



الأسواق الحرة الأردنية
JORDANIAN DUTY FREE SHOPS

الرقم : 12/4

التاريخ : 2017/5/14

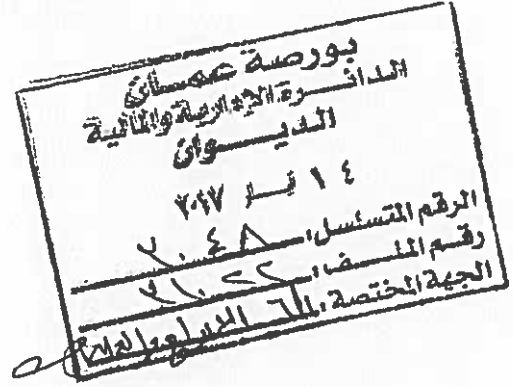
السادة / هيئة الأوراق المالية المحترمين

تحية وبعد،،،

ارفق لكم طيا القوائم المالية المرحلية المختصرة الموحدة باللغة الانجليزية كما في 31 اذار 2017 مع تقرير المراجعة.

وتفضلوا بقبول فائق الاحترام،،،،،

الرئيس التنفيذي
الهيثم المجالي



— نسخة/مركز ايداع الاوراق المالية المحترمين

— نسخة/بورصة عمان المحترمين

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JORDANIAN DUTY FREE SHOPS

PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

31 MARCH 2017

The EY logo consists of the letters 'EY' in a bold, sans-serif font. The 'E' and 'Y' are connected at the top. Above the 'EY' text is a small, light gray triangle pointing to the right.

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**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF JORDAN DUTY FREE SHOPS PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Duty Free Shops (a public shareholding company) comprising the consolidated statement of financial position as at 31 March 2017 and the related consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flows for the three-months period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan

26 April 2017

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017**

	Notes	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<u>ASSETS</u>			
Non - Current assets			
Property and equipment	5	6,671,328	4,912,894
Projects in progress		1,162,855	2,479,019
Intangible assets	6	1,766,667	1,866,667
Advances on lands purchases		3,629,410	3,629,410
Financial assets at fair value through other comprehensive income		1,550	1,550
Other current assets		7,666	7,666
Total non – current assets		13,239,476	12,897,206
Current assets			
Trade receivables		242,511	250,034
Inventories		8,500,020	10,572,301
Other current assets		1,706,897	1,318,855
Cash in hand and at banks		21,738,097	31,900,766
		32,187,525	44,041,956
Total assets		45,427,001	56,939,162
<u>EQUITY AND LIABILITIES</u>			
Equity			
Paid in capital	1	7,500,000	7,500,000
Statutory reserve		7,500,000	7,500,000
Voluntary reserve		7,500,000	7,500,000
Cumulative change in fair value		(4,150)	(4,150)
Retained earnings		18,752,100	29,469,203
Total equities		41,247,950	51,965,053
Liabilities			
Non – Current liabilities			
Other commitments provision		798,495	801,079
Current liabilities			
Trade payables		1,592,633	2,312,442
Other current liabilities		1,787,923	1,860,588
		3,380,556	4,173,030
Total liabilities		4,179,051	4,974,109
TOTAL EQUITY AND LIABILITIES		45,427,001	56,939,162

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	Note	For the three months ended 31	
		March	
		2017	2016
		JD	JD
Sales		21,636,035	14,645,328
Less: service fees		(1,941,174)	(1,311,110)
Net sales		19,694,861	13,334,218
Cost of sales		(11,982,151)	(7,536,840)
Gross profit		7,712,710	5,797,378
Other income		247,516	66,248
Interest income		254,178	248,922
Sales and distribution expenses		(1,097,457)	(816,078)
Administrative expenses		(1,074,841)	(946,264)
Depreciation and amortization		(259,209)	(253,733)
Profit for the period		5,782,897	4,096,473
		JD/Fills	JD/Fills
Basic and diluted earnings per share attributable to the Company's shareholders	8	0/771	0/546

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	For the three months ended 31 March	
	2017	2016
	JD	JD
Profit for the period	5,782,897	4,096,473
Add: other comprehensive income items after tax not to be realised in profit and loss subsequently:		
Change in fair value of financial assets at fair value through other comprehensive income	-	-
Total comprehensive income for the period	<u>5,782,897</u>	<u>4,096,473</u>

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	Paid in capital		Statutory reserve		Voluntary reserve		Cumulative change in fair value		Retained earnings		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the three months period ended 31 March 2017												
Balance as of 1 January 2017	7,500,000		7,500,000		7,500,000		(4,150)		29,469,203		51,965,053	
Total comprehensive income for the period	-		-		-		-		5,782,897		5,782,897	
Dividends (note 4)	-		-		-		-		(16,500,000)		(16,500,000)	
Balance as of 31 March 2017	7,500,000		7,500,000		7,500,000		(4,150)		18,752,100		41,247,950	
For the three months period ended 31 March 2016												
Balance as of 1 January 2016	7,500,000		7,500,000		7,500,000		(4,150)		24,993,083		47,488,933	
Total comprehensive income for the period	-		-		-		-		4,096,473		4,096,473	
Dividends	-		-		-		-		(13,125,000)		(13,125,000)	
Balance as of 31 March 2016	7,500,000		7,500,000		7,500,000		(4,150)		15,964,556		38,460,406	

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	For the three months ended 31	
	March	
<u>Note</u>	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
<u>Operating Activities</u>		
Profit for the period before income tax	5,782,897	4,096,473
Adjustments for:		
Depreciation and amortization	259,209	253,733
Interest income	(254,178)	(248,922)
Working capital changes		
Inventories	2,072,281	(245,069)
Trade receivables	7,523	16,027
Other current assets	(388,042)	258,385
Trade payables	(719,809)	24,236
Other current liabilities	25,620	(69,821)
Paid from other commitments provision	(2,584)	-
Income tax paid	(98,285)	(91,034)
Net cash flows from operating activities	6,684,632	3,994,008
<u>Investing Activities</u>		
Purchase of property and equipment and projects in progress	(310,724)	(48,263)
Proceeds from sale of property and equipment	(290,755)	(101,785)
Deposits	8,697,407	7,205,524
Interest received	254,178	248,922
Net cash flows from investing activities	8,350,106	7,304,398
<u>Financing Activities</u>		
Dividends	(16,500,000)	(13,125,000)
Net cash flows used in financing activities	(16,500,000)	(13,125,000)
Decrease in cash and cash equivalents	(1,465,262)	(1,826,594)
Cash and cash equivalents, beginning of the period	5,016,714	6,817,374
Cash and cash equivalents, end of the period	9 3,551,452	4,990,780

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017**

1 GENERAL

Jordan Duty Free Shops PLC was established as a Public Shareholding Company on 28 September 1996 with an authorized and paid capital of JD 5,000,000, divided into 5,000,000 shares with a par value of JD 1 per share. The General Assembly approved in its extraordinary meeting held on 17 March 2011 to increase its capital to become JD 7,500,000 by capitalizing part of the retained earnings. The share capital increase was approved by the Ministry of Industry and Trade on 29 March 2011 and by Jordan Securities Commission on 4 May 2011.

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

The Group's Board of Directors have approved the interim condensed consolidated financial statements on 25 April 2017.

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

2 BASIS OF PREPARATION

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

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

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

The interim consolidated condensed financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group annual consolidated financial statements as of 31 December 2016. In addition, results for the three months period ended 31 March 2017 do not necessarily indicate the expected results for the financial year ending 31 December 2017.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim consolidated condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards amendments effective as of 1 January 2017.

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017**

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

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

3 BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows (referred to them collectively as the Group) as of 31 March 2017.

<u>Name of the company</u>	<u>Share capital</u> JD	<u>Ownership percentage</u>	<u>Year of Establishment</u>	<u>Location</u>
First Shops Company L.L.C	6,000,000	100%	2008	Aqaba
International Jordan Duty Free Shops (under liquidation)	30,000	100%	2004	Free zone/airport
Second Shops General Trading L.L.C	50,000	100%	2016	Amman

4 DIVIDEND

The General Assembly approved in its ordinary meeting held on 16 March 2017, the distribution of cash dividends amounted to JD 16,500,000 representing 220% of the paid in capital.

5 PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2017, the Group purchased property and equipment at a cost of JD 310,724 and transferred property and equipment from projects in progress at a cost of JD 1,606,919 (31 March 2016: JD 48,263).

6 INTANGIBLE ASSETS

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

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017**

7 INCOME TAX (UNAUDITED)

Based on the Council of Ministers decision in their meeting held on 10 April 2016, the exemption on goods and services from the main activity of the Group was renewed.

The Group reached a final settlement with the Income and Sales Tax Department up to the year 2005 and for the year 2007 and for the years from 2010 to 2014.

For the year 2006, the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance for preventing the claim that all other income items are subject to income tax the value of the taxes objected by the Group amounted to JD 130,030 after experience.

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

The Income Tax Department has not reviewed the income tax declaration for the year 2015 up to the date of these interim condensed consolidated financial statements.

The Group registered in the sales tax retroactively from 1 January 2014 in order to benefit from the decision of the Council of Ministers to exempt from fines in case of payment of the original tax amounts.

8 EARNINGS PER SHARE (UNAUDITED)

	For the three months ended 31 March	
	2017	2016
Profit for the period (JD)	5,782,897	4,096,473
Weighted average number of shares (share)	7,500,000	7,500,000
Basic and diluted earnings per share (JD/ Fils)	0/771	0/546

9 CASH AND CASH EQUIVALENTS

	31 March 2017	31 March 2016
	JD (unaudited)	JD (unaudited)
Cash on hand and at banks	21,738,097	22,927,819
Less: deposits at banks due from three months to one year	(18,186,645)	(17,937,039)
Cash and cash equivalent	3,551,452	4,990,780

* Deposits are from three months to one year bearing annual interest rates ranging from 3.75% to 4.1% for the period ended 31 March 2017 (31 December 2016: 3.5% to 4%)

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017**

10 LAWSUITS (UNAUDITED)

- a. There are number of labour lawsuits against the Group amounting to JD 91,823 as of 31 March 2017. In the opinion of the Group's management and law consultant, provisions for these lawsuits are sufficient.
- b. There are custom lawsuits against the Group amounting to JD 170,269 as of 31 March 2017. In the opinion of the Group's management and law consultant, provisions for these lawsuits are sufficient.

11 SEGMENTAL INFORMATION

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

	<u>Amman</u>	<u>North of Kingdom</u>	<u>South of Kingdom</u>	<u>Kingdom center</u>	<u>Total</u>
	JD	JD	JD	JD	JD
For the three months period ended 31 March 2017					
Net revenue	1,782,248	382,596	6,832,425	10,697,592	19,694,861
Cost of sales	(1,135,722)	(221,964)	(4,053,399)	(6,571,066)	(11,982,151)
Unallocated expenses	-	-	-	-	(2,431,507)
Other income and interest income	-	-	-	-	501,694
Profit for the period					<u>5,782,897</u>
For the three months period ended 31 March 2016					
Net revenue	1,369,419	331,417	4,768,504	6,864,878	13,334,218
Cost of sales	(835,672)	(188,112)	(2,701,371)	(3,811,685)	(7,536,840)
Unallocated expenses	-	-	-	-	(2,016,075)
Other income and interest income	-	-	-	-	315,170
Profit for the period					<u>4,096,473</u>

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017**

12 TRANSACTIONS WITH RELATED PARTIES

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

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

	<u>Nature of relationship</u>	<u>31 March 2017</u> JD (Unaudited)	<u>31 December 2016</u> JD (Audited)
CASH AT BANKS			
Current accounts – Jordan Investment Bank	Shareholder	5,494,421	1,339,227
Deposits – Jordan Investments Bank	Shareholder	4,000,000	4,000,000
Margins on guarantees – Jordan Investments Bank	Shareholder	-	183
TRADE PAYABLES	Shareholders	85,392	368,088
OFF BALANCE SHEET ITEMS:			
Bank guarantees- Jordan Investments Bank	Shareholder	2,069,759	1,399,512

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

	<u>31 March 2017</u> JD (Unaudited)	<u>31 March 2016</u> JD (Unaudited)
Interest income – Jordan Investment Bank (shareholder)	47,657	20,653
Purchases (shareholders)	413,085	55,444
Salaries, wages and other benefits- Group executive management	54,242	42,838
Salaries, wages and other benefits- Board of Directors members	139,555	170,569