إشارتنا: ز أ – س ش/2019/126

التاريخ: 2019/11/04

السادة بورصة عمان المحترمين

الموضوع: البيانات المالية للربع الثالث المنتهي في 2019/09/30
باللغة الانجليزية

تحية طيبة وبعد،

نرفق لكم طياً البيانات المالية المدققة للربع الثالث المنتهي بتاريخ 2019/09/30 باللغة الإنجليزية، لشركة الأردن لتطوير المشاريع السياحية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام،،،

شركة الأردن لتطوير المشاريع السياحية

شركة الأردن لتطوير المشاريع السياحية
Jordan Projects for Tourism Development

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٤ تشرين الثاني ٢٠١٩
الرقم المتسلسل: 5075
رقم الملف: 31211
الجهة المختصة:

شركة الأردن لتطوير المشاريع السياحية
شارع زهران، عمارة رقم ١٨٨
عمان، الأردن
ص.ب: ٩٤١٢٩٩
عمان ١١١٩٤ – الأردن
هاتف: ٩٦٢٦٢٠٠٣٣٥٥ – ٩٦٢٦٢٠٠٣٣٥٥ فاكس: ٩٦٢٦٢٠٠٣٣٥٦
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JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019
TOGETHER WITH THE REVIEW REPORT

JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
SEPTEMBER 30, 2019

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Review Report

AM/ 007634

To the Chairman and Members of the Board of Directors
Jordan Projects for Tourism Development Company
(A Public Shareholding Limited Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Projects for Tourism Development Company (A public shareholding limited company) as of September 30, 2019 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three and nine months ended September 30, 2019, the condensed consolidated interim statements of changes in shareholders' equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial information is not prepared in accordance with International Accounting Standard No. (34) related to interim financial reporting.

Material Uncertainty about the Group's Ability to Continue as a Going Concern

We draw attention to Note (16) to the condensed consolidated interim financial information, which indicates that the Group has incurred a loss of JD 2,113,671 for the nine months period ended September 30, 2019, and that the accumulated losses, plus the loss for the period amounted to approximately JD 21.8 million, the equivalent to 71% of the Company's paid-up capital (JD 19.7 million, the equivalent to 65% of the paid-up capital as of December 31, 2018). In addition, the Group suffers from a deficit in its quick ratio and working capital as of September 30, 2019, as disclosed in Note (15) to the condensed consolidated interim financial information. Moreover, banks credit facilities have been rescheduled several times, the last of which was during the first quarter of 2019. These events and conditions, in addition to the other matters disclosed in Note (15) to the condensed consolidated interim financial information, indicate the existence of a material uncertainty and cast significant doubt about the Group's ability to continue as a going concern, which depends on the success of the management's plan disclosed in Note (16) to the condensed consolidated interim financial information, and the Group's ability to provide the necessary liquidity to implement future projects.

Deloitte.

Emphasis of Matters
We draw attention to the following:

1. As disclosed in Note (12) to the condensed consolidated interim financial information, which refers to the tax status of the Group, on October 29, 2017, the Income and Sales Tax Department - Aqaba Economic Zone Authority (ASEZA) issued an order to block the bank accounts of Moon Beach for Tourism Investments Company because it did not pay the due tax amounts to the Income and Sales Tax Department.

2. As disclosed in Note (14) to the condensed consolidated interim financial information, all the plots of land owned by the Group are subject to restrictions under the agreement with Aqaba Special Economic Zone Authority.

3. As disclosed in Note (12) to the condensed consolidated interim financial information, Jordan Hotels Holding AG (a subsidiary) has not taken any tax provisions for the previous years and for the current period, due to the accumulated losses from previous years. However, there are risks related to the adequacy of the Company's tax provisions resulting from the Company's transactions with the parent company and the existence of possible direct cash flows between its subsidiaries and the parent company. The final outcome of the Company's tax liability cannot be predicted, and management believes that there is no need to take any tax provisions.

4. As disclosed in Note (18) to the condensed consolidated interim financial information, the Group adjusted the beginning balance of accumulated losses in the condensed consolidated interim statement of changes in shareholders' equity for the period ended September 30, 2018, as a result of the amendments to the approach and system of the initial application of IFRS (9). These amendments had no material effect on the income for the nine months period ended September 30, 2018.

Our conclusion is not qualified in respect of these matters.

Other Matters
The accompanying condensed consolidated interim financial information are a translation of the condensed consolidated interim financial information in the Arabic language to which reference should be made.

Amman-Jordan
October 30, 2019

Deloitte & Touche (Middle East) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
ASSETS		JD	JD
Non-Current Assets:			
Investment property - net		3,144,668	3,210,179
Property and equipment - net		80,133,676	80,782,514
Other debit balances (non-current)		1,070,000	1,070,000
Leased assets - finance lease		5,032,594	5,114,497
Right-of-use assets - net	2-B	3,962,866	-
Total Non-Current Assets		93,343,804	90,177,190
Current Assets:			
Projects, plots of land available for sale, and projects pending delivery	7	20,997,779	21,324,612
Projects under construction - net	8	45,827	56,902
Other debit balances (current)		99,986	811,848
Inventory		695,788	616,147
Accounts receivable - net	6	1,218,713	1,668,098
Cash on hand and at banks		623,920	627,101
Due from related parties	13	180,350	502,513
Total Current Assets		23,862,363	25,607,221
TOTAL ASSETS		117,206,167	115,784,411
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Subscribed and paid-up capital	9	30,500,000	30,500,000
Share premium	9	29,719,600	29,719,600
Statutory reserve	9	2,394,160	2,394,160
Voluntary reserve	9	1,527,192	1,527,192
Foreign currency translation differences		162,228	156,519
Accumulated (losses)	16	(19,657,010)	(19,657,010)
Loss for the period		(2,113,671)	-
TOTAL SHAREHOLDERS' EQUITY		42,532,499	44,640,461
Non-Current Liabilities:			
Long-term loans		26,028,727	17,928,725
Accounts payable - long-term		2,357,257	469,787
Financial lease contracts liability - long-term		1,865,035	2,338,143
Lease liability - long-term	2-B	3,561,720	-
Total Non-Current Liabilities		33,812,739	20,736,655
Current Liabilities :			
Accounts payable-short-term		10,099,412	9,536,357
Other credit balances		3,856,798	5,663,113
Other provisions		5,762,997	7,079,015
Shareholder's loan	11	7,478,242	7,216,819
Short-term loans	10	11,086,716	19,292,229
Finance lease liability - short-term		800,000	800,000
Lease liability - short-term	2-B	757,067	-
Income tax provision	12	353,787	274,156
Due to related parties	13	665,910	545,606
Total Current Liabilities		40,860,929	50,407,295
TOTAL LIABILITIES		74,673,668	71,143,950
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		117,206,167	115,784,411

Chief Executive Officer | Chairman

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION.

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS.

(FOR THE THREE AND NINE MONTHS ENDED IN SEPTEMBER 30, 2019)

	Note	For the Three-Months Period Ended on September 30, 2019 (Reviewed)	2018 (Reviewed)	For the Nine-Months Period Ended on September 30, 2019 (Reviewed)	2018 (Reviewed)
		JD	JD	JD	JD
Revenue		3,830,693	4,494,741	12,661,023	13,460,518
Cost of revenue		(2,239,123)	(1,838,593)	(6,163,852)	(7,040,170)
Gross Profit	5	1,591,570	2,656,148	6,497,171	6,420,348
General and administrative expenses		(41,760)	(238,823)	(414,684)	(707,999)
Employees' expenses		(1,232,377)	(1,982,118)	(3,551,692)	(4,062,349)
Depreciation of property and equipment and investment property		(643,430)	(432,327)	(1,922,280)	(1,233,539)
Borrowing costs		(1,016,688)	(955,929)	(2,947,397)	(3,075,641)
Other income (expenses) - net		31,830	254,900	(29,088)	263,665
Released from (Provision for) expected credit loss	6	433,930	(485,000)	333,930	(487,410)
Provision for legal cases		-	(87,500)	-	(87,500)
Profit for the period before tax		(876,925)	(1,270,649)	(2,034,040)	(2,970,425)
Income tax expense	12	(3,630)	(16,127)	(79,631)	(22,308)
(Loss) for the Period		(880,555)	(1,286,776)	(2,113,671)	(2,992,733)
Other Comprehensive Income Items for the Period:					
Foreign currency translation differences		5,709	(2,182)	5,709	(2,182)
Comprehensive (Loss) for the Period		(874,846)	(1,288,958)	(2,107,962)	(2,994,915)
(Loss) per Share for the Period Attributable to Shareholders	4	(0.03)	(0.04)	(0.07)	(0.10)

Chief Executive Officer　　　　　　　　　　Chairman

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION.

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up Capital	Share Premium	Reserves		Foreign Currency Translation Differences	Accumulated (Losses)	(Loss) for the Period	Total
			Statutory	Voluntary				
	JD	JD	JD	JD	JD	JD	JD	JD
For the Nine Months Ended September 30, 2019								
Balance - beginning of the period (Audited)	30,500,000	29,719,600	2,394,160	1,527,192	156,519	(19,657,010)	-	44,640,461
(Loss) for the period	-	-	-	-	-	-	(2,113,671)	(2,113,671)
Foreign currency translation differences	-	-	-	-	5,709	-	-	5,709
Balance - End of the Period (Reviewed)	30,500,000	29,719,600	2,394,160	1,527,192	162,228	(19,657,010)	(2,113,671)	42,532,499
For the Nine Months Ended September 30, 2018								
Balance - beginning of the period (Audited)	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(12,540,955)	-	51,754,925
(Loss) for the period	-	-	-	-	-	-	(2,992,733)	(2,992,733)
Foreign currencies transaction differences	-	-	-		(2,182)	-	-	(2,182)
Total comprehensive (loss) for the period	-	-	-	-	(2,182)	-	(2,992,733)	(2,994,915)
Balance - End of the Period (Reviewed)	30,500,000	29,719,600	2,394,160	1,527,192	152,746	(12,540,955)	(2,992,733)	48,760,010

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the Nine - Months Period Ended on September 30	
	2019(Reviewed)	2018(Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:	JD	JD
(Loss) for the period before tax	(2,034,040)	(2,970,425)
Adjustments for:		
Depreciation of property and equipment and investment property	1,155,363	1,233,539
Depreciation of leased assets - finance lease	81,903	-
Amortization of right-of-use assets	685,014	-
Borrowing costs	2,947,397	3,075,641
Interest on lease liability	82,251	-
(Released from) Provision for expected credit losses	(333,930)	487,410
Net Cash Flows from Operating Activities before Changes in Working Capital	2,583,958	1,826,165
Decrease (Increase) in Assets:		
Projects, plots of land available for sale, and projects pending delivery	326,831	418,515
Projects under construction	11,075	-
Inventory	(79,641)	(124,150)
Accounts receivable and other debit balances	(2,752,701)	(962,011)
Due from related parties	(77,837)	(73,961)
(Decrease) Increase in Liabilities:		
Due to related parties	120,304	(406,641)
Due to banks	-	(4,853)
Lease liability - finance lease	(473,108)	(435,268)
Accounts payable, other credit balances, and various provisions	3,564,728	1,423,917
Deferred revenue	-	625,793
Net Cash Flows from Operating Activities	3,223,609	2,287,506
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) of property and equipment	(462,851)	(363,620)
Disposal of property and equipment	21,837	-
Sale of investment property	-	162,214
Net Cash Flows (used in) Investing Activities	(441,014)	(201,406)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Shareholder's loan	261,423	256,701
Proceeds from loans	2,137,574	1,628,455
Paid loans	(2,243,085)	(847,406)
Paid interest	(2,947,397)	(3,075,641)
Net Cash Flows (used in) Financing Activities	(2,791,485)	(2,037,891)
Net (Decrease) Increase in Cash	(8,890)	48,209
Foreign currency translation difference	5,709	(2,182)
Cash and balances at banks - beginning of the period	627,101	476,647
Cash and Balances at Banks - End of the Period	623,920	522,674

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THIS CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION.

1. General

a. Jordan Projects for Tourism Development Company (the Group) was established during the year 2000 in accordance with the Jordanian Companies' Law Number (22) of 1997. It was registered on June 15, 2000 at the Ministry of Industry and Trade as a public shareholding limited company under number (339), with a paid-up capital of JD 7,000,000 divided into 7,000,000 shares at a par value of JD 1 per share, which has been increased several times to become JD 30.5 million. On February 16, 2001, the Company was registered and licensed at Aqaba Special Economic Zone Authority under No. (1101021601).

The Group conducts all its commercial activities in Aqaba Special Economic Zone, except for some administrative activities that are conducted in Amman. The address of the Group's head office is 179 Zahran Street, P.O Box (941299), Amman – Jordan.

b. The Group's main objectives are as follows:

- Construct, build, purchase, sell, lease, rent, manage, and furnish hotels of all types, including outlets and showrooms.

- Construct, sell, participate in, and manage entities, projects, tourist hotels and villages, villas, beach cabins, apartments, and other related activities.

- Construct, establish, participate in, and manage travel and tourism agencies and offices, and provide services relating to the tourism sector, in addition to selling traditional handicrafts of all kinds.

c. The accompanying condensed consolidated interim financial information has been approved by the Board of Directors on October 27, 2019.

2. Significant Accounting Policies

Basis of Preparation of the condensed consolidated interim financial and information

- The accompanying condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (34) Interim Financial Reporting.

- The condensed consolidated interim financial information has been prepared on the historical cost basis, except for financial assets and financial liabilities, which are presented at fair value at the date of the condensed consolidated interim financial information.

- The financial information of the subsidiaries is prepared using the same accounting policies of the Group. If the subsidiary follows accounting policies that differ from those of the Group, the necessary adjustments are made to the financial information of the subsidiary to conform to the accounting policies adopted by the Group.

- The condensed consolidated interim financial information is stated in Jordanian Dinar, which represents the functional currency of the Group.

- The condensed consolidated interim financial information does not include all the information and explanations required for the annual financial statements, which are prepaid according to the International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of December 31, 2018. The results for the nine months period ended September 30, 2019 are not necessarily indicative of the expected results for the year ending December 31, 2019.

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

a. Amendments with no material effect on the Group's condensed consolidated interim financial information:

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) even in 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.

b. Amendments that have affected the Group's condensed interim financial information:
Effect of Application of IFRS (16) "Leases"

The Group has adopted IFRS (16), "Leases", which replaces 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. Moreover, IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term is 12 months or less, or the lease is for low-value assets. Thus, the classification required under IAS (17) "Leases" into operating or finance leases has been cancelled for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, the 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 which are amortized over the useful life of the asset.

The Group has adopted the simplified and permitted method under IFRS (16). During the first-time application of IFRS (16) to operating leases individually (for each contract lease separately), the right of use of the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first-time application.

The right-of-use assets have been measured at an amount equal to the lease obligations, after being adjusted by any lease due payments or prepayments that relate to a lease contract recognized in the statement of financial position as of December 31, 2018. No adjustments to retained earnings, as at January 1, 2019, have resulted under this method. There were no impaired leases that required an adjustment to the right-of-use assets at the date of the initial application.

The recognition of right-of-use assets relates to leased properties, which include rented apartments, cabanas, and villas as of September 30, 2019 and January 1, 2019.

The movement on the right-of-use assets and lease liabilities during the period is as follows:

	Right-of-Use Assets	Liabilities
	JD	JD
Balance as of January 1, 2019	4,647,881	4,236,536
Interest during the period	-	82,251
Amortization for the period	(685,015)	-
Balance as of September 30, 2019	3,962,866	4,318,787

The Group's leasing activities and related accounting treatment mechanism:
The Group rents real estates for use in its activities, and usually leases for fixed periods ranging from one year to thirty years, some of which may include extension options. The lease terms are negotiated on an individual basis. Moreover, the lease contracts contain a different set of terms and conditions, and they do not include any pledges, and may not be used as collateral for borrowing purposes.

Up to the end of the financial year 2018, real estate leases were classified as either operating or finance lease, and the amounts paid for operating lease contracts are credited to the statement of profit or loss according to the straight-line method during the lease period.

Starting from January 1, 2019, leases as right-of-use assets and the related liabilities are recognized on the date when the asset is ready for use by the Group. The amount of each rental payment is distributed between lease liability and borrowing costs, which are credited to the statement of profit or loss during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period, and the right-of-use assets are amortized over the useful life of the asset or the lease term, whichever is shorter, using the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including embedded fixed payments) minus lease incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the implied lease interest rate, or, if unavailable, the lessee's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract contains a lease at the initial application date. Instead, for contracts entered into before the transition date, the Group, in its assessment, relied on the application of IAS (17) "Lease Contracts" and IFRIC (4) "Determining Whether an Arrangement Contains a Lease".

c. New and revised standards and interpretations but not yet effective

Effective for annual periods beginning after January 1, 2020

Amendments regarding the definition of material

Amendments to clarify the definition of a business

IFRS 17: Insurance Contracts

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

d. Basis of consolidation of the condensed consolidated interim financial information

The accompanying condensed consolidated interim financial information includes the financial information of the Company and its controlled companies (the subsidiaries) (The Group). Control is achieved when the Company has the ability to control the financial and operational policies of the subsidiary to obtain benefits from its activities.

Transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated upon preparation of the condensed consolidated interim financial information.

The accompanying condensed consolidated interim financial information includes the financial information of the Company and the following directly and indirectly owned subsidiaries:

Company's Name	Ownership %	Activity Nature	Country of Origin and Work Location
Moon Beach for Tourism Investments	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Jordan Hotel I BVI*	100	Touristic investments	Virgin British Islands
Golden Coast for Tourism Hotels	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Jordan Hotel II BVI *	100	Touristic investments	Virgin British Islands
Jordan Golden Beach – BVI*	100	Touristic investments	Virgin British Islands
Amwaj Al Aqaba for Managing Projects and Logistics Services	100	Managing projects and logistics services	Jordan - Amman
Tala Beach for Services and Maintenance	100	Garbage collection and recycling	Jordan – Aqaba Special Economic Zone
Sama Al Aqaba Company	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Jordan Hotels Holding AG	100	Operating and managing hotels	Switzerland
Aqaba Gulf Constructions (Under liquidation) *	100	Constructing and contracting	Jordan – Aqaba Special Economic Zone
Tala Beach for Investments*	100	Purchasing land and constructing projects	Jordan – Amman
Jordan Union for Touristic Projects *	60	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Jordan Hotel IV BVI*	100	Touristic investments	Virgin British Islands

* These subsidiaries did not conduct any commercial activities for the period ended September 30, 2019. On April 21, 2011, a decision was taken to liquidate Aqaba Gulf Constructions Company. However, on March 27, 2016, the voluntary liquidation procedures were stopped, and a compulsory liquidation decision was issued. In addition, Aqaba Gulf Constructions was still under liquidation as of the date of the condensed consolidated interim financial information.

Non-controlling interest in the Jordan Touristic Projects Company was not shown because of the excess of accumulated losses of the Company over the Non-controlling interest.

The primary financial information of the subsidiaries for the period ended September 30, 2019 is as follows:

	September 30, 2019		For the Nine Months Period Ended September 30, 2019	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
Company Name	JD	JD	JD	JD
Moon Beach for Tourism Investments	25,554,389	28,274,291	5,024,564	5,168,416
Jordan Hotel I BVI	22,500,103	22,506,340	-	-
Golden Coast for Tourism Hotels	14,176,863	9,712,165	2,565,211	2,097,085
Jordan Hotel II BVI	7,500,000	7,504,598	-	-
Jordan Golden Beach – BVI	5,679,543	5,683,088	-	-
Amwaj Al Aqaba for Managing Projects and Logistics Services	2,593,154	619,670	3,258,409	2,096,448
Tala Beach for Maintenance and Services	1,903,603	1,801,184	1,950,803	2,065,721
Sama Al Aqaba Company	335,919	459,446	-	-
Jordan Hotels Holding AG	269,596	68,939	18,774	-
Aqaba Gulf Constructions (Under liquidation)	17,817	718,934	-	-
Tala Beach for Investments	500	4,740	-	-
Jordan Union for Touristic Projects	500	598,575	-	179,325
Jordan Hotel IV BVI	429	3,017	-	-

- The subsidiaries' results of operations are consolidated in the condensed consolidated interim statement of profit or loss effective from the date of their acquisition - i.e. the date on which actual control over the subsidiary is assumed by the Company. Moreover, the operating results of the disposed-of subsidiaries are consolidated in the condensed consolidated interim statement of profit or loss up to the date of their disposal – i.e. the date on which the Company loses control over the subsidiary.

3. Significant Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the accompanying condensed consolidated interim financial information and the application of accounting policies require the Group's management to perform judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose contingent liabilities. These judgments, estimates, and assumptions also affect revenues, expenses, provisions, and expected credit losses. In particular, this requires the Group's management to do significant estimates and assessments of the amounts and timing of future cash flows. The aforementioned estimates are necessarily 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.

The Group's management believes that the estimates used in the condensed consolidated interim financial information are reasonable and consistent with those used in preparing the consolidated financial statements for the year 2018, except for the following:

Extension and termination options of lease contracts

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

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed when there is an important event or a significant change in the circumstances that has an effect on this assessment, and in which it is within the control of the lessee.

Discounting of lease payments

Lease payments are discounted using the Group's incremental borrowing rate (IBR). The management has applied the judgements and estimates to determine the incremental borrowing rate on the starting date of the lease contract.

4. (Loss) per Share for the Period Attributable to Shareholders:

This item consists of the following:

	For the Three Months Period Ended September 30, (Reviewed)		For the Nine Months Period Ended September 30, (Reviewed)	
	2019	2018	2019	2018
	JD	JD	JD	JD
Loss) for the period	(880,555)	(1,286,776)	(2,113,671)	(2,992,733)
	Share	Share	Share	Share
Neighted average number of shares	30,500,000	30,500,000	30,500,000	30,500,000
	JD/Share	JD/Share	JD/Share	JD/Share
Loss) per share for the period attributable to shareholders – (Basic and diluted)	(0.03)	(0.04)	(0.07)	(0.10)

5. Operating Segment Results:

a. The following is an analysis of the revenues, operating results, assets and liabilities of the sectors:

	Sector Revenue		Cost of Revenue		Sector's Operating Results	
	For the Nine Months Period Ended September 30 (Reviewed)		For the Nine Months Period Ended September 30 (Reviewed)		For the Nine Months Period Ended September 30 (Reviewed)	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Hotels	7,566,331	7,885,588	(3,154,960)	(3,699,885)	4,411,371	4,185,703
Real estate projects	945,000	875,000	(767,615)	(661,333)	177,385	213,667
Assets and properties' management	2,210,397	2,841,262	(1,392,155)	(2,197,218)	818,242	644,044
Operations management	3,069,435	3,780,675	(1,510,122)	(2,403,741)	1,559,313	1,376,934
Operations revenue	(1,130,140)	(1,922,007)	661,000	1,922,007	(469,140)	-
	12,661,023	13,460,518	(6,163,852)	(7,040,170)	6,497,171	6,420,348
Less:						
General, adminstrative, and employees' expenses					(3,966,376)	(4,770,348)
Borrowing costs					(2,947,397)	(3,075,641)
Depreciation and amortzation					(1,922,280)	(1,233,539)
Other income (expenses)- net					(29,088)	263,665
Provision of expected credit loss expense					333,930	(487,410)
Provision for legal cases					-	(87,500)
(Loss) for the period before income tax					(2,034,040)	(2,970,425)
Income tax expense					(79,631)	(22,308)
(Loss) For the Period					(2,113,671)	(2,992,733)

Sector's Assets as of September 30, 2019 and December 31, 2018:

	2019	2018
	JD	JD
Hotels	74,709,079	73,863,862
Investments projects	-	1,941,788
Assets and properties' management	2,257,292	2,502,494
Operations' management	14,097,523	11,060,108
Land development	20,997,780	21,324,612
Undistributable assets	5,144,493	5,091,547
Total Sectors' Assets	117,206,167	115,784,411

Sector's Liabilities as of September 30, 2019 and December 31, 2018:

	2019	2018
Hotels	45,381,747	35,114,324
Assets and properties' management	2,147,292	1,690,972
Operations management	2,227,441	1,819,737
Undistributable liabilities	24,917,188	32,518,917
Total Sectors' Liabilities	74,673,668	71,143,950
Net	42,532,499	44,640,461

6. Accounts Receivable - Net

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Trade receivables	1,778,352	2,626,243
Checks under collection	80,856	294,817
Others	15,172	136,635
	1,874,380	3,057,695
Less: Provision for expected credit loss	(655,667)	(1,389,597)
	1,218,713	1,668,098

The movement on the provision for the expected credit loss is as follows:

	For the Nine Months Period Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	1,389,597	562,229
Effect of adopting IFRS (9)	-	849,046
Adjusted balance	1,389,597	1,411,275
Released from the provision for expected credit loss for the period / year	(733,930)	(21,678)
Balance – End of the Period / year	655,667	1,389,597

The aging of trade receivables is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Not due	-	358,125
Less than 30 days	616,546	1,013,076
31 days – 60 days	297,473	298,788
61 days – 90 days	157,407	203,865
91 days – 120 days	109,529	118,818
121 days – 150 days	296,268	110,067
151 days – 180days	281,290	75,654
More than 180 days	115,867	879,302
	1,874,380	3,057,695

7. Projects and Plots of Land Available for Sale

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Plots of land available for sale	20,997,779	20,997,779
Apartments and villas available for sale	-	1,056,449
	20,997,779	22,054,228
Less: Provision for impairment of Phase-three villas	-	(729,616)
	20,997,779	21,324,612

8. Projects Under Construction

This item consists of the following:

	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD
Golf course	322,581	322,581
Recreation center	180,786	180,786
Land development	42,460	42,460
Website development	-	11,075
	545,827	556,902
Less: Provision for impairment	(500,000)	(500,000)
	45,827	56,902

9. Capital and Reserves

a. Paid-up Capital

The Company's capital is JD 30.5 million, divided into 30.5 million shares at a nominal value of JD 1 per share.

b. Statutory Reserve

The statutory reserve represents the amounts collected in this account and appropriated from annual profit before tax at a rate of 10%, and it is not distributable as dividends to shareholders. This deduction may not be discontinued before the aggregate amount of this account equals one quarter of the authorized share capital. However, based on the General Assembly's approval, the Company may continue such deductions until the statutory reserve reaches the authorized and paid-up capital of the Company. In addition, the Company shall continue to deduct the same percentage for each year, provided that the deducted amounts do not exceed the paid-up capital.

c. Voluntary Reserve

The voluntary reserve represents the amounts collected in this account and appropriated from annual profit before tax at no more than 20%. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly of shareholders is entitled to distribute it in full or in part as dividends to shareholders.

d. Share Premium

This item represents the premium of 2,500,000 shares issued through private placement during the year 2006 at JD 3.5 per share, in addition to JD 21 million, representing 9 million premium shares issued during the year 2015 at a price of JD 3.33 per share, after deducting the expenses related to increasing paid-up capital.

10. Loans

This item consists of the following:

	Short-Term		Long-Term	
	September 30, 2019(Reviewed)	December 31, 2018(Audited)	September 30, 2019(Reviewed)	December 31, 2018(Audited)
	JD	JD	JD	JD
Invest Bank - (a)*	1,278,593	1,682,026	10,386,114	9,856,688
Jordan Kuwait Bank –JD-(b)**	1,516,604	14,486,386	13,674,999	-
Jordan Kuwait Bank–USD-(b)***	110,604	2,030,107	1,967,614	-
Bank Audi – JD – (c)****	4,106,894	500,304	-	4,039,696
Bank Audi – USD – (c)*****	4,074,021	593,406	-	4,032,341
	11,086,716	19,292,229	26,028,727	17,928,725

* The Group has credit facilities from Invest Bank consisting of a loan drawn from the bank in the name of Jordan Projects for Tourism Development Company and Moon Beach for Tourism Investments Company, for a total amount of JD 12,960,000. The balance of this loan as of September 30, 2019 amounted to JD 11,664,707. (JD 11,538,714 as of December 31, 2018). The loan bears interest at a rate of 9.75%. The loan will be repaid in 27 equal quarterly installments starting February 28, 2019. The objective of these loans is to construct and develop buildings.

During the first quarter of 2019, the Group has signed a loan structuring agreement with Invest Bank. According to the agreement, the loan is to be repaid in quarterly installments after a grace period till November 15, 2019, and the loan bears interest at an annual rate of 9.75%. The first installment is due on February 15, 2020.

** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan drawn from Jordan Kuwait Bank in the name of Jordan Projects for Tourism Development Company and Golden Coast for Tourism Hotels Company, for an amount of JD 13,678,600. Moreover, the balance of this loan as of September 30, 2019 amounted to JD 15,191,603 (JD 14,486,386 as of December 31, 2018), and the loan bears interest of 10.5%. The loan is to be repaid in 96 equal monthly installments, starting January 31, 2019. The aim of these loans is to develop and build 10 villas and operate the hotel.

*** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan in US dollars drawn from Jordan Kuwait Bank in the name of Golden Coast for Tourism Hotels for USD 3,600,000, which is equivalent to JD 2,548,800. The balance of this loan as of September 30, 2019 amounted to USD 2,931,196, which is equivalent to JD 2,078,218 (USD 2,797,695 which is equivalent to JD 1,983,566 as of December 31, 2018). The loan bears interest at a rate of 6%, and is to be repaid in 96 equal monthly installments, starting January 31, 2019. The objective of these loans is to operate the hotel.

During the first quarter of 2019, the Group signed an agreement to structure its outstanding loans with Jordan Kuwait Bank (In Jordanian Dinars and US Dollars) to repay the loan in monthly installments after a grace period until November 15, 2019. Under this agreement, the annual interest rate is 11% for Jordan Projects for Tourism Development Company, 10% on the JD loan for Golden Coast for Tourism Hotels Company, and 6% on the US dollar loan for Golden Coast for Tourism Hotels. The first installment is due on February 15, 2020.

**** The Group has credit facilities from Bank Audi consisting of a loan of JD 7,500,000 drawn from Bank Audi in the name of Moon Beach for Tourism Investment Company. The balance of this loan as of September 30, 2019 amounted to JD 4,106,894 (JD 4,540,000 as of December 31, 2018), and bears interest at a rate of 9%. The loan is to be repaid in 15 equal semi-annual installments, starting from January 31, 2019. The objective of these loans is to operate the hotel.

***** The Group has credit facilities from Bank Audi consisting of a loan in US dollars of USD 10,600,000, which is equivalent to JD 7,504,800. The balance of this loan as of September 30, 2019 amounted to USD 5,746,151 which is equivalent to JD 4,074,021 (USD 6,533,541 which is equivalent to JD 4,625,747 as of December 31, 2018). The loan bears interest at a rate of 6.5%, and is to be repaid in 15 equal semi-annual installments, starting January 31, 2019. The objective of these loans is to operate the hotel.

The Group repays JD 40,000 on a weekly basis starting January 1, 2019 for the USD and JD loans.

Guarantees for credit facilities

a. Invest Bank

The Group has provided the following mortgages for the facilities granted by Invest Bank:

- A first-degree mortgage of JD 12 million and a second-degree mortgage of JD 3 million on plot of land No. 210, which was previously No. 140 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under mortgage bonds Nos. 262/2009 and 240/2010.

- A first-degree mortgage of JD 1,687 thousand on properties located on plot of land No. 21 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under mortgage bonds Nos. 225, 226, 227, 243, 242, 241, 240, 239, 238, 237, 236, 235, 234, 232, 230, 229, 231, 228/2017.

- A first-degree mortgage of JD 1,095 thousand on all the warehouses located on plot of land No. 11 – Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

- A first-degree mortgage of JD 144 thousand on store No. 103 located on plot of land No. 48 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

b. Jordan Kuwait Bank

The Group has provided the following mortgages for the facilities granted by Jordan Kuwait Bank:

- First-degree mortgages of JD 19,684 thousand under the debt insurance bonds Nos. 108 and 109 of February 15, 2016, and debt insurance bonds Nos. 625, 626, 627, and 628 as of December 30, 2013, and No. 174 dated April 19, 2012.

c. Bank Audi

The Group has provided the following mortgages for the facilities granted by Bank Audi:

- Plot of land No. 31 and its building - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group and amounting to JD 16.5 million, in addition to the personal guarantee of three shareholders. The Group has also endorsed a fire insurance policy over the mortgaged property.

11. Shareholder's Loan

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Abu Jaber Brothers Company*	7,478,242	7,216,819

* This amount represents the loan granted by Abu Jaber Brothers Company to one of the subsidiaries (a shareholder and Board member) with an interest rate of 6%. At the end of 2018, the Group signed an agreement with the shareholder to reschedule the shareholder's loan, so that the first installment is due on August 30, 2020.

12. Income Tax

a. Income tax expense

This item consists of the following:

	For the Nine Months Period Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Accrued income tax on the profits of the period	79,631	22,308
Balance – End of the Period	79,631	22,308

b. Income tax provision

The movement on the income tax provision is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	274,156	238,405
Income tax on the profits of the current period / year	79,631	35,751
Balance – End of the Period / Year	353,787	274,156

c. Deferred taxes

The movement on the deferred taxes is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	-	440,099
Impairment of deferred tax assets	-	(440,099)
Balance – End of the Period / Year	-	-

d. Tax position

Jordan Project for Tourism Development Company:

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended September 30, 2019, as the Company incurred losses for the period. Moreover, the Company settled its taxes up to 2014 with disapproval while the years from 2006 to 2008 are still pending at the Court of Appeal for Income Tax Cases. The Company also submitted its tax return / income for the fiscal year 2013, and it has submitted its objection against the decision issued thereon. Furthermore, the Company has not yet submitted its tax returns for the years 2015, 2016, and 2017 to the Income and Sales Tax Department. Furthermore, tentative draft financial statements have been submitted for the year 2018, which are still under audit. The Company is committed to submitting its sales tax returns up to date and it has declared tax balance of JD 9,354 which has not been paid yet.

- Moon Beach for Tourism Investment

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended September 30, 2019, as the Company incurred losses for the period. Moreover, the Company settled its taxes up to 2014. In addition, for 2013 the Company is still at its objection against the decision issued thereon. Meanwhile, the Company submitted its tax returns/declared its taxable income for the years 2015, 2016 and 2017. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor has it issued its final decision up to the date of the condensed consolidated interim financial information. Furthermore, tentative draft financial statements have been submitted for the year 2018, which are still under audit. The Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 1,343,487, excluding late payment penalties of 0.004 for each week of delay. Furthermore, the Income and Sales Tax Department - ASEZA blocked the current accounts of Moon Beach for Tourism Investment on October 29, 2017, as the Company did not pay its sales and income tax liabilities at that time. However, the Company paid the tax balance through deferred checks.

- Golden Coast for Tourism Hotels

In the opinion of the Company's tax advisor, the income tax provision to be calculated for the period ended September 30, 2019 is JD 24,595. The Company has settled its taxes up to 2014, while the years from 2005 to 2007 are still in the initial assessment stage. In addition, the Company submitted its tax return for the fiscal year 2013, and is still at its objection against the decision issued thereon. Meanwhile, the Company submitted its tax returns / income for the years 2015, 2016 and 2017. The Income and Sales Tax Department has not yet reviewed the Company's accounts nor has it issued its final decision up to the date of the financial information. In addition, tentative draft financial statements for the year 2018 have been submitted and are still under audit. Furthermore, the Company is subject to a mandatory tax of JD 6,846, including JD 200 as a penalty on the late submission of the tax return for the year 2016. In this regard, the Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 583,168, excluding late payment penalties of 0.004 for each week of delay. The Company paid the tax balance by deferred checks.

- Aqaba Gulf Construction (Under Liquidation)

The Company submitted its tax returns for the years from 2005 to 2010, and it owes taxes of JD 316,032, excluding penalties, not paid as of the date of the condensed consolidated interim financial information.

- Sama Al Aqaba Company

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended September 30, 2019, as the Company is not operating. The Company also owes JD 200 as a penalty for not submitting its tax return for the year 2014. Furthermore, the Company is non-compliant with regards to the submission of its income tax returns for the years 2015, 2016, 2017 and 2018.

- Tala Beach for Investments

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended September 30, 2019, as the Company is not operating. The Company has finalized its tax position for the years 2015 and 2017 within the accepted unaudited sample, while no income tax return has been submitted for the year 2016 to date. An income statement for 2018 was submitted without statements.

- Tala Beach for Maintenance and Services

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended September 30, 2019, as the Company incurred losses for the period. Moreover, the Company settled its taxes up to 2014, and it owes a declared tax balance to the Income and Sales Tax Department of JD 15,109 excluding penalties. In addition, the income tax returns for the years 2015, 2016 and 2017 have been submitted, but the Income and Sales Tax Department has not yet reviewed the Company's accounts nor has it issued its final decision up to the date of the condensed consolidated interim financial information. Meanwhile, tentative draft financial statements have been submitted for the year 2018, which are still under audit.

- Amwaj Al Aqaba for Managing Projects and Logistics Services

In the opinion of the Company's tax advisor, the income tax provision for the period ended September 30, 2019 is JD 60,850. The Company settled its tax position up to 2015, and the Income and Sales Tax Department imposed on the Company in absentia an amount of JD 65,014, which is going to be objected within the statutory period. The Company did not submit its tax return for the fiscal year 2016. For the fiscal year 2017, it has been finalized within the accepted unaudited sample. Meanwhile, tentative draft financial statements have been submitted for the year 2018, which are still under audit.

- Jordan Hotels Holding AG

The Company did not take any tax provisions for the previous years and for the current year due to accumulated losses from previous years. In this regard, there are risks related to the adequacy of the Company's tax provisions arising from the Company's transactions with the parent company, and the existence of potential direct cash flows between its subsidiaries and the parent company. Moreover, the final balance of the Company's tax liability cannot be predicted. In the opinion of the Company's management there is no need to calculate an income tax provision against it.

In the opinion of the management and its tax advisor, the income tax provision booked as of September 30, 2019 is sufficient to meet any future tax liabilities.

13. Transactions and Balances with Related Parties

The details of the transactions and balances with related parties during the period / year are as follows:

a. Balances:	Accounts Receivable		Accounts Payable	
	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD	JD	JD
United Insurance	-	6,813	248,033	136,319
Major shareholders receivables	580,350	495,700	417,877	409,287
	580,350	502,513	665,910	545,606
Less: Provision for expected credit loss	(400,000)	-	-	-
	180,350	502,513	665,910	545,606
Shareholder's loan	-	-	7,478,242	7,216,819
Note (11)	-	-	7,478,242	7,216,819

* No guarantees on these balances have been received or given.

b. Transactions:

	Revenues		Interest and Penalties	
	For the Nine Months Period Ended September 30, (Reviewed)		For the Nine Months Period Ended September 30, (Reviewed)	
	2019	2018	2019	2018
	JD	JD		
Shareholder's loan	-	-	261,423	281,401
Zara for South Beach Development *	372,370	459,111	-	-
International Cooperation Company for Investments (Oryx) *	-	861,312	140,205	-
	372,370	1,320,423	401,628	281,401

* The Company is partially owned by a member of the Board of Directors.

- Transactions with related parties are priced within the normal commercial rates of ordinary customers.

- Salaries, bonuses, and benefits of the Company's executive management amounted to a total of JD 176,600 for the nine months period ended September 30, 2019 (JD 159,536 for the nine months period ended September 30, 2018).

14. Contingent Liabilities and Financial Commitments

a. Legal cases

The Group is a defendant in labor and financial claims of JD 1,414,288 as of September 30, 2019 (JD 1,414,288 as of December 31, 2018), in the opinion of the Group's management and its legal advisor, there is no need to take any additional provisions for such cases.

b. Liabilities outside condensed consolidated interim statement of financial position

As of the date of the condensed consolidated interim financial information, the Group had contingent liabilities as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Bank guarantees	72,565	72,565

c. Land purchase agreement with Aqaba Special Economic Zone Authority

On June 18, 2000, the Company signed an agreement with Aqaba Special Economic Zone Authority (ASEZA) to purchase a plot of land located on the southern beach of Aqaba, which has been used for constructing, operating, and managing a comprehensive touristic project composed of tourist hotels with supporting facilities and touristic villages, which include units, villas, residential apartments, and other related facilities and services.

The sale agreement imposes the following obligations:

1. The Group has to pay 1% (every two months) of the gross revenues generated from operating the hotels; restaurants; recreation centers; commercial, cultural, entertainment centers and the marina set up in the project.

2. The Group has to pay JD 2.15 for each square meter of the land sold to third parties for the construction of residential apartments and villas for sale.

3. According to the agreement signed with Aqaba Special Economic Zone Authority, there is a clause in the agreement restricting the Group from disposing of the land. Such restriction will be lifted once the payment of the land cost is complete and the construction phases of Tala Bay project are completed in accordance with the plans approved by Aqaba Special Economic Zone Authority, or the land is sold to other parties for the purpose of building hotels or other touristic or service projects.

The agreement signed with the Aqaba Special Economic Zone Authority (ASEZA) states that hotels owned by the Group or any entity that purchases, invests, or manages the hotel project shall pay 1% of the total revenues from operating the project facilities (hotels, restaurants, recreational facilities, and commercial centers as stipulated in the agreement (Q9/99), before deducting any expenses or costs of any kind, and shall be calculated and submitted to the Aqaba Special Economic Zone Authority every 60 days. In case of default, interest of 9 % is paid to the Aqaba Special Economic Zone Authority.

d. Agreement to secure the Royal Diving Center of Aqaba Economic Zone Authority

On July 5, 2001, the Company signed a guarantee agreement with the Aqaba Special Economic Zone Authority (ASEZA) concerning the investing in (undertaking of) the Royal Diving Center to establish an integrated diving village. In this regard, the Group uses the plot of land for the purpose of establishing and operating a touristic project, which constitutes an integrated diving center. The intended use of the land is for the establishment, operation and / or management of a modern diving center, a tourist hotel, a cafeteria, a tourist restaurant, and shops.

The term of this agreement is 49 years from the agreement date, and is renewable upon the consent of the parties. The Group shall have the following obligations:

1. An annual fee of JD 50,000, payable at the beginning of each year (during the term of this agreement), and payable starting from the second year of the agreement. The Group shall be exempted from payment of the guarantee fees for the first year of the agreement. The annual fee is increased by 2.5% annually starting from the end of the fourth year of the agreement.

2. The Group is committed to submitting 10% of total revenues from operating the restaurant and cafeteria, and to paying 5% of the total revenues generated from operating the hotel and its facilities from the beginning of the operation of any of them, and all expenses shall be borne by the guarantor company.

3. The Aqaba Special Economic Zone Authority shall not bear any risks or losses arising from the failure of project operation.

4. The undertaking company shall allocate at least 4% of the project revenues for marketing and promotion purposes.

5. In the event of a delay in the settlement of any outstanding payments, interest shall be charged at 9% per year of the due amount from the due date.

6. During 2015, the Group signed a memorandum of understanding with the undertaking company to deal with all the pending financial matters. Moreover, initial agreement was reached to establish a new joint company to manage the Royal Diving Club under the control of Jordan Tourism Development Company.

7. Jordan Union for Tourism Projects was established in 2015, and 60% of it is owned by the Company.

e. Termination of the Oryx Hotel Management Agreement with the International Cooperation for Investment & Tourism Company

Jordan Projects for Tourism Development Company and Jordan Holding AG (a subsidiary) have terminated the management services agreement with Oryx Hotel (The Hotel) owned by the International Cooperation for Investment and Tourism Company.

It was agreed that Jordan Projects for Tourism and Development Company shall pay JD 4,315,176, as penalties including the payment of the liability of the International Cooperation for Investment and Tourism Company to the banks as a compensation for the Hotel's operating losses, in addition to the expenses of renovating the Hotel and settlement of the debts owed to the Hotel suppliers and providers for the original contract period.

In addition to the above amount, the two parties agreed that Jordan Projects for Tourism Development Company may not claim any amounts due from the Hotel to the Group of JD 778,428, in exchange of the termination of the Hotel management agreement. Accordingly, the total liabilities of Jordan Projects for Tourism Development Company became JD 5,093,604, including JD 209,705, as a provision for expected credit losses. During 2017, a provision was taken for these liabilities, and during 2018, expenses of JD 247,392 related to the said settlement were recorded.

The two parties agreed to the following:

Jordan Projects for Tourism Development Company shall sign the agreement for using the beach of Jordan Projects for Tourism Development and / or its subsidiaries for the benefit of the hotel for one full year, in addition to transporting guests free of charge.

1. Jordan Projects for Tourism Development Company shall pay any outstanding liabilities that may arise later but were due from Oryx Hotel. As the agreement is based on the Hotel's trial balance as of May 1, 2016, any differences and increases related to the debts owed to the suppliers and service providers as of May 1, 2016 shall be considered the responsibility of Jordan Projects for Tourism Development, provided that such liabilities do not exceed JD 100,000 at maximum.

2. Jordan Projects for Tourism Development shall provide the Hotel with copies of all the contracts previously signed with travel and tourism companies and / or any other companies, and / or contracts that constitute commitments to others in the future.

3. Jordan Projects for Tourism Development Company undertakes not to receive any amounts and / or checks and / or payments from any third party from the date of signing the agreement, and also undertakes to deliver any payments received during March to Oryx Hotel directly.

4. Jordan Projects for Tourism Development Company shall collect any amounts the Hotel cannot collect from others. In the event that it is unable to collect them, Jordan Projects for Tourism Development shall pay those amounts to the Hotel.

5. The Hotel undertakes to raise its capital to JD 16,333,320, and to register one million shares of the shares of the International Cooperation for Investment and Tourism Company in the name of the second party (Jordan Projects for Tourism Development) after fulfilling all the terms of the management service termination agreement of Oryx Hotel entered into and agreed upon by both parties.

15. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet its obligations.

The Group's liquidity position as of the date of the condensed consolidated interim financial information was as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Current assets	23,862,363	25,607,221
Less: Current liabilities	(40,860,929)	(50,407,295)
(Deficit) in Working Capital	(16,998,566)	(24,800,074)

The Group's quick ratio (cash and banks balances and accounts receivable, excluding deferred revenues as of the end of the period / year) is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Cash on hand and at banks	623,920	627,101
Account receivable - net	1,218,713	1,668,098
Other debit balances	99,986	811,848
Total	1,942,619	3,107,047
Current liabilities	40,860,929	50,407,295
Quick Ratio	5%	6%

Management's plan to resolve its liquidity deficit and working capital is illustrated in Note (16) below.

16. (Accumulated Losses) Management Future Plan

The Group incurred losses of approximately JD 2,113,671 for the nine months period ended September 30, 2019 (JD 2,992,733 for the nine months period ended September 30, 2018). Moreover, the accumulated losses and the loss for the period amounted to approximately JD 21.8 million as of September 30, 2019, the equivalent to 71% of the Company's paid-up capital (The accumulated losses amounted to approximately JD 19.7 million as of December 31, 2018, the equivalent to 65% of the Company's paid-up capital). In addition, the Company's current liabilities exceeded its current assets by approximately JD 17 million as of September 30, 2019 (approximately JD 24.8 million as of December 31, 2018). The Group also has a deficit in liquidity for it to meet its short-term liabilities (Note 15), as well as loans and interest due to creditors. Moreover, the accumulated losses of some subsidiaries have also exceeded their paid-up capital. The following is a description of the Group's future plan, based on which the condensed consolidated interim financial information has been prepared on the going concern basis.

Management has developed a future plan that has been approved by the Board of Directors. The plan can be summarized as follows:

a. Increasing the Company's paid-up capital by JD 40 million during the year 2019 for the purpose of developing and preparing the infrastructure of the plots of land owned by the Group, to attract new investors to develop residential and trading projects, in addition to establishing new hotels and other entertainment investments. Several parties have been addressed in this regard, and the prospects are positive.

b. Focusing on developing the hotel sector through attracting new markets from Europe, such as the Polish, Slovakian, and Romanian markets, in addition to minimizing the operating expenses.

c. Constructing stage (6) of the residential buildings after designating 6 acres of the beach area owned by one of the subsidiaries. In this connection, 41 residential units will be built in this project after all related studies have been completed. Moreover, there is an increased demand on those units in Tala Bay project.

d. Rescheduling two of the Group's outstanding loans over a period that ranges between 6 and 8 years has been completed. The Group is currently rescheduling its third loan at the same interest rates, and seeks to obtain a bridged loan until the capital increase procedures have been completed. This would enable the Group to manage its cash flows optimally and reschedule the due amounts.

e. The Group is studying the establishment of desalination projects, alternative energy projects, renewable energy and solar energy, and is working with several specialized companies in these fields.

17. Fair Value Levels

Management believes that the book value of the financial assets and financial liabilities approximates their fair value.

18. Effect of Prior Period Adjustments

During the period ended September 30, 2019, the Group restated comparative figures for the nine months period ended September 30, 2018 according to IFRS (9) requirements. This restatement has affected the condensed consolidated interim statement of changes in shareholders' equity for the nine months period ended September 30, 2018 through adjusting the opening balance of accumulated losses. The restatement was considered as an accounting error within IAS (8). Moreover, the restatement of comparative figures has not had any impact on the income for the nine month period ended September 30, 2018.

The new methodology and system applied by the Group to account for the expected credit losses for the statement of financial position items of the subsequent period for the year 2018, is the reason for the adjustment of comparative figures, taking into account the effect of the initial implementation of IFRS (9).

The effect of the adjustments is as follows:

	January 1, 2018		
	Balance before Restatement	Effect of Restatement	Restated Balance
	JD	JD	JD
Statement of financial position			
Assets			
Accounts receivable	2,715,468	(849,046)	1,866,422
Shareholders' equity			
Accumulated (losses)	(12,540,955)	(849,046)	(13,390,001)