

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

**PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

#### **Opinion**

We have audited the consolidated financial statements of Jordan Express Tourist Transportation (JETT) Company (the Company), and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2017, and 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 2017, 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 as a whole, 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: Recoverability of trade receivables

Refer to the note (8) on the consolidated financial statements

#### Key Audit Item

At 31 December 2017, net trade receivables balance amounted to JD 1,433,787 representing 6% of total assets of the Group. The determination as to whether a trade receivable is collectable involves management judgement. Management considers specific factors including the age of the balance, historical payment patterns and other available information concerning the creditworthiness of customers. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's overall balance.

#### How the key audit matter was addressed in the audit

We tested the methodology for calculating the provisions for doubtful debts, challenged the basis of valuation and assumptions used in identifying doubtful accounts, along with the provisioning criteria for such accounts. In doing so, we tested the accuracy of ageing of accounts receivable and evaluated the sufficiency of the provision against doubtful accounts.



### **Other information included in The Group's 2017 Annual Report**

Other information consists of the information included in The Group's 2017 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2017 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.

### **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 exist. 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.
- 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 exist, 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.

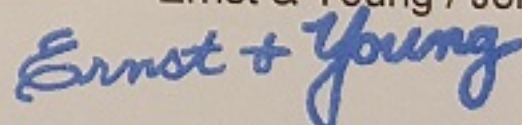
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

#### **Report on Other Legal and Regulatory Requirements**

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

Amman – Jordan  
24 March 2018

Ernst & Young / Jordan  
  
Bishr Ibrahim Baker  
License No. 592

**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	2017 JD	2016 JD
<b><u>ASSETS</u></b>			
<b>Non-current assets -</b>			
Property and equipment	3	12,711,206	11,835,915
Intangible assets	4	1,497,380	1,845,089
Advances on purchases of property and equipment		-	321,876
Financial assets at fair value through other comprehensive income	5	2,272,663	1,867,033
		<u>16,481,249</u>	<u>15,869,913</u>
<b>Current assets -</b>			
Financial assets at fair value through profit or loss	6	179,103	218,240
Inventory	7	2,632,960	2,456,925
Accounts receivable and other debit balances	8	2,921,189	2,383,286
Cash on hand and at banks	9	2,134,196	763,062
		<u>7,867,448</u>	<u>5,821,513</u>
<b>Total assets</b>		<u>24,348,697</u>	<u>21,691,426</u>
<b><u>SHAREHOLDERS EQUITY AND LIABILITIES</u></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	(296,238)	(701,868)
Retained earnings		4,444,744	3,895,502
<b>Total shareholders' equity</b>		<u>19,568,153</u>	<u>18,613,281</u>
Non-controlling interest		43,462	41,717
<b>Total equity</b>		<u>19,611,615</u>	<u>18,654,998</u>
<b>Liabilities -</b>			
<b>Non-current liabilities -</b>			
Long term loans	12	1,399,988	-
<b>Current liabilities -</b>			
Current portion of long term loans	12	400,008	299,966
Bank overdraft	9	220,570	-
Accounts payable and other credit balances	11	2,245,740	2,239,422
Income tax provision	19	470,776	497,040
		<u>3,337,094</u>	<u>3,036,428</u>
<b>Total liabilities</b>		<u>4,737,082</u>	<u>3,036,428</u>
<b>Total equity and liabilities</b>		<u>24,438,697</u>	<u>21,691,426</u>

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

**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 JD	2016 JD
Revenues	13	25,574,268	19,691,528
Operating expenses	14	(19,642,294)	(14,762,702)
<b>Gross profit</b>		5,931,974	4,928,846
Administrative expenses	16	(3,373,516)	(2,857,848)
Finance costs		(56,365)	(43,495)
Unrealized losses of financial assets at fair value through profit of loss		(39,137)	(45,159)
Gain (losses) on disposal of property and equipment		5,493	(1,686)
Other income	15	393,596	232,609
Fees, other expenses and provisions	17	(602,302)	(615,777)
<b>Profit for the year before income tax</b>		2,259,743	1,597,470
Income tax	19	(607,039)	(497,040)
<b>Profit for the year</b>		<u>1,652,704</u>	<u>1,100,430</u>
Attributable to:			
Equity holders		1,629,242	1,078,713
Non-controlling interests		<u>23,462</u>	<u>21,717</u>
		<u>1,652,704</u>	<u>1,100,430</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted earnings per share attributable to equity holders of the Company</b>	18	<u>0/151</u>	<u>0/100</u>

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



**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> JD	<u>2016</u> JD
Profit for the year		1,652,704	1,100,430
<b>Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:</b>			
Changes in the fair value of financial assets through other comprehensive income	5	<u>405,630</u>	<u>(417,563)</u>
<b>Total of comprehensive income of the year</b>		<u>2,058,334</u>	<u>682,867</u>
<b>Attributable to:</b>			
Equity holders		2,034,872	661,150
Non-controlling interests		<u>23,462</u>	<u>21,717</u>
		<u>2,058,334</u>	<u>682,867</u>

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

**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Attributable to equity holders									
	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings		Total Retained earnings	Total	Non- controlling interests	Total equity
					Realized	Unrealized				
					JD	JD				
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
Balance as at 1 January 2016	10,800,000	2,356,095	2,263,552	(284,305)	4,152,702	(579,913)	3,572,789	18,708,131	39,107	18,747,238
Total comprehensive income for the year	-	-	-	(417,563)	1,123,872	(45,159)	1,078,713	661,150	21,717	682,867
Dividends distribution (Note 10)	-	-	-	-	(756,000)	-	(756,000)	(756,000)	-	(756,000)
Subsidiary dividends distribution	-	-	-	-	-	-	-	-	(19,107)	(19,107)
Balance as of 31 December 2016	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

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



**JORDAN EXPRESS TOURIST TRANSPORTATION COMPANY (JETT)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the year before income tax		2,259,743	1,597,470
<b>Adjustments for:</b>			
Depreciation and amortization	4,3	2,542,549	2,328,584
Gain (losses) on disposal of property and equipment		(5,493)	1,686
Unrealized losses of financial assets at fair value through profit or loss		39,137	45,159
Provision for doubtful debts	8	20,000	60,000
Provision for slow moving inventory	7	75,000	200,000
Lawsuits provision	11	275,000	186,554
Interest revenue		(19,979)	(12,225)
Finance costs		56,365	43,495
<b>Changes in working capital:</b>			
Inventory		(251,035)	(282,121)
Accounts receivable and other debit balances		(557,903)	(635,827)
Accounts payable and other credit balances		(268,682)	194,838
Income tax paid	19	(633,303)	(470,761)
<b>Net cash flows from operating activities</b>		<u>3,531,399</u>	<u>3,256,852</u>
<b><u>INVESTING ACTIVITIES</u></b>			
Proceeds from sale of property and equipment		209,898	1,761
Purchase of property and equipment	3	(2,952,660)	(1,619,902)
Interest received		19,979	12,225
Advances on purchases of property and equipment		-	(321,876)
<b>Net cash flows used in investing activities</b>		<u>(2,722,783)</u>	<u>(1,927,792)</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends distribution		(1,080,000)	(756,000)
Subsidiary dividends distribution		(21,717)	(19,107)
Loan proceeds		2,000,000	-
Loan repayments		(499,970)	(400,008)
Interest paid		(56,365)	(43,495)
<b>Net cash flows from (used in) financing activities</b>		<u>341,948</u>	<u>(1,218,610)</u>
<b>Net increase in cash and cash equivalents</b>		1,150,564	110,450
Cash and cash equivalents at 1 January		763,062	652,612
<b>Cash and cash equivalents at 31 December</b>	9	<u>1,913,626</u>	<u>763,062</u>

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

**(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 a 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 Group'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 Group's authorized and paid in capital to reach JD 10,800,000.

The Company's main objectives are establishing and running 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 ramifications, they also include running lines to transport passengers in accordance with the authorizations granted by the concerned authorities, and setting up, owning and managing gas and fuel stations.

The consolidated financial statements were approved by the Board of Directors on 24 March 2018, 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 that have been measured at fair value as at the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

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



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

The accounting policies used in the preparation of the consolidated financial statements the year ended 31 December 2017 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016 except that the Group has applied the following amendments starting 1 January 2017:

**Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated financial statements.

**Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.

**(2-3) BASIS OF CONSOLIDATION**

The consolidation of a subsidiary that 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 comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

The consolidated financial statements for Jordan Express Tourist Transport Company (JETT) and its subsidiaries (The Group) for the period ended on 31 December 2017 consist of the following:

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

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

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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.

The non-controlling interests' share from the subsidiary's losses is recorded even though this lead to a deficit in the non-controlling interest balance.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent's share of components previously recognized in OCI to profit or loss.

**(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 not subjected to depreciation.

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	25-10
Lease improvements	According to the contract period
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 the expense has been 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 income statement 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

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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 Standards.

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

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 Reporting Standards.

**Cash and cash equivalents**

Cash and cash equivalent in the consolidated statement of financial position comprise cash on hand and at banks and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less the allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of any amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**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 credit balances**

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**

Income tax expense represents current year income tax and deferred 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.

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the consolidated statement of financial position date.

The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

### **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**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the bill is issued.

Interest income is recognized as the interest accrues using the effective interest rate method.

Dividends income is recognized when the companies' general assembly declare those dividends.

Other revenues are recognized according to the accrual basis of accounting.

Expenses are recognized according to the 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 transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on rates declared by the Central Bank of Jordan.



### **Fair value measurement**

Fair values of financial instruments is measured at amortised cost at the date of transaction.

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 takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by 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 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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 to sell and its value in use and 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of comprehensive income in expense categories.

An assessment is made at each reporting date whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

#### **Impairment of financial assets**

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### **(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	Hardware and software	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2017- 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	<u>2,282,865</u>	<u>316,681</u>	<u>462,547</u>	<u>26,683,778</u>	<u>1,083,009</u>	<u>1,843,845</u>	<u>691,858</u>	<u>448,097</u>	<u>33,812,680</u>
<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
Deprecation 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	<u>-</u>	<u>62,066</u>	<u>264,937</u>	<u>18,298,196</u>	<u>822,720</u>	<u>1,100,096</u>	<u>553,459</u>	<u>-</u>	<u>21,101,474</u>
<b>Net book value -</b>									
As at 31 December 2017	<u>2,282,865</u>	<u>254,615</u>	<u>197,610</u>	<u>8,385,582</u>	<u>260,289</u>	<u>743,749</u>	<u>138,399</u>	<u>448,097</u>	<u>12,711,206</u>

Projects in progress represents a gas station and a resting area in Al-Husainieh district; the estimated cost to finish the projects in progress is JD 1,200,000. The work in projects in progress started during 2017 and is expected to finish in 2018.

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	Land	Buildings	Tools and equipment	Transportation vehicles	Furniture and electrical devices	Lease improvements	Hardware and software	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2016- Cost-</b>									
As at 1 January 2016	2,282,865	232,895	381,100	25,097,288	913,921	1,482,075	565,205	139,562	31,094,911
Additions	-	-	19,923	1,389,072	27,075	144,600	13,832	25,400	1,619,902
Transfers	-	-	-	9,000	-	72,847	-	(81,847)	-
Disposals	-	-	-	(1,074,069)	-	-	-	(1,760)	(1,075,829)
As at 31 December 2016	<u>2,282,865</u>	<u>232,895</u>	<u>401,023</u>	<u>25,421,291</u>	<u>940,996</u>	<u>1,699,522</u>	<u>579,037</u>	<u>81,355</u>	<u>31,638,984</u>
<b>Accumulated Depreciation -</b>									
As at 1 January 2016	-	52,319	181,913	16,789,509	689,057	681,354	502,591	-	18,896,743
Deprecation charge for the year	-	4,886	40,830	1,660,483	65,292	188,724	18,493	-	1,978,708
Disposals	-	-	-	(1,072,382)	-	-	-	-	(1,072,382)
As at 31 December 2016	<u>-</u>	<u>57,205</u>	<u>222,743</u>	<u>17,377,610</u>	<u>754,349</u>	<u>870,078</u>	<u>521,084</u>	<u>-</u>	<u>19,803,069</u>
<b>Net book value -</b>									
As at 31 December 2016	<u>2,282,865</u>	<u>175,690</u>	<u>178,280</u>	<u>8,043,681</u>	<u>186,647</u>	<u>829,444</u>	<u>57,953</u>	<u>81,355</u>	<u>11,835,915</u>

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**(4) INTANGIBLE ASSETS**

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

	2017	2016
	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	1,742,911	1,393,035
Amortization	347,709	349,876
As at 31 December	2,090,620	1,742,911
<b>Net book value as at 31 December</b>	<b>1,497,380</b>	<b>1,845,089</b>

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

This item represents the Group's share in the capital of the following companies:

	2017	2016
	JD	JD
Jordan Hotels and Tourism Company (Intercontinental Hotel Amman)	1,781,452	1,385,574
Zara Holdings and Investments Company	429,053	419,301
Jordan Craft Center	62,158	62,158
	<b>2,272,663</b>	<b>1,867,033</b>

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

	2017	2016
	JD	JD
At 1 January	(701,868)	(284,305)
Changes in fair value	405,630	(417,563)
At 31 December	<b>(296,238)</b>	<b>(701,868)</b>



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

This account represents the Group's share in the capital of the following companies:

	<u>2017</u>	<u>2016</u>
	JD	JD
Arab Bank	20,160	22,212
Cairo Amman Bank	158,942	196,026
Other	1	2
	<u>179,103</u>	<u>218,240</u>

**(7) INVENTORY**

	<u>2017</u>	<u>2016</u>
	JD	JD
Spare parts	2,705,162	2,630,859
Fuel	425,964	279,553
Goods in transit	50,552	20,231
Provision for slow moving spare parts*	<u>(548,718)</u>	<u>(473,718)</u>
	<u>2,632,960</u>	<u>2,456,925</u>

\* Movement on the provision for slow moving spare parts is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
As at 1 January	473,718	273,718
Provision for the year	<u>75,000</u>	<u>200,000</u>
As at 31 December	<u>548,718</u>	<u>473,718</u>

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**(8) ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES**

	2017	2016
	JD	JD
Trade receivable	1,933,608	1,515,089
Provision for doubtful debts	(499,821)	(479,821)
	1,433,787	1,035,268
Prepaid expenses	667,399	573,059
Refundable deposits	134,353	81,880
Payments to suppliers	231,894	149,182
Employee Receivables	69,801	61,474
Prepaid income tax deposit	17,304	102,833
sales Tax	229,079	136,610
Insurance claims	14,163	42,839
Accrued revenue	94,115	80,793
Other	29,294	119,348
	2,921,189	2,383,286

Movement of the provision for doubtful debts is as follows:

	2017	2016
	JD	JD
As at 1 January	479,821	419,821
provision for the year	20,000	60,000
As at 31 December	499,821	479,821

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

	<i>Past due but not impaired</i>				
	<i>1 – 30</i>	<i>31 – 90</i>	<i>91 – 120</i>	<i>121 – 160</i>	<i>Total</i>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>	
	JD	JD	JD	JD	JD
2017	632,790	715,146	25,301	60,550	1,433,787
2016	444,538	489,854	13,764	87,112	1,035,268

In the Group management estimated it is probable that unimpaired receivables are expected to be fully recoverable. The Group does not obtain any guarantees against those receivables.

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand	159,312	149,628
Cash at banks*	1,846,518	348,038
Cheques under collection	128,366	265,396
	<u>2,134,196</u>	<u>763,062</u>

\* Cash at banks includes a deposit amounting JD 1,275,389 (2016: JD 16,091) with a maturity date of three months or less, bearing an annual interest rate range between 3.25% to 3.5%.

Cash and cash equivalents are presented as follows for the purposes of preparing the consolidated statement of cash flow:

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand and at banks	2,134,196	763,062
Overdrafts**	(220,570)	-
	<u>1,913,626</u>	<u>763,062</u>

\*\* This item represents the utilized balance from the obtained overdraft from Cairo Amman Bank with a ceiling of JD 500,000 as of 31 December 2017 and an interest of 8.75% without any 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 a par value of JD 1 per share.

**Statutory Reserve -**

As required by the Jordanian Companies Law, 10% of the profit before tax is to be transferred to statutory reserve. 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 2018 to distribute 12% of the Company's share capital (JD 1,296,000) as dividends to shareholders for the profit of 2017.

On 26 April 2017, the General Assembly has approved in its ordinary meeting the distribution of 10% of the Company's share capital (JD 1,080,000) as dividends to the shareholders for the profit of 2016.

**(11) ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES**

	<u>2017</u>	<u>2016</u>
	JD	JD
Trade payables	825,002	723,606
Postdated cheques	20,000	352,668
Accrued expenses	183,225	240,618
Key management remuneration	117,897	100,000
Dividends payable	593,970	602,020
Board of directors remunerations	35,000	35,000
Lawsuits provision*	305,873	111,000
End of service provision	53,894	20,000
Others	110,879	54,510
	<u>2,245,740</u>	<u>2,239,422</u>

\* The movement on the lawsuits provision as of 31 December is as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
As at 1 January	111,000	79,446
Provision for the year	275,000	186,554
Paid lawsuits provision	<u>(80,127)</u>	<u>(155,000)</u>
As at 31 December	<u>305,873</u>	<u>111,000</u>

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**(12) LOANS**

	2017			2016		
	Loan Installments			Loan Installments		
	Current portion	Long- term portion	Total	Current Portion	Long- term Portion	Total
	JD	JD		JD	JD	
Cairo Amman Bank (1)	400,008	1,399,988	1,799,996	-	-	-
Cairo Amman Bank (2)	-	-	-	299,966	-	299,966
	<u>400,008</u>	<u>1,399,988</u>	<u>1,799,996</u>	<u>299,966</u>	<u>-</u>	<u>299,966</u>

**Cairo Amman Bank (1)**

During 2017, the Group has 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 is due on 1 June 2022.

**Cairo Amman Bank (2)**

During 2012, the Group has obtained a loan from Cairo Amman Bank with a ceiling of JD 2,000,000 and an annual interest rate of 0.5%, The loan is repayable over 60 equal monthly installments of JD 33,334 each, The first installment was due on 1 November 2012 and the last installment is due on 1 October 2017. An amount of JD 1,544,000 was received during the year 2012 and an amount of JD 456,000 was received during 2013.

**(13) REVENUES**

	2017	2016
	JD	JD
Passengers transportation revenues	13,402,316	10,881,921
Fuel segment revenues	5,960,287	3,188,688
Tourist transportation revenues	3,753,559	3,266,126
Commission revenues	2,111,639	1,983,195
Freight Revenues	<u>346,467</u>	<u>371,598</u>
	<u>25,574,268</u>	<u>19,691,528</u>

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**(14) OPERATING EXPENSES**

TOURISM AND TRANSPORTATION SEGMENT

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries, wages and other benefits	4,074,302	3,465,331
Consumed spare parts	1,690,429	1,576,478
General maintenance	109,464	102,273
Fuel	2,887,953	2,262,369
Bus licensing fees	75,568	78,889
Bus insurance fees	294,358	258,066
Depreciation and amortization	2,370,418	2,186,398
Health insurance	140,788	105,046
Visas and commissions expenses	1,855,633	1,283,171
Bus parking expenses	15,888	11,660
Vehicles tracking lines expense	20,618	15,487
Lines investment contracts fees	70,415	68,789
Accommodation and travel expenses	61,123	80,275
Government fees and licenses	123,280	84,887
Accidents compensations Expenses	922	-
Others	119,530	58,239
	<u>13,910,689</u>	<u>11,637,358</u>

FUEL SEGMENT

	<u>2017</u>	<u>2016</u>
	JD	JD
Fuel	5,574,319	3,023,159
Salaries	70,373	42,053
Rents	27,614	21,021
Water and electricity	14,332	8,462
Depreciation	21,725	21,728
Others	23,242	8,921
	<u>5,731,605</u>	<u>3,125,344</u>
<b>Total operating expense</b>	<u>19,642,294</u>	<u>14,762,702</u>

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**(15) OTHER INCOME**

	<u>2017</u>	<u>2016</u>
	JD	JD
Dividends income	110,218	61,381
Income from the sale of spare parts	20,638	45,086
Settlement of insurance claims	126,869	55,592
Interest income	19,979	12,225
Advertising campaigns income	75,759	19,150
Others	40,133	39,175
	<u>393,596</u>	<u>232,609</u>

**(16) ADMINISTRATIVE EXPENSES**

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries, wages and other benefits	1,139,667	956,228
Phone, water and electricity	413,307	354,297
Rents	484,887	451,987
Transportation	33,156	71,529
Bank charges	28,745	7,183
Government expenses	82,385	62,556
Depreciation	150,406	120,458
Professional expenses	70,301	68,525
Maintenance expenses	124,532	89,020
Stationary	96,420	85,772
Sales tax differences	111,241	95,343
Health insurance	42,189	31,378
Travel expenses	84,635	21,810
Clothes and uniform expense	40,722	42,980
Advertising expenses	296,314	282,444
Donations	73,170	22,900
Hospitality	57,552	52,420
Others	43,887	41,018
	<u>3,373,516</u>	<u>2,857,848</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
key management remuneration	100,000	100,000
Provision for slow moving spare parts	75,000	200,000
Provision for end of service indemnity	47,302	34,223
Board of directors remunerations	35,000	35,000
Lawsuits provision	275,000	186,554
Provision for doubtful debts	20,000	60,000
Others	50,000	-
	<u>602,302</u>	<u>615,777</u>

**(18) EARNINGS PER SHARE**

	<u>2017</u>	<u>2016</u>
	JD	JD
Profit for the year attributable to shareholders of the Group (JD)	1,629,242	1,078,713
Weighted average number of outstanding 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 from profit of the year	<u>0/151</u>	<u>0/100</u>

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

**(19) INCOME TAX**

Provision on income tax for the years ended 31 December 2017 and 2016 was calculated in accordance with the Jordanian income tax Law No. (34) of 2014. Jordan Express Tourist Transportation Company (JETT) and its subsidiaries have filled their tax returns for the year 2016, which have not been reviewed by the Income and Sales Tax Department at the date of the consolidated financial statements.



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Jordan Express Tourist Transportation Company (JETT) obtained a final clearance from the Income and Sales Tax Department up to the year 2014, the company provided its tax return for 2016 which has not been reviewed by the income tax department until date of the consolidated financial statements.

JETT Passenger Transportation Company has obtained a final clearance from the Income and Sales Tax Department up to 2014 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 fill pending at the date of the financial statements.

Raya JETT Passenger Transportation Company has obtained a final clearance from the Income and Sales Tax Department up to 2016.

**\* The movement on the provision for income tax is as follows:**

	2017	2016
	JD	JD
As at 1 January	497,040	470,761
Current year income tax	607,039	497,040
Income tax paid	(633,303)	(470,761)
As at 31 December	470,776	497,040

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

	2017	2016
	JD	JD
Accounting profit	2,259,743	1,597,470
Attributable to:		
Net loss-Parent	(599,414)	(1,071,278)
Net profit – Subsidiary	2,252,118	2,171,708
Current year income tax	607,039	497,040
Statutory income tax rate	26.9%	31.1%
Effective tax rate	20%	20%

**(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>2017</u>	<u>2016</u>
	JD	JD
Loans and Overdrafts (Cairo Amman Bank)	2,020,566	299,966
Time Deposit (Cairo Amman Bank)	<u>1,275,389</u>	<u>16,091</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Board of directors transportation and remunerations	119,000	102,200
Salaries, wages and other benefits (Key Management)	324,835	242,694
Finance costs (Cairo Amman Bank)	56,365	43,495
Interest income (Cairo Amman Bank)	19,979	12,225

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**(21) MATERIAL SUBSIDIARIES INFORMATION**

Financial information of subsidiaries is as follows:

Company name	Country of incorporation	Operating activity	Ownership interest	
			2017	2016
JETT for Tourism and Travel Company	Jordan	Travel agency	100%	100%
JETT Passenger Transportation Company	Jordan	Transportation of passengers	99%	99%

Summarized financial information of the subsidiary are provided below. This information is based on amounts before inter-company elimination.

**A. Summarized statement of financial position**

	JETT Passenger Transportation Company	
	2017	2016
	JD	JD
Current assets	23,382,467	20,950,933
Non-current assets	6,772,958	6,708,276
current liabilities	(1,817,132)	(1,645,350)
<b>Total equity</b>	<b>28,338,293</b>	<b>26,013,859</b>

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**B. Summarized statement of profit and loss**

	JETT Passenger Transportations Company	
	2017	2016
	JD	JD
Revenues	15,528,968	12,987,671
Operating expense	(10,006,649)	(8,163,843)
<b>Gross profit</b>	<b>5,522,319</b>	<b>4,823,828</b>
Gain (losses) on disposal of property and equipment	5,493	(6)
Administrative expenses	(2,300,697)	(2,107,330)
Other expenses	(368,100)	(108,000)
Other income	94,180	60,256
<b>Net income for the year</b>	<b>2,953,195</b>	<b>2,668,748</b>
<b>Net income tax</b>	<b>(607,039)</b>	<b>(497,040)</b>
<b>Profit for the year</b>	<b>2,346,156</b>	<b>2,171,708</b>
Add: other comprehensive income items		
<b>Total comprehensive income</b>	<b>2,439,256</b>	<b>2,171,708</b>

**C. Summarized statement of cash flow**

	JETT Passenger Transportation Company	
	2017	2016
Operating activities	4,145,752	3,290,940
Investing activities	(1,656,246)	(169,448)
Financing activities	(1,443,837)	(3,027,126)
<b>Net increase in cash and cash equivalents</b>	<b>1,045,669</b>	<b>94,366</b>

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**(22) SEGMENT REPORTING**

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

- Tourist Transportation Segment – this segment transports Tourists, pilgrims and others.
- Passengers transportation Segment – this segment runs passengers transportation lines in accordance with authorizations granted by the concerned authorities.
- Fuel Segment- this item mainly includes Fuel segment where the Group owns a station to sell fuel.

The following tables represent information on the revenues and results of some assets and liabilities for these segments for the years ended 31 December 2017 and 2016:

	<i>Tourist transportation</i>	<i>Passenger transportation</i>	<i>Fuel</i>	<i>Total</i>
<b>2017-</b>	JD	JD	JD	JD
Revenues	4,085,013	15,528,968	5,960,287	25,574,268
Segment gross profit	140,251	5,563,041	228,682	5,931,974
segment (Loss) profit	(922,134)	2,346,156	228,682	1,652,704
Depreciation and amortization	929,258	1,591,562	21,729	2,542,549
Capital expenditures	1,515,362	1,380,770	56,528	2,952,660
Segment assets	14,529,427	9,242,558	576,712	24,348,697
Segment liabilities	2,919,950	1,817,132	-	4,737,082
	<i>Tourist transportation</i>	<i>Passenger transportation</i>	<i>Fuel</i>	<i>Total</i>
<b>2016-</b>	JD	JD	JD	JD
Revenues	3,515,169	12,987,671	3,188,688	19,691,528
Segment gross profit	115,133	4,750,349	63,344	4,928,826
segment (Loss) profit	(1,134,822)	2,171,708	63,344	1,100,430
Depreciation and amortization	824,351	1,482,508	21,725	2,328,584
Capital expenditures	1,368,601	169,454	81,847	1,619,902
Segment assets	13,682,450	7,550,655	458,321	21,691,426



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Segment liabilities	<u>2,033,728</u>	<u>1,002,700</u>	<u>-</u>	<u>3,036,428</u>
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**(23) CONTINGENT LIABILITIES**

As of the date of the consolidated financial statements, the Group has contingent liabilities that consist of Letters of guarantees with an amount of JD 408,534 (2016: JD 306,830), for which cash guarantees have amounted JD 29,735 (2016: JD 30,683)

The Group is defendant in a number of lawsuits with claims amounting to JD 227,285 as at 31 December 2017 the management and their legal advisor believe that no material liabilities are likely to result from these lawsuits, except for what had already been allocated to face these lawsuits of JD 401,985 as of 31 December 2017.

**(24) RISK MANAGEMENT**

**Interest rate risk**

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (Bank loans and bank Deposits).

The sensitivity of the consolidated statement of profit or loss 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.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss as of 31 December to reasonably possible changes in interest rates, with all other variables held constant.

	Increase in interest rate <u>(Basis points)</u>	Effect on profit before tax <u>JD</u>
<b>2017- Currency JD</b>	50	(37,259)
	Decrease in interest rate <u>(Basis points)</u>	Effect on profit before tax <u>JD</u>
<b>Currency JD</b>	(50)	37,259

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	Increase in interest rate (Basis points)	Effect on profit before tax JD
<b>2016- Currency JD</b>	50+	(1,420)
	Decrease in interest rate (Basis points)	Effect on profit before tax JD
<b>Currency JD</b>	50-	1,420

**Equity price risk**

The following table demonstrates the sensitivity of the Group's consolidated statement of income 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>2017 - Index</b>			
Amman Stock Exchange	1	1,791	22,727
<b>2016 - Index</b>			
Amman Stock Exchange	1	2,182	18,670

In case of an 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**

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.

<b>31 December 2017</b>	<u>Less than 3 months JD</u>	<u>3 to 12 months JD</u>	<u>1 to 5 Years JD</u>	<u>Total JD</u>
Other credit balances	2,014,240	-	-	2,014,240
Bank overdraft	225,323	-	-	225,323
Loans	<u>101,000</u>	<u>309,000</u>	<u>1,595,982</u>	<u>2,005,982</u>
<b>Total</b>	<u>2,340,563</u>	<u>309,000</u>	<u>1,595,982</u>	<u>4,245,545</u>

**31 December 2016**

Other credit balances	2,736,462	-	-	2,736,462
Loans	<u>105,779</u>	<u>205,140</u>	<u>-</u>	<u>310,919</u>
<b>Total</b>	<u>2,842,241</u>	<u>205,140</u>	<u>-</u>	<u>3,047,381</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).

**(25) 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 debit balances, 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 2017 and 2016.

## **(26) 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 19,568,153 as at 31 December 2017 against JD 18,613,281 as at 31 December 2016.

## **(27) 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

### **IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group has 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 new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Group plans to adopt the remaining phases on the effective date and will not restate comparative information.



**(a) Classification and Measurement**

The Group does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

**(b) Impairment**

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Group adopts IFRS 15, whereas,

The Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

**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.

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

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.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

**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.

### **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.

### **Transfers of Investment Property (Amendments to IAS 40)**

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.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

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

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

**IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration**

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 nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed

**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.