



الأسواق الحرة الأخرى
JORDANIAN DUTY FREE SHOPS

الرقم : 12/4 / 2057

التاريخ : 2019/10/31

السادة / بورصة عمان المحترمين

تحية وبعد،،،

ارفق لكم طيا القوائم المالية المرحلية المختصرة الموحدة باللغة الانجليزية كما في 30 ايلول 2019 مع تقرير المراجعة.

وتفضلوا بقبول فائق الاحترام،،،،،

الرئيس التنفيذي

الهيثم المجالي

بورصة عمان الدائرة الإدارية والمالية الديوان
٢١ تموز ٢٠١٩
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JORDANIAN DUTY FREE SHOPS

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)

30 SEPTEMBER 2019



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working world

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN DUTY FREE SHOPS PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Duty Free Shops and its subsidiaries (the "Group") comprising the interim consolidated statement of financial position as at 30 September 2019 and the related interim consolidated statement of comprehensive income, changes in equity, and cash flows for the nine-months period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
27 October 2019

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

	Notes	30 September 2019	31 December 2018
		JD (Unaudited)	JD (Audited)
<u>ASSETS</u>			
Non – current assets			
Property and equipment	5	6,695,361	7,313,302
Projects in progress		6,317,880	3,321,748
Intangible assets	6	766,667	1,066,667
Advances on land purchase		3,629,410	3,629,410
Financial assets at fair value through other comprehensive income		1,550	1,550
Right-of-use-assets		6,210,977	-
Total non – current assets		23,621,845	15,332,677
Current assets			
Trade receivables		252,489	263,356
Inventories		12,386,808	16,122,140
Other current assets	7	1,517,420	2,064,944
Cash in hand and at banks		38,797,464	42,736,516
		52,954,181	61,186,956
Total assets		76,576,026	76,519,633
<u>EQUITY AND LIABILITIES</u>			
Equity			
Paid in capital	1	22,500,000	22,500,000
Statutory reserve		7,500,000	7,500,000
Voluntary reserve		2,578,582	2,578,582
Fair value reserve		(4,150)	(4,150)
Retained earnings		34,210,539	38,538,132
Total Equities		66,784,971	71,112,564
<u>LIABILITIES</u>			
Non – current liabilities			
Other commitments provision		496,108	513,913
Lease Liabilities - long term		5,713,631	-
		6,209,739	513,913
Current liabilities			
Trade payables		1,397,348	2,330,131
Lease liabilities-short term		384,250	-
Other current liabilities	8	1,799,718	2,563,025
		3,581,316	4,893,156
Total liabilities		9,791,055	5,407,069
TOTAL EQUITY AND LIABILITIES		76,576,026	76,519,633

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2019	2018	2019	2018
		JD	JD	JD	JD
Sales		26,374,573	29,618,840	66,208,856	81,505,836
Less: service fees		(2,767,287)	(3,106,745)	(6,946,343)	(8,548,236)
Net sales		23,607,286	26,512,095	59,262,513	72,957,600
Less: Cost of sales		(13,833,217)	(15,659,950)	(34,269,057)	(42,202,678)
Gross profit		9,774,069	10,852,145	24,993,456	30,754,922
Other income		145,935	97,503	735,638	373,516
Interest income		454,085	479,931	1,366,737	1,393,190
Sales and distribution expenses		(1,141,807)	(1,228,084)	(3,409,216)	(3,598,564)
Administrative expenses		(1,269,019)	(1,308,818)	(3,677,845)	(3,595,370)
Depreciation and amortization		(497,418)	(342,240)	(1,485,832)	(1,034,317)
Provision for damaged goods		(1,529)	(532)	(1,529)	(16,409)
Interest on Lease Liability – long term		(116,839)	-	(349,002)	-
Profit for the period		7,347,477	8,549,905	18,172,407	24,276,968
Add: other comprehensive income		-	-	-	-
Total comprehensive income for the period		7,347,477	8,549,905	18,172,407	24,276,968
		<u>JD/ Fils</u>	<u>JD/ Fils</u>	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic and diluted earnings per share attributable to the Company's shareholders	10	<u>0/327</u>	<u>0/380</u>	<u>0/808</u>	<u>1/079</u>

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Paid in capital	Reserves				Retained earnings	Total		
		JD	Statutory reserve	Voluntary reserve	Fair value reserve			JD	JD
			JD	JD	JD				
For the nine months ended 30 September 2019									
Balance as of 1 January 2019	22,500,000	7,500,000	2,578,582	(4,150)	38,538,132	71,112,564			
Total comprehensive income for the period	-	-	-	-	18,172,407	18,172,407			
Dividends (note 4)	-	-	-	-	(22,500,000)	(22,500,000)			
Balance as of 30 September 2019	22,500,000	7,500,000	2,578,582	(4,150)	34,210,539	66,784,971			
For the nine months ended 30 September 2018									
Balance as of 1 January 2018	22,500,000	7,500,000	2,578,582	(4,150)	28,161,600	60,736,032			
Total comprehensive income for the period	-	-	-	-	24,276,968	24,276,968			
Dividends	-	-	-	-	(18,000,000)	(18,000,000)			
Balance as of 30 September 2018	22,500,000	7,500,000	2,578,582	(4,150)	34,438,568	67,013,000			

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	For the nine months ended 30	
	September	
	Note	
<u>Operating Activities</u>		
	2019	2018
	JD	JD
Profit for the period	18,172,407	24,276,968
Adjustments for:		
Depreciation and amortization	1,485,832	1,034,317
Provision for damaged goods	1,529	16,409
Interest income	(1,366,737)	(1,393,190)
Interest on lease Liabilities - long term	349,002	-
Loss (Gain) on sale of property and equipment	1,004	(35,761)
Working capital changes		
Inventories	3,733,803	(4,023,101)
Trade receivables	10,867	11,539
Other current assets	330,335	(62,189)
Trade payables	(932,783)	1,600,459
Other current liabilities	(550,408)	(756,383)
Other commitments provision paid	(17,805)	(129,439)
Income tax paid	(212,899)	(410,161)
Net cash flows from operating activities	21,004,147	20,129,468
<u>Investing Activities</u>		
Purchase of property and equipment	(172,310)	(262,592)
Projects in progress	(2,996,132)	(1,808,528)
Deposits	7,301,156	(1,045,501)
Proceeds from sale of property and equipment	18,894	68,950
Interest received	1,583,926	1,498,994
Net cash flows from (used in) investing activities	5,735,534	(1,548,677)
<u>Financing Activities</u>		
Dividends paid	(22,500,000)	(18,000,000)
Paid from lease liabilities	(877,577)	-
Net cash flows used in financing activities	(23,377,577)	(18,000,000)
Increase in cash and cash equivalents	3,362,104	580,791
Cash and cash equivalents, beginning of the period	5,076,136	6,279,139
Cash and cash equivalents, end of the period	11 8,438,240	6,859,930

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

1 GENERAL

Jordan Duty Free Shops PLC was established as a Public Shareholding Company on 28 September 1996. The Company's capital was increased multiple times until it reached JD 22,500,000 as the General Assembly approved in its extraordinary meeting held on 21 December 2017 to increase its capital to become JD 22,500,000 by capitalizing JD 7,500,000 from the retained earnings and JD 7,500,000 from the voluntary reserve. The share capital increase was approved by the Ministry of Industry and Trade on 26 December 2017 and by Jordan Securities Commission on 7 January 2018.

The Group's main activity is to establish, operate, manage and invest in duty-free shops on border crossings and any other location allowed by official authorities.

The Group's Board of Directors have approved the interim condensed consolidated financial statements on 27 October 2019.

The Group's financial statements are consolidated as part of the consolidated financial statements of Social Security Corporation as the corporation has the control over the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements as of 30 September 2019 have been prepared in accordance with International Accounting Standards (34) (Interim Financial Reporting).

The interim condensed consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group.

The interim condensed consolidated financial statements are prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which are presented at fair value as of the date of the consolidated financial statements.

The interim consolidated condensed financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group annual report as of 31 December 2018. In addition, results for the nine months period ended 30 September 2019 do not necessarily indicate the expected results for the financial year ending 31 December 2019.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim consolidated condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and amendments effective as of 1 January 2019.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	<u>2019</u>
	JD
	(Unaudited)
Non-current assets	
Right-of-use- assets	6,611,572
Non-current liabilities	
Lease liabilities	<u>6,611,572</u>
Total equity	<u><u>-</u></u>

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and Other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- The Group doesn't have any leases previously classified as finance leases.
- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

JORDANIAN DUTY FREE SHOPS
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 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2019

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	<u>JD</u>
Operating lease commitments as at 31 December 2018	10,035,735
Weighted average borrowing rate as at 1 January 2019	7%
Discounted operating lease commitments at 1 January 2019	6,612,822
Less: Commitments relating to short-term leases	-
Less: Commitments relating to leases of low-value assets	<u>1,250</u>
Lease liabilities as at 1 January 2019	<u>6,611,572</u>

b) Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

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.

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

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.

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

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.

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

3 BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows (referred to them collectively as the Group) as of 30 September 2019.

<u>Name of the company</u>	<u>Share capital</u>	<u>Ownership percentage</u>	<u>Year of Establishment</u>	<u>Location</u>
	JD			
First Shops Company L.L.C	6,000,000	100%	2008	Aqaba
International Jordan Duty Free Shops (under liquidation)	30,000	100%	2004	Free zone/airport
Second Shops General Trading L.L.C	50,000	100%	2018	Amman

4 DIVIDEND

The General Assembly approved in its ordinary meeting held on 19 March 2019, the distribution of cash dividends for the year 2018, amounted to JD 22,500,000 representing 100% of the paid in capital.

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

5 PROPERTY AND EQUIPMENT

During the nine months period ended 30 September 2019, the Group purchased property and equipment at a cost of JD 172,310 (30 September 2018: JD 262,592) and the Group has not capitalised any property and equipment from project in progress during the nine months ended 30 September 2019 (30 September 2018: JD 306,832).

6 INTANGIBLE ASSETS

Intangible assets represent the amount paid to General Treasury for the exclusive rights to establish duty-free shops on border crossings for 10 years starting from 30 August 2001; the Company should pay 8% of its gross sales as service fees to the General Treasury in return for such rights. During 2009, the exclusive rights agreement was extended for additional 10 years starting from 31 August 2011 until 30 August 2021 for a payment of JD 4,000,000 and payment of 9% of its gross monthly sales as service fees to the General Treasury effective from the date of rights extension except for the sales from Special Economic Zone as it is subject to Aqaba Special Economic Zone regulations, starting from 1 January 2017 the Group should pay 10.5% of its monthly gross sales to the Ministry of Finance as follows:

- 9% as Service Fees to General Treasury.
- 1.5% as Operating Expenses to Jordanian Customs.

7 OTHER CURRENT ASSETS

	30 September 2019	31 December 2018
	JD	JD
	(unaudited)	(audited)
Accrued interest income	497,227	714,416
Prepaid expenses	99,730	590,439
Other accrued income	62,910	74,262
Advances to vendors	417,685	577,530
Refundable deposit	32,172	32,172
Sales tax receivables	3,640	840
Employees receivables	56,223	50,353
Income tax receivables	323,470	-
Others	24,363	24,932
	<u>1,517,420</u>	<u>2,064,944</u>

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
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8 OTHER CURRENT LIABILITIES

	30 September 2019	31 December 2018
	JD	JD
	(unaudited)	(audited)
Accrued expenses	189,684	220,145
Treasury & Customs fees payable	1,157,721	1,045,554
Board of Directors benefits payable	-	45,000
Accrued bonus	224,154	866,624
Due to Social Security Corporation	115,583	144,232
Stamps fees payable	15,164	10,118
Income tax provision	4,445	217,344
Sales tax payable	1,974	10,172
Other	90,993	3,836
	<u>1,799,718</u>	<u>2,563,025</u>

9 INCOME TAX (UNAUDITED)

Based on the Council of Ministers' decision in their meeting held on 10 April 2017, the exemption on goods and services from the main activity of the Group was renewed where income tax is calculated on interest income and other income only.

The Group reached a final settlement with the Income and Sales Tax Department for the years 2004 up to the year 2016.

An amount of JD 480,785 was estimated as tax claim for the years 2008 and 2009, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and no final decision was made by the Tax Appeals Court yet.

The Income Tax Department has not reviewed the income tax declaration for the years 2017 and 2018 up to the date of these consolidated condensed financial statements.

The Group registered in the sales tax retroactively from 1 January 2014 and the Group submits the income tax returns within the deadline.

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

10 EARNINGS PER SHARE (UNAUDITED)

	For the nine months ended 30 September	
	2019	2018
Profit for the period (JD)	18,172,407	24,276,968
Weighted average number of shares (share)	22,500,000	22,500,000
Basic and diluted earnings per share (JD/ Fils)	0/808	1/079

The diluted earnings per share is equal to the basic earnings per share.

11 CASH AND CASH EQUIVALENTS AS AT PERIOD END

	For the nine months ended 30 September	
	2019	2018
	JD	JD
	(unaudited)	(unaudited)
Cash on hand and at banks	38,797,464	41,535,669
Less: deposits at banks due after more than three months to one year	(30,359,224)	(34,675,739)
Cash and cash equivalent	8,438,240	6,859,930

* Deposits maturities are from nine months to one year bearing annual interest rates ranging from 4.5% to 6.35% for the period ended 30 September 2019 (30 September 2018: 5.8% to 6.1%).

12 LAWSUITS (UNAUDITED)

There are Custom lawsuits against the Group amounting to JD 17,948. In the opinion of the Group's management and legal consultant there are no provisions required for these lawsuits.

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2019

13 SEGMENTAL INFORMATION (UNAUDITED)

Below schedule summarizes the segments in formation based on geographical areas for the Group's sales:

	Amman	North of Kingdom	South of Kingdom	Kingdom center	Total
	JD	JD	JD	JD	JD
For the nine months ended 30 September 2019					
Net revenue	6,152,251	1,452,802	16,339,059	35,318,401	59,262,513
Cost of sales	(3,821,802)	(870,807)	(8,988,600)	(20,587,848)	(34,269,057)
Unallocated expenses					(8,923,424)
Other income and interest income					2,102,375
Profit for the period					<u>18,172,407</u>
For the nine months ended 30 September 2018					
Net revenue	7,107,739	1,501,522	21,698,168	42,650,171	72,957,600
Cost of sales	(4,440,055)	(865,466)	(12,295,345)	(24,601,812)	(42,202,678)
Unallocated expenses					(8,244,660)
Other income and interest income					1,766,706
Profit for the period					<u>24,276,968</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties represent key management personnel and Board of Directors of the Group. Pricing policies and terms of these transactions are approved by the Group's management.

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

	Nature of relationship	30 September 2019 JD (Unaudited)	31 December 2018 JD (Audited)
CASH AT BANKS			
Current accounts – Jordan Investment Bank	Shareholder	1,902,408	2,340,884
Deposits – Jordan Investments Bank	Shareholder	7,000,000	13,000,000
TRADE PAYABLES	Shareholders	45,060	8,519
OFF BALANCE SHEET ITEMS:			
Bank guarantees- Jordan Investments Bank	Shareholder	3,035,739	3,035,739

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Transactions with related parties included in the interim consolidated statement of comprehensive income were as follows:

	For the nine months ended	
	30 September	
	2019	2018
	JD	JD
	(Unaudited)	(Unaudited)
Interest income –Jordan Investment Bank (shareholder)	395,096	294,446
Purchases (shareholders)	952,899	1,062,077
Salaries, wages and other benefits- Group executive management	428,008	425,668
Salaries, wages and other benefits- Board of Directors members	440,243	424,615

15 CONTINGENT LIABILITIES

The Group has outstanding letters of guarantee amounting to JD 3,035,739 as at 30 September 2019 (31 December 2018: JD 3,035,739) with nil cash margins as at 30 September 2019 and 31 December 2018.

16 LEGAL RESERVES

The Group did not transfer to the statutory reserve as required by the Jordanian Companies Law as those are interim financial statements.