

نموذج رقم (3-1)

Form No. (1-3)

بورصة عمان
الدائرة الإدارية والمالية
الديوان

٠٥ آب ٢٠١٩

الرقم التسلسلي: ٧٩٥٥

رقم الملف: ٧٩٥٥

الجهة المختصة: المدير العام



To: Jordan Securities Commission
Amman Stock Exchange

Date: 04/08/2019

Subject: Semi-Annual Report as of 30/6/2019
In English Language.

Attached the Semi-Annual Report of (Jordan
National Shipping Lines Company) in English
Language as of 30/6/2019.

Kindly accept our highly appreciation and
respect,,,

Jordan National Shipping Lines Company.

General Manager's Signature



الخطوط البحرية الوطنية الأردنية م.ع.م.

السادة: هيئة الاوراق المالية

السادة: بورصة عمان

التاريخ: 2019/08/04

الموضوع: التقرير نصف السنوي كما في 30/6/2019
باللغة الإنجليزية

مرفق طيه نسخة من التقرير نصف السنوي لشركة
(الخطوط البحرية الوطنية الأردنية) باللغة الإنجليزية
عن الفترة المالية المنتهية في 30/6/2019.

وتفضلوا بقبول فائق الاحترام,,,

شركة الخطوط البحرية الوطنية الأردنية

توقيع المدير العام

Handwritten signature of the General Manager

Handwritten initials

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

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

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
JUNE 30, 2019

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Review Report on the Condensed Consolidated Interim Financial Statements

AM \ 000744

To the Chairman and the Members of the Board of Directors
Jordan National Shipping Lines Company
(Public Shareholding Limited Company)
Aqaba – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan National Shipping Lines (Public Shareholding Limited Company) as of June 30, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (34) Interim Financial Reporting. Our responsibility is to express an opinion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As a result of being denied access to the financial information, management and auditors of Smit Lamnalco Company – Jordan, an associate company, we were unable to complete our review of the Company's equity accounted investment of JD 5.7 million as at June 30, 2019 with a corresponding share of income of approximately JD 691,000 for the period then ended. Had we been able to complete our review of this investment in associate and corresponding share of income, matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.


Qualified Conclusion

Except for the adjustments to the interim financial information that we might have become aware of had it not been for the situation described above, based on our review nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements does not present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard (34) Interim Financial Reporting.

Other Matter

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

Amman – Jordan
July 29, 2019


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2019 (Reviewed not Audited)		December 31, 2018	
		JD	JD	JD	JD
ASSETS					
Current Assets:					
Cash on hand and at banks	4	4,103,701	3,489,179	3,657,325	2,492,459
Accounts receivable - net		871,065	1,087,171	67,667	97,840
Financial assets at fair value through profit or loss	17	1,407,062	1,222,277	1,314,208	1,103,066
Due from related parties	5/A	168,840	262,528	1,015,939	1,796,535
Other debit balances and prepaid expenses	9	402,527	349,363	6,055,139	5,489,900
Inventory - hotel		70,536	63,594		
Total Current Assets		7,023,731	6,474,112	5,372,855	4,726,328
LIABILITIES					
Current Liabilities:					
Accounts payable and other credit balances					
Income tax provision	14				
Due to related parties	5/B				
Short - term loans installments	8				
Total Current Liabilities					
Long - term loans installments	8				
OWNERS' EQUITY					
Shareholders' Equity:					
Paid-up capital		3,456,957	3,761,287	15,000,000	15,000,000
Statutory reserve	6	8,108,992	7,459,471	3,750,000	3,750,000
Investments revaluation reserve	7	1,207,865	1,220,566	(882,128)	(584,186)
Retained earnings		12,773,814	12,441,324	3,763,216	5,566,090
Profit for the year				1,811,671	-
Total Shareholders' Equity		23,882,294	23,751,439	23,442,759	23,731,904
Non-controlling interests		(7,591,384)	(7,443,804)	1,217,702	1,274,939
TOTAL OWNERS' EQUITY		16,290,910	16,307,635	24,660,461	25,006,843
TOTAL LIABILITIES AND OWNERS' EQUITY		36,088,455	35,223,071	36,088,455	35,223,071

General Manager

Chairman of the Board of Directors

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
Note	2019	2018	2019	2018
Revenue:	JD	JD	JD	JD
Net revenue from maritime agencies, sea freight and cruising vessels	758,031	584,128	1,595,203	1,163,010
Gross hotel operating revenue before other expenses	<u>576,853</u>	<u>600,349</u>	<u>1,128,715</u>	<u>1,122,172</u>
Gross Profit	1,334,884	1,184,477	2,723,918	2,285,182
<u>Less:</u> General and administrative expenses and depreciation	(962,766)	(895,450)	(1,785,435)	(1,728,229)
Information technology expenses - Hotel	(27,719)	8,169	(53,175)	(55,554)
Power and maintenance expenses - Hotel	(135,789)	(178,325)	(254,469)	(250,225)
Financing expenses	(127,361)	(132,840)	(257,898)	(273,129)
Gain (loss) from financial assets at fair value through profit or loss	239,338	(124,472)	240,576	(93,819)
Dividends from financial assets at fair value through comprehensive income	76,528	197,964	156,962	197,964
Company's share from investment in associate companies income	10 252,586	489,350	859,521	1,096,119
Other revenue - Net	<u>115,563</u>	<u>177,082</u>	<u>176,471</u>	<u>418,376</u>
Income for the period before Tax	765,264	725,955	1,806,471	1,596,685
Income tax expense	14/B (23,716)	(40,790)	(52,037)	(61,897)
Income for the Period	<u>741,548</u>	<u>685,165</u>	<u>1,754,434</u>	<u>1,534,788</u>
Attributable to:				
The Company's shareholders	767,912	706,521	1,811,671	1,594,092
Non-controlling interests	<u>(26,364)</u>	<u>(21,354)</u>	<u>(57,237)</u>	<u>(59,304)</u>
	<u>741,548</u>	<u>685,167</u>	<u>1,754,434</u>	<u>1,534,788</u>
Earnings per share for the period attributable to the Company's shareholders:				
Basic and Diluted	11 -/051	-/047	-/121	-/106

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
THE ACCOMPANYING REVIEW REPORT.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AOABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Six Months	
	Ended June 30,	
	2019	2018
	JD	JD
Income for the period	1,754,434	1,534,788
Items that will not be reclassified subsequently to the condensed consolidated interim statement of income:		
Loss from sale of financial assets at fair value through comprehensive income		
Cumulative change in fair value - financial assets at fair value through comprehensive income	-	1,134
Total Comprehensive Income	1,453,618	44,520 1,580,442
Total Comprehensive Income Attributable to:		
The Company's shareholders	1,510,855	1,639,746
Non - controlling interests	(57,237)	(59,304)
	1,453,618	1,580,442

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
 (REVIEWED NOT AUDITED)

	Company's Shareholders' Equity									
	Paid-up Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Income for the Period		Non-Controlling Interest	Total Shareholders' Equity	Total Owners' Equity	
					JD	JD			JD	JD
For the Six Months Ended June 30, 2019										
Balance - beginning of the period	15,000,000	3,750,000	(584,186)	5,566,090	-	1,811,671	23,731,904	1,274,939	25,006,843	
Income for the period	-	-	(300,816)	-	1,811,671	-	1,811,671	(57,237)	1,754,434	
Change in fair value - financial assets at fair value through other comprehensive income	-	-	2,874	(2,874)	-	-	1,510,855	(57,237)	1,453,618	
Gain from sale of financial assets at fair value through comprehensive income	-	-	(297,942)	(2,874)	1,811,671	-	1,510,855	-	1,453,618	
Total Comprehensive Income	-	-	-	(1,800,000)	-	-	(1,800,000)	-	(1,800,000)	
Transfers during the period	-	-	-	-	1,811,671	-	1,811,671	1,217,702	24,660,461	
Dividends distributed *	15,000,000	3,750,000	(882,128)	3,763,216	1,811,671	-	23,442,759	1,217,702	24,660,461	
Balance - End of the Period	-	-	-	(1,800,000)	-	-	(1,800,000)	-	(1,800,000)	
For the Six Months Ended June 30, 2018										
Balance - beginning of the period	15,000,000	3,750,000	(487,203)	4,237,775	-	1,594,092	23,010,955	1,519,082	24,530,037	
Income for the period	-	-	44,520	-	-	-	44,520	(59,304)	1,534,788	
Change in fair value - financial assets at fair value through other comprehensive income	-	-	9,559	(8,425)	-	-	1,134	-	44,520	
Gain from sale of financial assets at fair value through comprehensive income	-	-	54,079	(8,425)	1,594,092	-	1,639,746	(59,304)	1,580,442	
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	
Transfers during the period	-	-	-	(1,800,000)	-	-	(1,800,000)	-	(1,800,000)	
Dividends distributed *	-	-	-	-	-	-	-	(139,790)	(139,790)	
Dividends distributed shareholders - subsidiary company	-	-	-	-	-	-	-	-	-	
Transferred to statutory reserve	15,000,000	3,750,000	(433,124)	2,939,733	1,594,092	-	22,850,701	1,319,988	24,170,689	
Balance - End of the Period	-	-	-	-	-	-	-	-	-	

* According to the General Assembly resolution in its meeting held on April 28, 2019 an amount of JD 1,800,000, 12% of Paid up capital was approved for distribution to the shareholders for the year ended 2018 (JD 1,800,000 for the year 2017)

- An amount of JD 882,128 from retained earnings is restricted against the negative value in investment revaluation reserve as of June 30, 2019.

- Retained earning includes JD 160,867 for the six months period ended June 30, 2019, representing unrealized losses from evaluating financial assets at fair value through unrealized income for the period Ended June 30, 2019.

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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AOABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Six Months Ended June 30,	
		2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		1,806,471	1,596,685
Adjustments for:			
(Gain) loss revaluation of financial assets at fair value through income statement		(160,867)	93,819
Depreciation of property and equipment and Investment properties		369,388	309,518
Dividends from financial assets at fair value through comprehensive income		(156,962)	(197,964)
(Gain) from investment in associate companies	10	<u>(859,521)</u>	<u>(1,096,119)</u>
Cash Flows from Activities before Changes in Working Capital		998,509	705,939
(Increase) decrease in current assets:			
Accounts receivable		(37,460)	308,075
Due from related parties		98,035	76,921
Other debit balances and prepaid expenses		(53,164)	(191,495)
Inventory - hotel		(6,942)	(31,714)
Increase (decrease) in current liabilities :			
Accounts payable and other credit balances		1,164,866	(346,167)
Due to related parties		<u>211,142</u>	<u>104,368</u>
Net Cash Flows from Operating Activities before Income Tax Paid		2,374,986	625,927
Income tax paid	14/a	<u>(82,210)</u>	<u>(88,371)</u>
Net Cash Flows from Operating Activities		<u>2,292,776</u>	<u>537,556</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from investment in associate companies	6	210,000	1,459,989
(Purchase) of property and equipment - net		(339,962)	(86,582)
(Increase) decrease in financial assets at fair value through income statement		(23,918)	51,400
Decrease (increase) in financial assets at fair value through comprehensive income statement		304,330	(62,184)
Dividends from financial assets at fair value through comprehensive income		<u>156,962</u>	<u>197,964</u>
Net Cash Flows from Investing Activities		<u>307,412</u>	<u>1,560,587</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in loans		(134,069)	(476,086)
Dividends distributed	9	<u>(1,800,000)</u>	<u>(1,800,000)</u>
Net Cash Flows (used in) Financing Activities		<u>(1,934,069)</u>	<u>(2,276,086)</u>
Net Increase (Decrease) in cash		666,119	(177,943)
Cash on hand and at banks - beginning of the year		<u>3,489,179</u>	<u>4,085,096</u>
Cash on Hand and at Banks - End of the Period	12	<u>4,155,298</u>	<u>3,907,153</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- According to the resolution of the Company's General Assembly, in its extraordinary meeting held on August 1, 2004, and the Companies Controller's Letter No. Msh/merger/13324 on August 30, 2004, stating the approval of his Excellency the Minister of Industry and Trade on the resolution of the Company's General Assembly to merge Jordan National Shipping Lines Company with Fast International Trade and Transport Company on June 30, 2004, a new public shareholding company was established under the name of Jordan National Shipping Lines Company with a capital of JD 5,750,000 allocated to 5,750,000 shares at a par value of JD 1 each. The Company's capital increased in several stages, the last of which was during the year 2013. Where the Company's capital became JD 15 million through capitalizing JD 2/925 million from the retained earnings and distributing it as free stock dividends to the shareholders. The proper procedures to list the stock was completed on June 19, 2013.
- The Company was also registered in Aqaba Special Economic Zone under registration number (1103110402) on November 4, 2003.
- The Company's main objectives are to carry out different types of marine transportation activities using its own ships, as well as ships on lease, in addition to carrying out marine agencies and land transportation activities.
- The Board of Directors approved the Company's condensed consolidated interim financial statements on July 28, 2019.

2. Significant Accounting Policies

a. Basis of Preparation of the Condensed Consolidated Interim Financial Statements:

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.

- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information statement.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and should be read with the annual report of the Company as of December 31, 2018. In addition, the results of the Company's operations for the six months ended June 30, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019, and do not contain the appropriation of the profit of the six months period ended June 30, 2019, which is usually performed at year-end.

b. Basis of Consolidation

- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the company. If the accounting policies adopted by the subsidiary are different from those used by the Company, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Company.

- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Company. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Company loses control over its subsidiary.

Control is achieved when the Company:

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

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

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

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

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

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

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

The subsidiaries are represented as of June 30, 2019:

	Ownership Percentage	Activity Nature	Establishment Country	Paid Up Capital
Jordan Group for Shipping Agencies **	70	Shipping Agency	Jordan	JD 150,000
Jordan Maritime Complex for Real Estate Investment ***	74	Investment Properties / Hotel	Jordan	15,600,000
Aqaba Company for Development and Maritime Services *	95	Shipping Agency	Jordan	30,000

* During the year 2011, the Jordanian Group shipping agencies (a subsidiary) purchased 95% of the Aqaba Development and Marine Services Company for JD 28,500. Whereby the former would share the profits of the latter effective from the beginning of 2011. Moreover, the results of operations of Aqaba Development and Maritime Services whose assets totaled of JD 433 and partners equity totaled to a deficit of JD 115,891 as of June 30, 2019. The Company did not achieve any revenue or any expenses during the period ended June 30, 2019.

** Jordan Group for Shipping Agencies Company is 70% owned by Jordan National Shipping Lines Company whereas each of Jordan Phosphate Mines Company and Arab Potash Company owns 15% of the Company's capital of JD 150,000. The Company's objectives are to represent companies and ships that conduct marine transport activities, act as marine and commercial representatives and agents, intermediate in marine transport activities, and provide all the necessary services for ships, goods, and transporters.

*** Jordan Maritime Complex for Real Estate Investment Company is 74% owned by Jordan National Shipping Lines Company and The Salam International Transport and trading Company own 26% of the Company's capital amounted to JD 15.6 million. The Company's objectives to invest in real estate, including all types of buildings and residential apartments / complexes and lease commercial and residential real estate, including land and complexes.

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

Amendments with no material effect on the condensed consolidated interim financial statements of the company:

Annual improvements to IFRSs issued between 2015 and 2017

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

IFRIC (23) Uncertainty on the Treatment of Income Tax

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

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

Amendments to IFRS (9) "Financial Instruments"

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

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

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

Amendments to IAS (19) Employee Benefits

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

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

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

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

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

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

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

3. Significant accounting Estimates and key sources of uncertainty estimates

The preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. The estimates and assumptions also affect income, expenses, provisions, in general and expended credit loss also the changes in fair value that appears in condensed consolidated interim statement of comprehensive income and within shareholder's equity, and in a specific way, it requires the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

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

Extension and termination of lease contracts options

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

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

Deduction of rental payments

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

4. Cash on Hand and at Banks

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Cash on hand and checks under collection	14,950	7,450
Deposits at banks *	158,636	1,195,236
Current accounts	3,981,712	2,333,741
	<u>4,155,298</u>	<u>3,536,427</u>
<u>Less</u> : Expected credit loss provision (Current accounts and deposits at banks)	<u>(51,597)</u>	<u>(47,248)</u>
	<u>4,103,701</u>	<u>3,489,179</u>

* The above deposit is for a term of three months and bears interest at a rate of 5.15% – 5.35%.

5. Related Party Transactions

This item consists of the following:

a - Due from Related Parties – Net:

	Nature of Relationship	June 30, 2019	December 30, 2018
		JD	JD
Arab Ship Management Company	Associate company	155,907	36,080
Smit Lamnalco Ltd Company - Jordan	Associate company	5,000	5,000
Sea Star Shipping and Logistics Company	Sister company	4,575	225,612
Other		5,721	2,546
Total		<u>171,203</u>	<u>269,238</u>
Less: Provision for expected credit loss		<u>(2,363)</u>	<u>(6,710)</u>
		<u>168,840</u>	<u>262,528</u>

b - Due to Related Parties:

	Nature of Relationship	June 30, 2019	December 30, 2018
		JD	JD
Shipping Lines Company for Maritime and Storage Services	Associate company	335,400	335,400
Aqaba Diamond Company	Associate company	213,580	213,580
Salam International Transport and Trading Company	Sister company	700,091	517,810
Jordan National for Ship Operation Company	Associate company	46,216	33,776
Other		18,921	2,500
		<u>1,314,208</u>	<u>1,103,066</u>

This item represents the investment in associate companies, which is stated according to the equity method.

Company	Nature of Business	Location	Paid-up Capital	Profit for the Period	Ownership Percentage			
					June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
			JD	JD	%	%	JD	JD
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	150,000	30	30	1,036,526	1,096,191
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	-	40	40	34,708	35,038
Aqaba Diamond Company	Navigation	Aqaba	500,000	-	50	50	206,604	206,928
Arab Ship Management Company	Ships Management	Aqaba	149,000	60,000	30	30	207,240	216,908
Smit Lamnalco Company Ltd - Jordan	Ships services	Aqaba	50,000	-	27	27	5,694,789	5,003,427
Shipping Lines Company for Maritime and Storage Services	Navigation	Aqaba	3,500,000	-	50	50	309,737	309,737
Jordanian National for Ships Operation Company	Shipping	Aqaba	700,000	-	50	50	619,388	591,242
Total Investments in associate Companies				<u>210,000</u>			<u>8,108,992</u>	<u>7,459,471</u>

7. Investment Properties - Net

This item consists of the following:

	Land	Buildings	Total
<u>For the Six Months Ended June 30, 2019</u>	JD	JD	JD
Balance beginning of the period	248,995	1,270,026	1,519,021
Total	<u>248,995</u>	<u>1,270,026</u>	<u>1,519,021</u>
<u>Accumulated Depreciation</u>			
Balance beginning of the period	-	(298,455)	(298,455)
Depreciation during the period	-	(12,700)	(12,700)
Total	<u>-</u>	<u>(311,155)</u>	<u>(311,155)</u>
Balance at the End of the Period	<u>248,995</u>	<u>958,871</u>	<u>1,207,865</u>
<u>For the Year Ended December 31, 2018</u>			
Balance beginning of the year	248,995	1,270,026	1,519,021
Total	<u>248,995</u>	<u>1,270,026</u>	<u>1,519,021</u>
<u>Accumulated Depreciation</u>			
Balance beginning of the year	-	(273,055)	(273,055)
Depreciation during the year	-	(25,400)	(25,400)
Total	<u>-</u>	<u>(298,455)</u>	<u>(298,455)</u>
Balance End of the Year	<u>248,995</u>	<u>971,571</u>	<u>1,220,566</u>

- The market value of property investments is estimated at JD 3.706 million as of December 31, 2018.

8. Loans

This item consists of the following:

	June 30, 2019		December 31, 2018	
	Short-term Loan Installments	Long-term Loan Installments	Total	Total
	JD	JD	JD	JD
Bank al-Etihad loans (a)	155,939	-	155,939	363,708
Egyptian Arab Land Bank loan (b)	520,000	3,065,974	3,585,974	3,534,107
Egyptian Arab Land Bank loan (b)	340,000	2,306,881	2,646,881	2,625,048
	<u>1,015,939</u>	<u>5,372,855</u>	<u>6,388,794</u>	<u>6,522,863</u>

- (a) This loan was granted with guarantee of a land mortgage, plot number (646), north port square area number 7 from Aqaba city along with the building located on the land with a value of JD 1.5 Million. In addition to mortgaging 18 thousand shares from the Arab Bank shares and 97 thousand shares from the Housing Bank shares owned by the Holding Company, including any resulting cash dividends or share dividends therefrom in favor of the bank, in addition to the Company's Related Estate Investment partners guarantee. On December 23, 2013, Jordan Maritime Complex Company signed an agreement with Al Etihad bank, where they will postpone all of the US Dollars declining loan installments due in 2014 so as to be settled starting from January 1, 2015 till October 1, 2017, through quarterly installments amounting to USD 200,000 each. On June 29, 2015 an agreement was signed between AL Jordan Maririme Complex Real Estate Investment Company (subsidiary Company) Real estate company (subsidiary) and union bank whereby three installments of the decreasing cash loan in US dollar are due to be repaid during the year to be paid at the beginning of the year 2018 under quarterly installments in the amount of USD 200,000.
- (b) During the year 2011, Jordan Maritime Complex Real Estate Investment (subsidiary company) was granted credit facilities from Egyptian Arab Land Bank as follows:

1. Loan amounted to JD 3,785,200 with an annual interest rate of 8%. The loan will be settled through 36 quarterly installments by an amount of JD 150,162 each, including interest. Where the first installment was due on August 31, 2012.
2. Declining commercial advance amounted to USD 5,600,000 with 6 months libor + 2.5% annually, with a minimum interest rate of 3%. The advance will be settled through 36 quarterly installments amounting to USD 182,597 each, including interest. Where the first installment was due on August 31, 2012.
3. During the year 2012, the Company was granted additional credit facilities from Egyptian Arab Land Bank to cancel the overdraft limit amounted to JD 750,000 and turned it into a commercial advance in an amount of JD 759,000, bearing all interest and commissions charged, to be settled through 20 quarterly installments amounting to JD 45,990 each, with an annual interest rate of 8% started from May 31, 2013.

The Company has requested Egyptian Arab Land Bank in its letter no. 36/JMCR/2013 dated November 25, 2013 to delay the loans that matured during the year 2014 for additional one year to be paid in the beginning of 2015. Moreover, the bank has approved the company's request on March 12, 2014.

The main purpose of these facilities is to settle Al Etihad Bank credit facility. The facility is granted against a first degree mortgage, on plot of land number (646) north port land square area number (7) from Aqaba city along with the hotel building located on the land amounted to JD 8.5 Million in accordance to mortgage deed number 640 at JD 8.5 million in addition to the Company's partners guarantees.

On June 24, 2015, the Jordan Maritime Complex for Real Estate Investment (a subsidiary) requested to the Egyptian Arab Land Bank to delay all loans due from 30 November 2015 to 31 May 2016 to be paid from 30 November 2022 to 31 May 2023 For the first and second loans as of 31 August 2019 and 28 February 2020 for the third loan above. The agreement was signed on October 27, 2015.

During the first quarter of 2019, the balance of facilities granted by the Egyptian Arab Land Bank was restructured and settled as follows:

- The Facilities granted in Jordanian Dinars with an amount of JD 3,477,982 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments related to August 2018 with an total amount of JD193,430 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31, 2019 with an amount of JD130.000 (Installment including the interest) until May 31,2023 and the last installment is due on August 31,2023 with the rest of the remaining facilities and with a debit interest rate of 9/75% annually without commission. The monthly interest shall be service during the grace period.
- The Facilities granted in US Dollar with an amount of USD 3,665,268 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments with an total amount of USD 182,598 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31,2019 with an amount of USD120.000 (Installment including the interest) until May 31,2023 and the last installment is due on August 31,2023 with the rest of the remaining facilities and with a debit interest rate of 5/25% annually without commission. The monthly interest shall be service during the grace period.

9. Retained Earnings

The movement on this item follows:

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

* According to the General Assembly resolution in its meeting held on April 28, 2018 an amount of JD 1,800,000, 12% of Paid up capital was approved for distribution to the shareholders for the year 2018 (JD 1,800,000 for the year 2017)

10. Company's Share from Investment in Associate Companies

Details of this item are as follows:

	Relationship	For the Six months Ended June 30,	
		2019	2018
		JD	JD
Jordan Academy for Maritime Studies Company	Associate	90,335	86,310
Jordan International Marine Chartering Company	Associate	(330)	(384)
Aqaba Diamond Company	Associate	(324)	(361)
Arab Ship Management Company	Associate	50,332	41,940
Smit Lamnalco Company Ltd - Jordan	Associate	691,362	951,236
Shipping Lines Company for Maritime and Storage Services	Associate	-	(322)
Jordanian National for Ships Operation Company	Associate	28,146	17,700
		<u>859,521</u>	<u>1,096,119</u>

- Investment income from associate companies is accounted for using the equity method.

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

Earnings per share was calculated by dividing the income for the period by the number of shares during the period. The details are as follows:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Profit for the period -Attributable to the Company's Shareholders	<u>1,811,671</u>	<u>1,594,092</u>
Number of shares *	<u>15,000,000</u>	<u>15,000,000</u>
	JD/Share	JD/Share
Earnings per share for the period: Basic and Diluted	<u>-/121</u>	<u>-/106</u>

12. Cash and Cash Equivalents

This item consists of the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Cash on hand and at banks	4,155,298	3,927,124
<u>(Less): Cash restricted</u>	<u>-</u>	<u>(19,973)</u>
	<u>4,155,298</u>	<u>3,907,151</u>

13. Transactions with Related Parties

- a. Rent revenue from Arabian Ships Management Company (Associate company) amounted to JD 22,040 for six months ended June 30, 2019 (JD 21,658 for six months ended June 30, 2018).
- b. Executive management's salaries and benefits for the Company and its subsidiaries:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Salaries, bonuses, and per diems	137,027	132,849
Board of Directors transportation allowances	77,613	69,717
	<u>214,640</u>	<u>202,566</u>

14. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Balance – beginning of the period / year	97,840	121,121
Accrued income tax on income for the period / year	52,037	93,519
Accrued income tax from previous years	-	121,552
Income tax paid during the period / year	<u>(82,210)</u>	<u>(238,352)</u>
Balance - End of the Period / Year	<u>67,667</u>	<u>97,840</u>

b. Income tax expense for the year shown in the condensed consolidated interim statement of income the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Income tax on profit for the period	<u>(52,037)</u>	<u>(61,897)</u>
	<u>(52,037)</u>	<u>(61,897)</u>

- A final settlement has been reached with the Income and Sales Tax Department for Jordan National Shipping Lines Company (Holding Company) and Jordan Group for Shipping Agencies (subsidiary company) up to the end of the year 2016, and Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) up to the end of the year 2014.

- The income tax for Aqaba Development & Marine Services Company has been settled up to the end of the year 2013. Moreover, the income tax returns for the years 2014 - 2018 have been submitted on time but not reviewed by the Income and Sales Tax Department, also a total claims of around JD 110,000 have been issued and settled, and since the Company did not perform any operations during the six months ended on June 30, 2019 due to that there were no tax on the company.
- The income tax return was submitted until the end of 2018 for the Jordanian National Shipping Company (Holding Company). Moreover, the income tax discussion for the years from 2012 until 2016 was completed, as for Jordan Maritime complex for Real Estate Investment Company (subsidiary company) the company was submitted its income tax return until the year 2018, as for the Jordan Group for Shipping Agencies (subsidiary company) the Company was submitted its income tax return until the year 2018 and the Income and Sales Tax Department has not reviewed them yet.
- A provision for income tax for the period ended June 30, 2019 has been booked for Jordan National Shipping Lines Company, and Jordan Group for Shipping Agencies Company (subsidiary company) in accordance with the Income Tax Law and Aqaba Special Economic Zone Law. However, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) did not book any income tax provision since it incurred losses during that period. In the opinion of the Company's management and its tax consultant, there is no need to book any additional provision as of June 30, 2019.
- Jordan Maritime Complex for Real Estate Investments Company did not book any deferred taxes since they have not been approved yet, and no benefits are expected from them in the near future

15. Contingent Liabilities

As of the condensed consolidated interim financial statements date, the company has contingent liabilities representing bank guarantees of JD 120 thousands with a paid cash deposit amounted to JD 44,250 thousands.

16. Geographical Distribution

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

a. Debts

	June 30, 2019		December 31, 2018	
	Receivables JD	Payables JD	Receivables JD	Payables JD
Receivables (Payables)	<u>430,336</u>	<u>1,576,245</u>	<u>125,724</u>	<u>686,316</u>

b. Investments

	June 30, 2019	December 31, 2018
	Financial Investments	
	JD	JD
Clarkson Company	158,084	119,665
Arab Logistics Company	278,307	281,589
Dubai Ports Company	<u>145,171</u>	<u>153,331</u>
	<u>581,562</u>	<u>554,585</u>

c. Information from Company Business Sectors

The following are Information from the Company business sectors allocated according to activities:

	Marine Services Sector	Hotel Services Sector	Other JD	Total	
				For the Six Months Ended June 30,	
				2019 JD	2018 JD
Revenue	6,480,177	1,792,609	-	8,272,786	7,561,414
Direct cost	(4,884,476)	(663,892)	-	(5,548,868)	(5,276,232)
Business Sector Results	1,595,701	1,128,717	-	2,723,918	2,285,182
General and administrative expenses and depreciation	(630,864)	(920,805)	-	(1,785,435)	(1,728,229)
Information technology expenses	-	(53,175)	-	(53,175)	(55,554)
Travel and maintenance expenses	-	(254,469)	-	(254,469)	(250,225)
Financing expenses	-	(257,898)	-	(257,898)	(273,129)
Financial assets and investments revenue	-	-	1,257,059	1,257,059	1,200,264
Other revenue – net	162,006	14,462	-	176,469	418,376
Income (loss) for the period before Income Tax	893,077	(343,169)	1,257,059	1,806,469	1,596,685
Income tax expense	(52,037)	-	-	(52,037)	(61,897)
Income (Loss) for the period	840,537	(343,169)	1,257,059	1,754,432	1,534,788
				June 30, 2019	December 31, 2018
<u>Other Information:</u>				JD	JD
Director Assets	7,985,655	16,536,851	11,565,949	36,088,455	35,223,071
	7,985,655	16,536,851	11,565,949	36,088,455	35,223,071
Director Liabilities	2,793,373	8,669,704	-	11,427,994	10,216,228
	2,793,373	8,669,704	-	11,427,994	10,216,228

17. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs):

	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	June 30, 2019	December 31, 2018				
Financial Assets	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted shares	1,407,062	1,222,277	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	3,070,410	3,374,741	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	386,547	386,546	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	3,456,957	3,761,287				
	4,864,019	4,983,564				

There were no transfers between Level 1 and level 2 during the first half of the year 2019 and 2018.