</b>	<b>(195,142)</b>	<b>139,652</b>	<b>52,762</b>	<b>533,961</b>	<b>(87,428)</b>
Less: Income tax for the period and previous years	-	(5,566)	(6,893)	-	(12,459)	(90,489)
<b>Income / (Loss) for the Period</b>	<b>536,689</b>	<b>(200,708)</b>	<b>132,759</b>	<b>52,762</b>	<b>521,502</b>	<b>(177,917)</b>

	30, June 2019				31, December 2018
	JD	JD	JD	JD	JD
Total Assets	13,604,437	17,718,181	2,546,784	290,826	34,160,228
Total Liabilities	3,272,367	7,426,439	312,058	583,711	11,594,575

B- The following is information on the Company's business segments based on geographical distribution :

All of the companies are based inside the kingdom except as shown in the table below:

Company's Name	Geographical	For the Six Month Ended			
	Area	June 30, 2019		December 31, 2018	
		Revenue	Expenses	Assets	Liabilities
		JD	JD	JD	JD
Advance payments for acquiring investment in companies	Sudan	-	-	150,494	-
Investments in associates				140,184	
Company's Name	Geographical Area	For the Six Months Ended June 30, 2018			
		Revenue	Expenses	Assets	Liabilities
		JD	JD	JD	JD
Advance payments for acquiring Investment in companies	Sudan	-	-	150,494	-
Investments in associates				140,184	

## 20. Fair Value Hierarchy

### A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. Moreover, the following table shows information on how the fair value of these financial assets and liabilities is determined (evaluation methods and inputs used).

Relation between the

Financial Assets	Fair Value		Level of	Valuation Method and Inputs Used	Important Intangible Inputs	Fair Value and the Important Intangible Inputs
	June 30, 2019	December 31, 2018				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Companies' shares	9,003	10,004	Level I	Quoted Shares	N/A	N/A
Total	9,003	10,004				
Financial assets at fair value through other comprehensive income						
Shares that have market value	234,268	291,190	Level I	Quoted Shares Compared to the market value of a similar instrument	N/A	N/A
Shares with no market value	362,000	322,000	Level II		N/A	N/A
Total	596,268	613,190				
Total Financial Assets at Fair Value	605,271	623,194				

There were no transfers between Level I and Level II during the ended period June 30, 2019 and 2018.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is mentioned in the table below, we believe that the carrying amount of the financial assets and liabilities shown in the condensed consolidated interim financial statements of the Company approximate their fair value. Moreover, the Company's management believes that the book value of the items is equivalent to their fair value. That is, they will be due on a short-term basis, and interest rates will be repriced during the year.

	June 30, 2019		December 31, 2018		The Level of
	Book Value	Fair Value	Book Value	Fair Value	Fair Value
<b>Financial Assets with no fair value</b>					
Real estate investments					
	JD	JD	JD	JD	JD
	4,717,576	7,772,550	4,753,573	7,772,550	Level II
<b>Total Financial Assets with no Fair Value</b>	<b>4,717,576</b>	<b>7,772,550</b>	<b>4,753,573</b>	<b>7,772,550</b>	
<b>Financial Liabilities with no Fair Value</b>					
Loans					
	1,556,965	2,261,564	2,083,392	2,562,614	Level II
<b>Total Financial Liabilities with no Fair Value</b>	<b>1,556,965</b>	<b>2,261,564</b>	<b>2,083,392</b>	<b>2,562,614</b>	

For the items mentioned above, the fair value of financial assets and financial liabilities was determined for the second level, in accordance with agreed-upon pricing forms, and reflects the credit risk of the parties that the Company deals with.

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

This item consists of the following:

	<b>For the Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>JD</b>	<b>(Restated)</b>
<u>From continuing operations</u>		
Income for the period attributable to the shareholders of the Company	615,866	234,255
Weighted average number of shares	Shares 18,000,000	Shares 18,000,000
Profit per share for the period attributable to the Company's Shareholders	Shares / JD -/034	Shares / JD -/013

**22. Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments. Moreover, the Company manages liquidity risk through maintaining adequate reserves and continuously monitoring forecast and actual cash flows, in addition to matching the maturities of financial assets with those of financial liabilities.

The quick ratio comparing cash and cash at banks balances and accounts receivable, excluding Decent Housing for Decent Living Project balance as of June 30, 2019 and December 31, 2018 is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Cash and balances at banks	154,589	646,463
Checks under collection and notes receivable - short term	417,602	401,741
Accounts receivable-net	1,015,990	734,104
Financial assets at fair value through profit or loss	9,003	10,004
Due from related parties	1,584,386	1,473,892
Total	3,181,570	3,266,204
Current Liabilities	(9,900,816)	(6,376,764)
(Deficit) in working capital	(6,719,246)	(3,110,560)

The Company's liquidity position as of June 30, 2019 and December 31, 2018 is as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Current assets	4,835,735	5,566,495
Less: Current liabilities	(9,900,816)	(6,376,764)
(Deficit) in Working Capital	(5,065,081)	(810,269)

Management believes that the liquidity risk is not significant as of the date of the condensed consolidated interim financial statements, as current liabilities include JD 5,252,886 in the form of due to related parties as of June 30, 2019 (JD 1,603,393 as of December 31, 2018).

The Company estimates the liquidity risk monthly, based on long-term future projections. Moreover, the Company evaluates capital requirements and finance periodically, and the availability of liquidity depends on the support from the related parties plus banking finance.

### **23. Contingent Liabilities:**

The Company has contingent liabilities as of the date of the condensed consolidated interim financial statements as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>JD</b>	<b>JD</b>
Letter of guarantees	21,675	21,675

### **24. The Impact of Prior Years' Adjustments**

The Company has corrected some accounting errors by adjusting the opening balances for some items of assets and equity as of January 1, 2019, representing mainly reclassification of non-controlling interests, prior years' expenses, and others. Moreover, the Company has adjusted the opening balance of accumulated losses as it is not practical to adjust previous years' figures.

The following table represent the prior year adjustments which were booked and adjusted in January 1<sup>st</sup>, 2019 as the following:

	<b>As of January 1, 2019</b>		
	<b>Reported Balance</b>	<b>Adjustment Impact</b>	<b>Adjusted Balance</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>
<u>Assets</u>			
Other debit balances	499,252	14,88	514,013
Account receivable - net	1,011,169	4,821	1,015,990
<u>Liabilities</u>			
Account payable	(1,994,906)	(23,100)	(514,013)
Other credit balances	(712,390)	(23,023)	(735,413)
<u>Owner Equity</u>			
Accumulated losses	(1,162,955)	(26,814)	(1,189,769)



## 25. Comparative Figures

During the six month ended June 30, 2019, the Company's management adjusted the comparative figures for the six months ended June 30, 2018 as per the requirements of IAS (8). The restatement impacted the statement of changes in equity and its related effect on the deferred tax if any, for the six month ended June 30, 2018 as a result of errors in relation to calculation and the initial application of the expected credit loss to determine the value of the expected credit loss provision subjected to IFRS (9). In addition, to rectify the qualifications included in the reviewed report in the condensed consolidated interim for six months ended June 30, 2018.

The effect of the adjustments in the calculation and initial application of the expected credit losses for the six months ended June 30, 2018 is as follows:

	<b>For the Six Months Ended June 30, 2018</b>		
	<b>Before Restatement</b>	<b>Adjustments Effect *</b>	<b>Restated Balance</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>shareholder's Equity</b>	(1,410,671)	(438,325)	(1,848,996)
Accumulated (losses)	(4,973,335)	(405,757)	(5,379,092)
Non-Controlling interest			

	<b>For the Six Months Ended June 30, 2018</b>		
	<b>Before Restatement</b>	<b>Adjustments Effect</b>	<b>Restated Balance</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>Condensed consolidated statement of income</b>			
Cost of revenue	1,599,274	478,519	(2,077,793)
Other losses	430,098	(432,870)	(2,772)
Profit for the period	733,472	(911,389)	(177,917)
Earnings (loss) per share attributable to company's share holder	-/05	(-/036)	(-/031)

	<b>For the Six Months Ended June 30, 2018</b>		
	<b>Before Restatement</b>	<b>Adjustments Effect</b>	<b>Restated Balance</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>Condensed consolidated statement of cash flow</b>			
Profit/(loss)for the period			
before tax adjustment	823,961	(911,389)	(87,428)
Increase in other credit balances	225,685	911,389	1,137,074

\* The effect of the adjustments for the period ended in June 30, 2018:

	<b>JD</b>
Adjustment to accumulated losses- expected credit losses	(438,325)
Adjustment to accumulated losses-prior qualifications treatment	-
Total	<u>(438,325)</u>

\* The effect of the adjustments for the period ended in June 30, 2018:

	<b>JD</b>
Adjustment to non-controlling interest	(125,000)
Adjustment to accumulated losses-prior qualifications treatment	(280,757)
Total	<u>(405,757)</u>