



شركة النقلات السياحية الأردنية المساهمة المحدودة  
Jordan Express Tourist Transport Co. Ltd

الرقم : JETT/FD/2019/03/87

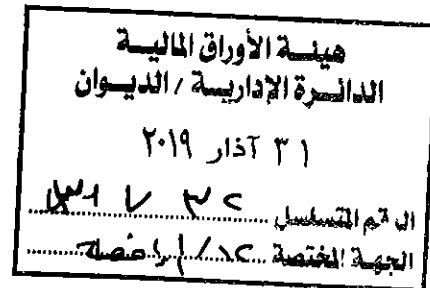
التاريخ : 2019/03/30

السادة /هيئة الأوراق المالية المحترمين  
السيد /م. يوسف عمار  
السيد /م. خالد  
السيد /م. محمد

تحية طيبة وبعد ،،،

استنادا لقرار مجلس مفوضي الهيئة رقم (2017/19) تاريخ 2017/01/19 والمتضمن إلزام الشركات المساهمة العامة وصناديق الاستثمار المشترك الإفصاح عن بياناتها المالية باللغتين العربية والانجليزية ، نرفق لكم طية البيانات المالية الموحدة ونتائج أعمال شركة النقلات السياحية الاردنية - كما هي في 2018/12/31 باللغة الانجليزية .

تفضلوا بقبول فائق الاحترام ،،،،،



**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**

**PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Jordan Express Tourist Transportation Company (JETT)  
Amman - Jordan**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Jordan Express Tourist Transportation Company (the Company), and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Item 1: Adequacy of Expected Credit Losses of trade receivables	
Refer to the note (8) on the consolidated financial statements	
Key Audit Item	How the key audit matter was addressed in the audit
<p>At 31 December 2018, net trade receivables balance amounted to JD 1,439,040 representing 6% of the Group's total assets.</p> <p>The determination as to whether trade receivables are collectable, through implementing the simplified approach of the Expected Credit Loss (ECL) model, involves management judgement.</p> <p>Management used the historical data for the past years based on current conditions and its forecasts of future conditions by considering specific factors such as the age of the receivable, historical payment patterns and other available macroeconomic factors to calculate the expected losses.</p>	<p>The audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Obtaining from management the calculation of ECL as at year end.</li> <li>- Reviewing and confirming the reasonableness of the ECL calculation prepared by management.</li> <li>- Recalculation of the ECL for the expected lifetime losses of receivables.</li> </ul>



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### **Other information included in The Group's 2018 Annual Report**

Other information consists of the information included in the Group's 2018 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



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### Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts and the accompanying financial statements are in agreement therewith.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan  
28 March 2019

*Ernst & Young*



**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Notes	2018 JD	2017 JD
<b>ASSETS</b>			
<b>Non-current assets -</b>			
Property and equipment	3	13,616,035	12,711,206
Intangible assets	4	1,182,407	1,497,380
Financial assets at fair value through other comprehensive income	5	2,297,303	2,272,663
		<u>17,095,745</u>	<u>16,481,249</u>
<b>Current assets -</b>			
Financial assets at fair value through profit or loss	6	163,284	179,103
Inventory	7	2,336,236	2,632,960
Accounts receivable and other current assets	8	3,019,311	2,921,189
Cash on hand and at banks	9	2,134,344	2,134,196
		<u>7,653,175</u>	<u>7,867,448</u>
<b>Total assets</b>		<u>24,748,920</u>	<u>24,348,697</u>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholders Equity -</b>			
Paid-in capital	10	10,800,000	10,800,000
Statutory reserve	10	2,356,095	2,356,095
Voluntary reserve	10	2,263,552	2,263,552
Fair value reserve	5	(271,598)	(296,238)
Retained earnings		5,086,374	4,444,744
<b>Net shareholders' equity</b>		<u>20,234,423</u>	<u>19,568,153</u>
Non-controlling interest		41,633	43,462
<b>Total equity</b>		<u>20,276,056</u>	<u>19,611,615</u>
<b>Liabilities -</b>			
<b>Non-current liabilities -</b>			
Long term loans	11	999,980	1,399,988
<b>Current liabilities -</b>			
Current portion of long term loans	11	400,008	400,008
Bank overdrafts	9	-	220,570
Accounts payable and other current liabilities	12	2,590,719	2,245,740
Income tax provision	18	482,157	470,776
		<u>3,472,884</u>	<u>3,337,094</u>
<b>Total liabilities</b>		<u>4,472,864</u>	<u>4,737,082</u>
<b>Total equity and liabilities</b>		<u>24,748,920</u>	<u>24,348,697</u>

The attached notes from 1 to 27 form part of these consolidated financial statements

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>Notes</u>	<u>2018</u> JD	<u>2017</u> JD
Revenues	13	28,377,182	25,574,268
Operating expenses	14	<u>(22,531,331)</u>	<u>(19,683,016)</u>
<b>Gross profit</b>		5,845,851	5,891,252
Administrative expenses	15	(3,374,251)	(3,333,596)
Finance costs		(65,618)	(56,365)
Unrealized losses of financial assets at fair value through profit or loss		(15,819)	(39,137)
Gain on disposal of property and equipment		22,984	5,493
Other income	16	503,790	393,596
Fees, other expenses and provisions	17	<u>(355,000)</u>	<u>(601,500)</u>
<b>Profit for the year before income tax</b>		2,561,937	2,259,743
Income tax	18	<u>(602,674)</u>	<u>(607,039)</u>
<b>Profit for the year</b>		<u>1,959,263</u>	<u>1,652,704</u>
Attributable to:			
Equity holders		1,937,630	1,629,242
Non-controlling interests		<u>21,633</u>	<u>23,462</u>
		<u>1,959,263</u>	<u>1,652,704</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted earnings per share attributable to equity holders of the Company</b>	19	<u>0/180</u>	<u>0/151</u>

The attached notes from 1 to 27 form part of these consolidated financial statements

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u> JD	<u>2017</u> JD
Profit for the year		1,959,263	1,652,704
<b>Add: Other comprehensive income items which will not be reclassified to profit or loss in subsequent periods:</b>			
Changes in the fair value of financial assets through other comprehensive income	5	<u>24,640</u>	<u>405,630</u>
<b>Total of comprehensive income of the year</b>		<u>1,983,903</u>	<u>2,058,334</u>
<b>Attributable to:</b>			
Equity holders		1,962,270	2,034,872
Non-controlling interests		<u>21,633</u>	<u>23,462</u>
		<u>1,983,903</u>	<u>2,058,334</u>

The attached notes from 1 to 27 form part of these consolidated financial statements

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Attributable to equity holders									
	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings			Non-controlling interests	Total equity	
					Realized	Unrealized	Total Retained earnings			
										JD
2018 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Balance as at 1 January 2018	10,800,000	2,356,095	2,263,552	(296,238)	5,108,953	(664,209)	4,444,744	19,568,153	43,462	19,611,615
Total comprehensive income for the year	-	-	-	24,640	1,953,449	(15,819)	1,937,630	1,962,270	21,633	1,983,903
Dividends distribution (Note 10)	-	-	-	-	(1,296,000)	-	(1,296,000)	(1,296,000)	-	(1,296,000)
Subsidiary dividends distribution	-	-	-	-	-	-	-	-	(23,462)	(23,462)
Balance as of 31 December 2018	10,800,000	2,356,095	2,263,552	(271,598)	5,766,402	(680,028)	5,086,374	20,234,423	41,633	20,276,056
2017 -										
Balance as at 1 January 2017	10,800,000	2,356,095	2,263,552	(701,868)	4,520,574	(625,072)	3,895,502	18,613,281	41,717	18,654,998
Total comprehensive income for the year	-	-	-	405,630	1,668,379	(39,137)	1,629,242	2,034,872	23,462	2,058,334
Dividends distribution (Note 10)	-	-	-	-	(1,080,000)	-	(1,080,000)	(1,080,000)	-	(1,080,000)
Subsidiary dividends distribution	-	-	-	-	-	-	-	-	(21,717)	(21,717)
Balance as of 31 December 2017	10,800,000	2,356,095	2,263,552	(296,238)	5,108,953	(664,209)	4,444,744	19,568,153	43,462	19,611,615

**The attached notes from 1 to 27 form part of these consolidated financial statements**

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the year before income tax		2,561,937	2,259,743
<b>Adjustments:</b>			
Depreciation and amortization		2,463,625	2,542,549
Gain on disposal of property and equipment		(22,984)	(5,493)
Unrealized losses of financial assets at fair value through profit or loss		15,819	39,137
Provision for expected credit losses and doubtful debts		-	20,000
Provision for slow moving spare parts		50,000	75,000
End of service provision		20,000	53,894
Lawsuits provision		100,000	275,000
Interest revenue		(56,881)	(19,979)
Finance costs		65,618	56,365
<b>Changes in working capital:</b>			
Inventory		246,724	(251,035)
Accounts receivable and other current assets		(98,122)	(557,903)
Accounts payable and other current liabilities		286,293	(214,399)
Paid from end of service indemnity provision		(48,166)	(20,000)
Paid from lawsuits provision		(20,091)	(80,127)
Income tax paid		(591,293)	(633,303)
<b>Net cash flows from operating activities</b>		<u>4,972,479</u>	<u>3,539,449</u>
<b><u>INVESTING ACTIVITIES</u></b>			
Proceeds from sale of property and equipment		876,625	209,898
Purchase of property and equipment		(3,907,122)	(2,952,660)
Interest received		56,881	19,979
<b>Net cash flows used in investing activities</b>		<u>(2,973,616)</u>	<u>(2,722,783)</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends distribution		(1,289,057)	(1,088,050)
Subsidiary dividends distribution		(23,462)	(21,717)
Loan proceeds		-	2,000,000
Loan repayments		(400,008)	(499,970)
Interest paid		(65,618)	(56,365)
<b>Net cash flows (used in) from financing activities</b>		<u>(1,778,145)</u>	<u>333,898</u>
<b>Net increase in cash and cash equivalents</b>		220,718	1,150,564
Cash and cash equivalents at 1 January		1,913,626	763,062
<b>Cash and cash equivalents at 31 December</b>	9	<u>2,134,344</u>	<u>1,913,626</u>

The attached notes from 1 to 27 form part of these consolidated financial statements

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

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**(1) GENERAL**

Jordan Express Tourist Transportation Company (JETT) was established as a private shareholding company on 20 October 1964 under the name of Jordan Tourist Transportation Limited Shareholding Company based in Jerusalem and was transformed into a public shareholding company on 11 June 1966 with paid in capital of JD 300,000 under registration number 45. On 1 June 1995, the general assembly had resolved to consider Amman as the Company's head quarter, and is entitled the right to open branches inside and outside the Kingdom, and was registered in accordance with the companies law on 20 October 1995; The general assembly decided in its meeting held on 14 April 1997 to increase the Company's authorized and paid in capital to reach JD 10,800,000.

The Company's main objectives are establishing and operating a company to transport tourists, pilgrims, and others, purchasing tour buses to transport tourists inside and outside the Kingdom and performing all work related to transportation and its variations. The Company's main objectives also include operating lines to transport passengers in accordance with the permits granted by the concerned authorities, as well as establishing, owning and managing fuel stations.

The consolidated financial statements were approved by the Board of Directors on 23 March 2019 and it must be approved by the General Assembly.

**(2-1) BASIS OF PREPARATION**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value at the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Group.

**JORDAN EXPRESS TOURIST TRANSPORTATION (JETT) PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

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**(2-2) BASIS OF CONSOLIDATION**

The consolidated financial statements for Jordan Express Tourist Transport Company (JETT) and the following subsidiaries (together the "Group") for the period ended on 31 December 2018:

	<u>Paid in Capital</u> <u>(Share)</u>	<u>Ownership interest</u> <u>%</u>
JETT Passenger Transportation LLC	1,000,000	99
Raya JETT Transportation LLC*	500,000	100
JETT for Tourism and Travel Company (JTT)	50,000	100

\* Raya JETT Transportation LLC is fully owned by JETT Passenger Transportation LLC.

The financial statements for the Parent company and its subsidiaries have been prepared for the same period and accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are excluded from the consolidation.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### **(2-3) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017 except for the following:

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

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.



The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was not material on the consolidated financial statements and impacted its accounting policy for revenue recognition as detailed below:

**(a) Sale of fuel**

The Group's contracts with customers for the sale of fuel generally include performance obligations. The Group has concluded that revenue from sale of fuel should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the fuel. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

**(b) Rendering of transportation and bus rental services**

Under IFRS 15, the Group concluded that revenue from passengers' transportation and buses rental services will continue to be recognised at a point in time, upon the issuance of the passenger ticket or the invoice to the customer similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

**(c) Advances received from customers**

Generally, the Group receives short-term advances from its customers. However, from time to time, the Group also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Group presented these advances as deferred revenue in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer is more than one year, the Group shall adjust the promised amount of consideration for the effects of the time value of money.

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

IFRS 9 requires the Group to record an allowance for ECL for all debt instruments measured at amortized cost.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

#### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the (ECL) model did not have a material impact on the Group's consolidated financial statements.

#### **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

**Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's consolidated financial statements.

**Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's consolidated financial statements.

**Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 *insurance contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

**Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for

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each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

**(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Property and equipment**

Property and equipment are stated at cost after deducting the accumulated depreciation except for land and project in progress, which are not depreciated.

Depreciation is calculated on a straight-line basis using the following depreciation rates:

	<u>%</u>
Buildings	2
Tools and equipment	10
Transportation vehicles	10
Furniture and electrical devices	10-25
Lease improvements	According to the contract period
Computer hardware and software	20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of profit or loss.

Expenditures incurred to replace a component of an item of the property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is being replaced must be written off. Other subsequent expenditure is capitalized only when the future economic benefits of the related item of property and equipment will increase. All other expenditures are recognized in the consolidated statement of profit or loss as incurred.

**Intangible assets**

Intangible assets acquired separately are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the expected useful life and it is subjected to impairment whenever there is an indication that the intangible asset is value decreased. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. The amortization expense is recognised for the intangible assets with finite lives in the consolidated statement of profit or loss as part of the expenses. The intangible assets with finite lives are amortized over a useful life of 10 years.

**Financial assets at fair value through profit and loss**

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial assets at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the consolidated statement of profit or loss at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of profit or loss. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of profit or loss.

Dividend and interest income are recorded in the consolidated statement of profit or loss.

No reclassifications are made to / from this item unless in specific circumstances stated by the International Financial Reporting Standard (9).

**Financial assets at fair value through other comprehensive income**

These financial assets represent equity investments intended to be maintained for long periods as strategic investments.

Financial assets at fair value through other comprehensive income are recorded at fair value when the plus acquisition costs and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies, in case of sale of such assets or part of it, the gain or loss is recorded at the consolidated statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings not through the consolidated statement of profit or loss.

- These assets are not subjected to the impairment test.
- Dividends are recognized in the consolidated statement of profit or loss.
- No reclassifications are made to / from this item unless in specific circumstances stated by the International Financial Reporting Standards number (9).

**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts or Expected Credit Loss(ECL). The Group applies a simplified approach in calculating ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Inventory**

Inventories are measured at cost which is determined using the weighted average method, and it is presented on the consolidated financial statements at the lower of cost or net realizable value.

Spare parts are measured at cost which is determined using the weighted average method.

**Accounts payable and other current liabilities**

Liabilities are recognized for amounts to be paid in the future for services or goods received whether billed by the supplier or not.

**Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from past events and the costs to settle the obligation are both probable and able to be reliably measured reliably.

**Income tax**

Tax expense is calculated based on taxable income, which may be different from the accounting income as it may include non-taxable income or non-deductible expenses in the current year that are deductible in subsequent years or accumulated losses.

Income tax provision is calculated in accordance with the income tax law in Hashemite Kingdom of Jordan, and in accordance with IAS (12).

**Offsetting**

Offsetting between financial assets and financial liabilities and presenting the net amount on the statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

### **Recognition of revenues and expenses**

In accordance with IFRS (15), revenue recognized from sales is measured at the fair value of the consideration received or receivable when it is probable to collect such consideration.

Revenue from sale of fuel is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the fuel.

Passengers' transportation revenue and bus rental revenue are recognized at a point in time, upon the issuance of the passenger ticket or the invoice to the customer.

Interest revenue is recognized using the accrual basis of accounting.

Dividend income is recognized when it is realized (declared and approved by the shareholders general assembly).

Other revenues are recognized on an accrual basis of accounting.

Expenses are recognized on an accrual basis of accounting.

### **Segment reporting**

Business segment represents a group of assets and operations that present products or services that are subject to several risks and rewards that are different then those related to other business segments.

### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability in the principal market for the asset or liability. In the absence of a principal market, in the most advantageous market for the asset or liability is used. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **Impairment of Non-Financial Assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

**(2-5) Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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**(3) PROPERTY AND EQUIPMENT**

	Land	Buildings	Tools and equipment	Transportation vehicles	Furniture and electrical devices	Lease improvements	Computer hardware and software	Projects in progress*	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2018- Cost-</b>									
As at 1 January 2018	2,282,865	316,681	462,547	26,683,778	1,083,009	1,843,845	691,858	448,097	33,812,680
Additions	662,568	-	45,622	2,635,058	80,759	11,600	79,881	391,634	3,907,122
Transfers	-	-	-	-	-	21,705	-	(21,705)	-
Disposals	-	-	-	(3,804,178)	-	-	-	-	(3,804,178)
As at 31 December 2018	2,945,433	316,681	508,169	25,514,658	1,163,768	1,877,150	771,739	818,026	33,915,624
<b>Accumulated Depreciation -</b>									
As at 1 January 2018	-	62,066	264,937	18,298,196	822,720	1,100,096	553,459	-	21,101,474
Depreciation charge for the year	-	4,886	44,433	1,765,394	67,611	223,155	43,173	-	2,148,652
Disposals	-	-	-	(2,950,537)	-	-	-	-	(2,950,537)
As at 31 December 2018	-	66,952	309,370	17,113,053	890,331	1,323,251	596,632	-	20,299,589
<b>Net book value -</b>									
As at 31 December 2018	2,945,433	249,729	198,799	8,401,605	273,437	553,899	175,107	818,026	13,616,035

\* Projects in progress represent construction of a gas station and a rest area in Al-Husainieh area and an office building for the Group in Aqaba. The estimated cost to finish the projects in progress is JD 900,000. The work in projects in progress started during 2017 and is expected to be completed in 2019.

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	Land		Buildings		Tools and equipment		Transportation vehicles		Furniture and electrical devices		Lease improvements		Computer hardware and software		Projects in progress		Total	
	JD		JD		JD		JD		JD		JD		JD		JD		JD	
<b>2017-</b>																		
<b>Cost-</b>																		
As at 1 January 2017	2,282,865		232,895		401,023		25,421,291		940,996		1,699,522		579,037		81,355		31,638,984	
Additions	-		83,786		61,524		2,363,327		142,013		87,795		112,821		423,270		3,274,536	
Transfers	-		-		-		-		-		56,528		-		(56,528)		-	
Disposals	-		-		-		(1,100,840)		-		-		-		-		(1,100,840)	
As at 31 December 2017	2,282,865		316,681		462,547		26,683,778		1,083,009		1,843,845		691,858		448,097		33,812,680	
<b>Accumulated Depreciation -</b>																		
As at 1 January 2017	-		57,205		222,743		17,377,610		754,349		870,078		521,084		-		19,803,069	
Depreciation charge for the year	-		4,861		42,194		1,817,021		68,371		230,018		32,375		-		2,194,840	
Disposals	-		-		-		(896,435)		-		-		-		-		(896,435)	
As at 31 December 2017	-		62,066		264,937		18,298,196		822,720		1,100,096		553,459		-		21,101,474	
<b>Net book value -</b>																		
As at 31 December 2017	2,282,865		254,615		197,610		8,385,582		260,289		743,749		138,399		448,097		12,711,206	

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**(4) INTANGIBLE ASSETS**

This item represents amounts paid by the Group in exchange for a transportation line license between Amman, Aqaba and Irbid and it is amortized over 10 years.

	2018	2017
	JD	JD
<b>Cost:</b>		
As at 1 January	3,588,000	3,588,000
As at 31 December	3,588,000	3,588,000
<b>Accumulated amortization:</b>		
As at 1 January	2,090,620	1,742,911
Amortization	314,973	347,709
As at 31 December	2,405,593	2,090,620
<b>Net book value as at 31 December</b>	<b>1,182,407</b>	<b>1,497,380</b>

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This item represents the Group's investment in the equity of the following companies:

	2018	2017
	JD	JD
Jordan Hotels and Tourism Company (Intercontinental Hotel Amman)	1,533,059	1,781,452
Zara Holdings and Investments Company	702,086	429,053
Jordan Crafts Development Center	62,158	62,158
	<b>2,297,303</b>	<b>2,272,663</b>

The movement on the financial assets at fair value through other comprehensive income reserve was as follows:

	2018	2017
	JD	JD
At 1 January	(296,238)	(701,868)
Change in fair value	24,640	405,630
At 31 December	<b>(271,598)</b>	<b>(296,238)</b>

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**(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This account represents the Group's investment in the equity of the following companies:

	<u>2018</u>	<u>2017</u>
	JD	JD
Arab Bank	22,350	20,160
Cairo Amman Bank	140,928	158,942
Other	6	1
	<u>163,284</u>	<u>179,103</u>

**(7) INVENTORY**

	<u>2018</u>	<u>2017</u>
	JD	JD
Spare parts	2,669,794	2,705,162
Fuel	224,592	425,964
Goods in transit	40,568	50,552
Provision for slow moving spare parts*	(598,718)	(548,718)
	<u>2,336,236</u>	<u>2,632,960</u>

\* Movements on the provision for slow moving spare parts were as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
As at 1 January	548,718	473,718
Provision for the year	50,000	75,000
As at 31 December	<u>598,718</u>	<u>548,718</u>

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**(8) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

	2018 JD	2017 JD
Trade receivable	1,938,861	1,933,608
Provision for expected credit loss and doubtful debts	(499,821)	(499,821)
	1,439,040	1,433,787
Prepaid expenses	644,929	667,399
Advances to suppliers	330,017	231,894
Sales Tax receivable	205,571	229,079
Refundable deposits	196,109	134,353
Accrued revenue	72,331	94,115
Employees' Receivables	65,249	69,801
Income tax deposits	17,519	17,304
Insurance claims	14,163	14,163
Others	34,383	29,294
	<u>3,019,311</u>	<u>2,921,189</u>

Movements on the provision for expected credit loss and doubtful debts were as follows:

	2018 JD	2017 JD
As at 1 January	499,821	479,821
provision for the year	-	20,000
As at 31 December	<u>499,821</u>	<u>499,821</u>

As at 31 December, the aging of accounts receivable is as follows:

	<u>1 – 30</u> <u>Days</u> JD	<u>31 – 90</u> <u>Days</u> JD	<u>91 – 120</u> <u>Days</u> JD	<u>121 – 180</u> <u>Days</u> JD	<u>Total</u> JD
2018	711,523	636,652	48,473	42,392	1,439,040
2017	632,790	715,146	25,301	60,550	1,433,787

The Group does not obtain any guarantees against these receivables.

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**(9) CASH ON HAND AND AT BANKS**

	<u>2018</u>	<u>2017</u>
	JD	JD
Cash on hand	168,333	159,312
Cash at banks*	1,757,300	1,846,518
Cheques under collection	<u>208,711</u>	<u>128,366</u>
	<u>2,134,344</u>	<u>2,134,196</u>

\* Cash at banks includes a deposit of JD 1,419,910 (2017: JD 1,275,389) with a maturity date of three months or less, bearing an average annual interest rate of 5.5% (2017: 3.25% to 3.5%).

For the purpose of the preparation of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<u>2018</u>	<u>2017</u>
	JD	JD
Cash on hand and at banks	2,134,344	2,134,196
Overdrafts**	<u>-</u>	<u>(220,570)</u>
	<u>2,134,344</u>	<u>1,913,626</u>

\*\* This item represents the utilized balance of the overdraft facilities from Cairo Amman Bank with a ceiling of JD 500,000 as at 31 December 2017 with an interest of 8.75% and no commissions.

**(10) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

**Paid in Capital**

The Company's paid in capital is JD 10,800,000 divided into 10,800,000 shares at par value of JD 1 per share.

**Statutory Reserve**

This account balance represents the transfers from the annual profit before income tax at a rate of 10%. The amounts transferred to this reserve should not exceed the Group's paid-in capital. This reserve is not available for distribution to the shareholders.

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**Voluntary Reserve**

Represents transfers from profit before tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

**Proposed and distributed Dividends**

The Board of Directors will recommend to the General Assembly in its ordinary meeting to be held during 2019 to distribute 12% of the Company's share capital (JD 1,296,000) as dividends to shareholders for the profit of 2018.

On 25 April 2018, the General Assembly approved in its ordinary meeting the distribution of 12% of the Company's share capital (JD 1,296,000) as dividends to the shareholders for the profit of 2017.

**(11) LOANS**

	2018			2017		
	Loan Installments			Loan Installments		
	Current portion	Non- current portion	Total	Current Portion	Non- current portion	Total
	JD	JD	JD	JD	JD	JD
Cairo Amman Bank	400,008	999,980	1,399,988	400,008	1,399,988	1,799,996
	<u>400,008</u>	<u>999,980</u>	<u>1,399,988</u>	<u>400,008</u>	<u>1,399,988</u>	<u>1,799,996</u>

**Cairo Amman Bank**

During 2017, the Group obtained a loan from Cairo Amman Bank with a ceiling of JD 2,000,000 and an annual interest rate of 4%, The loan is repayable over 60 equal monthly installments of JD 33,334 each. The first installment was due on 1 July 2017 and the last installment will be due on 1 June 2022.



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**(12) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

	2018	2017
	JD	JD
Trade payables	1,044,453	825,002
Dividends payable	600,913	593,970
Lawsuits provision*	385,782	305,873
Accrued expenses	205,354	183,225
Key management remuneration	184,011	117,897
Board of directors' remuneration	35,000	35,000
Postdated cheques	20,000	20,000
End of service indemnity provision**	25,728	53,894
Others	89,478	110,879
	<u>2,590,719</u>	<u>2,245,740</u>

\* The movements on the lawsuits provision were follows:

	2018	2017
	JD	JD
As at 1 January	305,873	111,000
Provision for the year	100,000	275,000
Paid during the year	<u>(20,091)</u>	<u>(80,127)</u>
As at 31 December	<u>385,782</u>	<u>305,873</u>

\*\* The movements on the end of service indemnity provision were as follows:

	2018	2017
	JD	JD
As at 1 January	53,894	20,000
Provision for the year	20,000	53,894
Paid during the year	<u>(48,166)</u>	<u>(20,000)</u>
As at 31 December	<u>25,728</u>	<u>53,894</u>

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**(13) REVENUES**

	<u>2018</u>	<u>2017</u>
	JD	JD
Passengers transportation revenue	14,016,231	13,402,316
Fuel segment revenue	7,187,137	5,960,287
Tourist transportation revenue	4,268,943	3,666,180
Visas and commissions revenue	2,397,884	2,111,639
Freight revenue	310,848	346,467
JTT revenue	196,139	87,379
	<u>28,377,182</u>	<u>25,574,268</u>

**(14) OPERATING EXPENSES**

**TOURISM AND TRANSPORTATION SEGMENT**

	<u>2018</u>	<u>2017</u>
	JD	JD
Salaries, wages and other benefits	4,383,879	4,074,302
Fuel	3,708,621	2,887,953
Visas and commissions expenses	2,286,423	1,855,633
Depreciation and amortization	2,276,833	2,370,418
Consumed spare parts	1,762,571	1,690,429
Bus insurance fees	282,979	294,358
Health insurance	150,850	140,788
General maintenance	97,392	109,464
Government fees and licenses	84,064	123,280
Bus licensing fees	76,777	75,568
Accidents compensations Expenses	76,482	44,884
Lines investment contracts fees	72,815	70,415
Staff uniforms	66,323	40,722
Vehicles tracking lines expense	20,735	20,618
Bus parking expenses	20,179	15,888
Accommodation and travel expenses	15,031	61,123
Others	100,972	75,568
	<u>15,482,926</u>	<u>13,951,411</u>

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**FUEL SEGMENT**

	<u>2018</u>	<u>2017</u>
	JD	JD
Fuel	6,870,143	5,574,319
Salaries	80,923	70,373
Rent	28,411	27,614
Depreciation	21,729	21,725
Water and electricity	19,926	14,332
Others	27,273	23,242
	<u>7,048,405</u>	<u>5,731,605</u>
<b>Total operating expense</b>	<u><u>22,531,331</u></u>	<u><u>19,683,016</u></u>

**(15) ADMINISTRATIVE EXPENSES**

	<u>2018</u>	<u>2017</u>
	JD	JD
Salaries, wages and other benefits	1,142,225	1,139,667
Rent	480,685	484,887
Phone, water and electricity	430,334	413,307
Advertising expenses	319,630	296,314
Depreciation	166,866	150,406
Maintenance	139,421	124,532
Sales tax differences	136,335	111,241
Transportation	89,962	88,004
Government expenses	87,207	82,385
Stationary	80,266	96,420
Professional expenses	58,010	70,301
Hospitality	59,216	57,552
Health insurance	45,412	42,189
Donations	30,400	73,170
Bank charges	19,002	28,745
Travel expenses	16,053	30,589
Others	73,227	43,887
	<u><u>3,374,251</u></u>	<u><u>3,333,596</u></u>

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**(16) OTHER INCOME**

	<u>2018</u>	<u>2017</u>
	JD	JD
Dividends income	130,716	110,218
Settlement of insurance claims	121,009	126,869
Interest income	56,881	19,979
Advertising campaigns income	42,000	75,759
Income from the sale of spare parts	19,328	20,638
Others	133,856	40,133
	<u>503,790</u>	<u>393,596</u>

**(17) FEES, OTHER EXPENSES AND PROVISIONS**

	<u>2018</u>	<u>2017</u>
	JD	JD
Key management remuneration	150,000	100,000
Lawsuits provision	100,000	275,000
Provision for slow moving spare parts	50,000	75,000
Provision for end of service indemnity	20,000	46,500
Board of directors' remuneration	35,000	35,000
Provision for doubtful debts	-	20,000
Others	-	50,000
	<u>355,000</u>	<u>601,500</u>

**(18) INCOME TAX**

Provision on income tax for the years ended 31 December 2018 and 2017 was calculated in accordance with the Jordanian income tax Law No. (34) of 2014.

Jordan Express Tourist Transportation Company (JETT) filed its tax returns for 2017 which have not been reviewed by the income tax department until date of these consolidated financial statements. The Company obtained a final clearance from the Income and Sales Tax Department up to the year 2016.

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JETT Passenger Transportation Company has obtained a final clearance from the Income and Sales Tax Department up to 2015 except for the years 2010 and 2011 as the Income and Sales Tax Department has reviewed the company's record and did not approve the filed amount as the company has requested an exemption for its visa exports since it has agreements with foreign companies and the lawsuit is still pending at the date of the Consolidated financial statements.

Raya JETT Passenger Transportation Company has obtained a final clearance from the Income and Sales Tax Department up to 2017.

JTT did not submit its income tax returns for the years 2016 and 2017.

\* Movements on the provision for income tax was as follows:

	2018	2017
	JD	JD
As at 1 January	470,776	497,040
Current year income tax	602,674	607,039
Income tax paid	(591,293)	(633,303)
As at 31 December	482,157	470,776

Reconciliation between the taxable profit and the accounting profit is as follows:

	2018	2017
	JD	JD
Accounting profit	2,561,937	2,259,743
Attributable to:		
Net loss – Parent Company	(201,982)	(599,414)
Net profit – Subsidiaries	2,763,919	2,859,157
Current year income tax expense	602,674	607,039
Effective tax rate	23.5%	26.9%
Statutory income tax rate	20%	20%

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**(19) EARNINGS PER SHARE**

	<u>2018</u>	<u>2017</u>
	JD	JD
Profit for the year attributable to shareholders of the Company (JD)	1,937,630	1,629,242
Weighted average number of outstanding shares (shares)	<u>10,800,000</u>	<u>10,800,000</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share	<u>0/180</u>	<u>0/151</u>

**(20) RELATED PARTLY TRANSACTIONS**

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

Balances with related parties included in the consolidated statement of financial position are as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
Loans and Overdrafts (Cairo Amman Bank)	<u>1,399,988</u>	<u>2,020,566</u>
Time Deposit (Cairo Amman Bank)	<u>1,419,910</u>	<u>1,275,389</u>

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	<u>2018</u>	<u>2017</u>
	JD	JD
Board of directors transportation and remuneration	<u>119,000</u>	<u>119,000</u>
Salaries, wages and other benefits (Key Management)	<u>303,006</u>	<u>324,835</u>
Finance costs (Cairo Amman Bank)	<u>65,518</u>	<u>56,365</u>
Interest income (Cairo Amman Bank)	<u>42,000</u>	<u>19,979</u>

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**(21) SEGMENT REPORTING**

The Group's activity is organized separately according to the nature of services provided through segments that represent a strategic operating unit and its as follows:

- Tourist Transportation Segment – this segment transports Tourists, pilgrims and others.
- Passengers transportation Segment – this segment operates passengers transportation lines in accordance with permits granted by the concerned authorities.
- Fuel Segment- this item mainly includes fuel segment where the Group owns two fuel stations.

The following tables represent information on the revenues and results of some assets and liabilities for these segments for the years ended 31 December 2018 and 2017:

	<i>Tourist transportation</i>	<i>Passenger transportation</i>	<i>Fuel</i>	<i>JTT</i>	<i>Total</i>
	JD	JD	JD	JD	JD
<b>2018-</b>					
Revenues	4,571,538	16,422,368	7,187,137	196,139	28,377,182
Segment gross profit	529,445	5,166,614	138,732	11,060	5,845,851
Segment (Loss) profit	(135,161)	2,163,346	-	(68,922)	1,959,263
Depreciation and amortization	166,866	2,275,030	21,729	-	2,463,625
Capital expenditures	2,808,556	1,096,074	-	2,492	3,907,122
Segment assets	16,665,226	7,432,460	651,234	-	24,748,920
Segment liabilities	2,967,107	1,505,757	-	-	4,472,864
	<i>Tourist transportation</i>	<i>Passenger transportation</i>	<i>Fuel</i>	<i>JTT</i>	<i>Total</i>
	JD	JD	JD	JD	JD
<b>2017-</b>					
Revenues	3,997,634	15,528,968	5,960,287	87,379	25,574,268
Segment gross profit	150,393	5,522,319	228,682	(10,142)	5,891,252
segment (Loss) profit	(599,414)	2,346,156	-	(94,038)	1,652,704
Depreciation and amortization	934,631	1,591,563	-	16,355	2,542,549
Capital expenditures	1,532,809	1,677,327	-	64,400	3,274,536
Segment assets	15,365,132	8,914,312	-	69,253	24,348,697
Segment liabilities	3,318,752	1,417,401	-	929	4,737,082

**(22) CONTINGENT LIABILITIES**

As of the date of the consolidated financial statements, the Group has contingent liabilities that consist of letters of guarantees in the amount of JD 80,000 (2017: JD 408,534) with cash margin amounting to JD 8,000 (2017: JD 29,735)

The Group is defendant in a number of lawsuits with claims amounting to JD 151,303 as at 31 December 2018 (2017: JD 227,285). Management and their legal advisor believe that no material liabilities are likely to result from these lawsuits, except for what has already been provisioned to face these lawsuits. The Group is plaintiff in lawsuits amounting to JD 307,408 as of 31 December 2018 (2017: JD 401,985).

**(23) RISK MANAGEMENT**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in interest rates on its assets and liabilities which is bearing interest such as bank overdrafts.

The sensitivity of the consolidated Income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2018.

	Increase in interest rate <hr/> (Basis points)	Effect on profit before tax <hr/> JD
<b>2018- Currency JD</b>	50	(100)
	Decrease in interest rate <hr/> (Basis points)	Effect on profit before tax <hr/> JD
<b>Currency JD</b>	(50)	100



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	<u>Increase in interest rate</u> (Basis points)	<u>Effect on profit before tax</u> JD
<b>2017- Currency</b>		
JD	50	(3,726)
	<u>Decrease in interest rate</u> (Basis points)	<u>Effect on profit before tax</u> JD
<b>Currency</b>		
JD	(50)	3,726

**Equity price risk**

The following table demonstrates the sensitivity of the Group's consolidated statement of profit or loss and fair value reserve to reasonably possible changes in equity prices, with all other variables held constant.

	<u>Change in Index</u> %	<u>Effect on Profit for the year</u> JD	<u>Effect on Fair value reserve</u> JD
<b>2018 - Index</b>			
Amman Stock Exchange	1	1,633	22,973
<b>2017 - Index</b>			
Amman Stock Exchange	1	1,791	22,727

In case of a negative change in index, the effect is expected to be equal and opposite to the effect of the increases shown above.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to limit its credit risk with respect to customers by monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

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**Liquidity risk**

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates. The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity dates.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarizes the maturities of the Group's (undiscounted) financial liabilities as at 31 December, based on contractual payment dates and current market interest rates.

	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	Total JD
<b>31 December 2018</b>				
Accounts payable and other current liabilities	1,249,807	1,340,912	-	2,590,719
Loans	104,001	312,003	1,074,677	1,490,681
<b>Total</b>	<u>1,353,808</u>	<u>1,652,915</u>	<u>1,074,677</u>	<u>4,081,400</u>
<b>31 December 2017</b>				
Accounts payable and other current liabilities	1,008,727	1,237,513	-	2,246,240
Bank overdraft	225,323	-	-	225,323
Loans	104,001	312,003	1,589,978	2,005,982
<b>Total</b>	<u>1,338,051</u>	<u>1,549,516</u>	<u>1,589,978</u>	<u>4,477,545</u>

**Currency risk -**

Most of the Group's transactions are in Jordanian Dinars and US Dollars. Jordanian Dinar exchange rate is fixed against the US Dollar (USD 1/41 JD).

**(24) FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments include financial assets and financial liabilities.

Financial assets include cash on hand and at banks, accounts receivable, and some other current assets. Financial liabilities include accounts payable, bank loans and some other current liabilities.

Book values of financial instruments do not materially vary from their fair value as at 31 December 2018 and 2017.

## **(25) CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains appropriate capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current and previous year.

Capital comprises paid in capital, statutory reserve, voluntary reserve, fair value reserve, and retained earnings and is measured at JD 20,234,423 as at 31 December 2018 against JD 19,568,153 as at 31 December 2017.

## **(26) STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

### **IFRS 16 Leases**

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

### ***Transition to IFRS 16***

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16.

The Group expect an effect of adopting IFRS 16. The Group's management is preparing an assessment of adopting the new standard which will be applied effective 1 January 2019.

#### **IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

#### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

#### **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

**Amendments to IAS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

**(27) COMPARATIVE FIGURES**

Some of 2017 balances were reclassified to correspond to 2018 presentation with no effect on equity or profit for the year 2017.