

SALAM INTERNATIONAL TRANSPORT
AND TRADING COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA – JORDAN
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2017 TOGETHER
WITH THE REVIEW REPORT

SALAM INTERNATIONAL TRANSPORT
AND TRADING COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA – JORDAN
MARCH 31, 2017

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Review Report on the Condensed Consolidated Interim Financial Statements

AM \ 81552

To the Shareholders of
Salam International Transport and Trading 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 Salam International Transport and Trading Company (a Public Shareholding Limited Company) as of March 31, 2017 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-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 No. (34) Relating to 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

1. As stated in Note (6) to the accompanying condensed consolidated interim financial statements, there is a balance of JD 8,957,230 due from the Housing and Urban Development Corporation against the "Decent Housing for Decent Living" Project as of March 31, 2017 and December 31, 2016, including an amount of JD 3,095,762 booked as unearned revenue and subcontractors payable at the end of the year 2014. We were unable to verify this receivable and the related accounts payable for the project's subcontractors included within accounts payable of JD 2,496,089, as the Company has not reached a final settlement with the Corporation concerning this project. Moreover, we were also unable to verify these amounts by performing alternative review procedures. Noting that the Company capitalized interest and fees in an amount of around JD 294 K incurred on a loan which was obtained to finance the project. Additionally, the Company has opted to go to arbitration against the Housing and Urban Development Corporation in relation to the amounts due, and arbitration proceedings are still ongoing as stated by Management.
2. We were not provided by the net realizable value study for the property and equipment and inventory of Al-Ibtikar Land Transport Company (subsidiary company) with a net book value of JD 1,052,552 as of March 31, 2017 (JD 1,150,728 as of December 31, 2016) as the subsidiary company's main operation has declined significantly since mid-2014. Therefore, we were unable to verify if there is any impairment in its value as of the date of the condensed consolidated financial statements. Furthermore, we were unable to do so by performing alternative review procedures.
3. As stated in Note (8) to the accompanying condensed consolidated interim financial statements, there were neither audited financial statements nor reviewed condensed consolidated interim financial statements available for Jordan Academy for Marine studies, Al Maha Real Estate Development company, Aqaba Storing Chemicals Company, Arabian Ships Management Company, Maset Al Salam - Sudan Company and Al Shams Economics Company. Moreover, the Company's net profit from associates for the period ended March 31, 2017 was calculated based on unaudited and not reviewed condensed interim financial statements as stated by management.

Qualified Conclusion

Based on our review, except for the possible impact for the matters described in the paragraphs (1 & 2 & 3) stated in the "Basis of Qualified Conclusion" paragraph, nothing has come to our attention that cause us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, the condensed consolidated interim statement of financial position of Salam International Transport and Trading Company (a Public Shareholding Limited Company) as of March 31, 2017 and it's condensed consolidated interim financial performance, cash flow for the period end in that date in accordance with International Accounting Standard (34) relating to interim financial reporting.

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to the following:

1. As stated in Notes (10 & 12) to the accompanying condensed consolidated interim financial statements, there are projects under construction totalling JD 2,587,517 as of March 31, 2017, not completed yet, in addition to advance payments for acquiring investments in companies JD 150,494 as of the same date. Recovery of these amounts depends on executing the operating plans of the Company's subsidiaries to complete these projects through obtaining the necessary funding.

2. As stated in Note (11) to the accompanying condensed consolidated interim financial statements, there are advance payments on contracts related to Madaen Al Shorouq Real Estate Investment and Development Company (subsidiary company) to purchase land from the National Resources Investment and Development Corporation for JD 3,146,817 as of March 31, 2017, in order to build and develop these lands. The Company is still in the process of completing the terms of the contract in order to conclude the ownership transfer. In addition, there are advance payments related to a land acquisition contract between Madaen Al Aqaba Real Estate Investment and Development Company (subsidiary company) and Aqaba Development Corporation of JD 3,536,135 as of March 31, 2017, according to the sale agreement dated October 16, 2007, for developing and building on these lands. The Company is still in the process of transferring ownership. However, Land No. (707) was returned and the amounts paid to purchase lands amounted to JD 3,536,135 as of March 31, 2017 and December 31, 2016 were considered as amounts paid for Land (704) as stated by management.

Explanatory Paragraph

The Company's fiscal year ends on December 31 of each year. However, the accompanying condensed consolidated interim financial statements have been prepared solely for the purpose of management and Securities Commission in Jordan.

Other Matter

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

Amman – Jordan
April 30, 2017

Deloitte & Touche
Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(REVIEWED NOT AUDITED)

	Note	March 31, 2017	December 31, 2016
		(Reviewed not Audited)	
		JD	JD
ASSETS			
<u>Current Assets:</u>			
Cash on hand and at banks	4	92,438	156,733
Accounts receivable-net	5	665,778	547,467
Due from related parties	16/a	1,089,619	977,197
Accounts receivable - "Decent Housing for Decent Living" project	6	8,957,230	8,957,230
Residential units available for sale	7	862,740	910,183
Checks under collection and notes receivable - short term		549,863	610,578
Financial assets at fair value through profit of loss		10,228	10,068
Inventory - net		521,923	502,619
Other debit balances		972,963	839,548
Total Current Assets		13,722,782	13,511,623
<u>Non-Current Assets:</u>			
Checks under collection and notes receivable - long term		161,221	115,157
Financial assets at fair value through other comprehensive income		707,450	673,643
Investment properties - net	9	11,941,335	11,989,195
Investments in associates	8	13,214,032	13,060,149
Projects under construction	10	2,587,517	2,588,130
Advance payments for land acquisition	11	6,682,952	6,682,952
Advance payments for acquiring investment in companies	12	150,494	150,494
Property and equipment - net		1,386,372	1,410,381
Total Non-Current Assets		36,831,373	36,670,101
TOTAL ASSETS		50,554,155	50,181,724
LIABILITIES AND OWNERS' EQUITY			
<u>Current Liabilities:</u>			
Due to banks	13	1,216,764	1,224,297
Accounts payable		4,858,106	4,835,546
Due to related parties	16/b	5,049,107	4,866,116
Loans - current portion	14	2,745,268	2,580,364
Deferred checks and notes payable - short term		939,765	786,983
Income tax provision	15	54,262	61,762
Other credit balances		3,349,183	2,967,948
Total Current Liabilities		18,212,455	17,323,016
<u>Non-Current Liabilities:</u>			
Deferred checks and notes payable - long term		254,924	72,143
Shareholder's current account	16/b	1,595,991	1,596,389
Long-term Loans	14	6,715,119	7,346,962
Total Non-Current Liabilities		8,566,034	9,015,494
Total Liabilities		26,778,489	26,338,510
OWNERS' EQUITY			
<u>SHAREHOLDERS' EQUITY</u>			
Paid-up capital	17	18,000,000	18,000,000
Share discount		(1,349,998)	(1,349,998)
Statutory reserve		1,970,514	1,970,514
Voluntary reserve		48,024	48,024
Financial assets at fair value revaluation reserve		(110,611)	(143,453)
Accumulated (losses)		(1,895,423)	(1,895,423)
Profit for the period		29,236	-
Net Shareholders' Equity		16,691,742	16,629,664
Non-controlling interest		7,083,924	7,213,550
Total Owners' Equity		23,775,666	23,843,214
TOTAL LIABILITIES AND NET OWNERS' EQUITY		50,554,155	50,181,724

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) to (23) CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ
WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AOABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

(REVIEWED NOT AUDITED)

		For the Three months ended	
		March 31,	
	Note	2017	2016
		JD	JD
Revenue		1,043,512	1,009,502
<u>Less:</u> Cost of revenue		<u>(793,403)</u>	<u>(776,956)</u>
Gross Profit		250,109	232,546
 <u>Less:</u> General and administrative expenses		(355,520)	(391,681)
Marketing expenses		(12,701)	(17,714)
Borrowing costs		(234,628)	(305,981)
Company's share of associated companies profit	8	249,795	182,287
Gain from valuation of financial assets at fair value through profit or loss		160	1,219
Other income		<u>1,430</u>	<u>6,600</u>
(Loss) before Income Tax Expense		(101,355)	(292,724)
<u>Less:</u> Income tax expense	15	<u>-</u>	<u>(14,144)</u>
(Loss) for the Period		<u><u>(101,355)</u></u>	<u><u>(306,868)</u></u>
 Attributable to:			
The Company's shareholders		29,236	(122,278)
Non-controlling interest		<u>(130,591)</u>	<u>(184,590)</u>
Total		<u><u>(101,355)</u></u>	<u><u>(306,868)</u></u>
 Earnings (Loss) per Share for the period Attributable to the			
Company's Shareholders	18	<u>0.002</u>	<u>(0.007)</u>

Chairman of the Board of Directors

General Manager

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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AQABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months	
	Ended March 31,	
	2017	2016
	JD	JD
(Loss) for the period	(101,355)	(306,868)
<u>Comprehensive Income Items:</u>		
<u>Items not to be subsequently transferred to condensed consolidated interim statement of income:</u>		
Change in fair value of financial assets at fair value	33,807	(9,247)
Total Comprehensive (Loss) for the Period	(67,548)	(316,115)
Total Comprehensive (Loss) for the Year Attributable to:		
Company's shareholders	62,078	(130,562)
Non- controlling interest	(129,626)	(185,553)
Total	(67,548)	(316,115)

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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AOABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Company's Shareholders' Equity												
	Authorized and Paid-up Capital	Financial Assets							Non-Controlling				
		Share Discount	Statutory Reserve	Voluntary Reserve	Revaluation Reserve	Accumulated (Losses)/Retained Earnings		Profit (Loss) for the Period *	Total	Interest		Total	
						Realized	Unrealized			JD	JD		JD
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
For the Three Months Ended March 31, 2017													
Balance - beginning of the year	18,000,000	(1,349,998)	1,970,514	48,024	(143,453)	(3,812,032)	1,916,609	(1,895,423)	-	29,236	16,629,664	7,213,550	23,843,214
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	29,236	29,236	(130,591)	(101,355)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	965	33,807
Total Comprehensive Income For the Period	-	-	-	-	-	-	-	-	-	29,236	62,078	(129,626)	(67,548)
Balance - End of the Period	18,000,000	(1,349,998)	1,970,514	48,024	(110,611)	(3,812,032)	1,916,609	(1,895,423)	29,236	29,236	16,691,742	7,083,924	23,775,666
For the Three Months Ended March 31, 2016													
Balance - beginning of the year	18,000,000	(1,349,998)	1,970,514	48,024	(164,446)	(3,899,401)	1,916,609	(1,982,792)	-	-	16,521,302	6,183,297	22,704,599
Prior year adjustments	-	-	-	-	-	(2,243)	-	(2,243)	-	-	(2,243)	-	(2,243)
Adjusted balance - beginning of the year	18,000,000	(1,349,998)	1,970,514	48,024	(164,446)	(3,901,644)	1,916,609	(1,985,035)	-	-	16,519,059	6,183,297	22,702,356
(Loss) for the period	-	-	-	-	-	-	-	-	(122,278)	(122,278)	(122,278)	(184,590)	(306,868)
Change in fair value of financial assets at fair value	-	-	-	-	(8,284)	-	-	-	-	-	(8,284)	(963)	(9,247)
Total Comprehensive Income For the Period	-	-	-	-	(8,284)	-	-	-	(122,278)	(122,278)	(130,562)	(185,553)	(316,115)
Net change in non - controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	597,749	597,749
Balance - End of the Period	18,000,000	(1,349,998)	1,970,514	48,024	(172,730)	(3,901,644)	1,916,609	(1,985,035)	(122,278)	(122,278)	16,388,497	6,595,493	22,983,990

*The loss of the period includes the unrealized gain on the evaluation of financial assets at fair value through other comprehensive income in the amount of JD 160 for the three months ended March 31, 2017 (JD 1,219 for the three months ended March 31, 2016).

- An amount equivalent to the negative balance of financial assets revaluation reserve is restricted according to the Jordanian Securities Exchange Commission's instructions.

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SALAM INTERNATIONAL TRANSPORT AND TRADING COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AQABA - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended	
		March 31,	
		2017	2016
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) for the period before income tax		(101,355)	(292,724)
Adjustments:			
Property and equipment and investment properties depreciation	9	47,860	74,145
Company's share of associated companies (profits)	8	(249,795)	(182,287)
(Gain) from valuation of financial assets at fair value through other comprehensive income		(160)	(1,219)
Borrowing costs		234,628	305,981
Net Cash (used in) Operating Activities before Changes in Working Capital		(68,822)	(96,104)
(Increase) in accounts receivable		(118,311)	(9,069)
Decrease in checks under collection and notes receivable		14,651	148,068
(Increase) in inventory		(19,304)	(30,035)
(Increase) in other debt balances		(133,415)	(126,921)
Increase (decrease) in accounts payable		22,560	(384,176)
Increase in other credit balances		381,234	420,991
Net Cash Flows from (Used in) Operating Activities before Income Tax Paid		78,593	(77,246)
Income tax paid	15/a	(7,500)	(103,185)
Net Cash Flows from (Used in) Operating Activities		71,093	(180,431)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in residential units available for sale		-	77,632
Decrease in investments in associates		143,356	200,000
Decrease (increase) in projects under constructions		613	(12,124)
Net change in property and equipment		24,009	199,803
Net Cash Flows from Investing Activities		167,978	465,311
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowing cost settlements		(234,628)	(305,981)
Decrease in deferred checks and notes payable		335,563	391,998
Decrease in due from/to related parties		70,171	99,160
(Decrease) increase in due to banks		(7,533)	16,518
(Decrease) in loans		(466,939)	(646,976)
Changes in non-controlling interests		-	61,786
Net Cash flows (used in) Financing Activities		(303,366)	(383,495)
Net (Decrease) in Cash		(64,295)	(98,615)
Cash on hand and at banks - beginning of the year		156,733	441,702
Cash on Hand and at Banks - End of the Period	4	92,438	343,087
Non-Cash Transactions:			
Amortization of a subsidiary loss from partner account		-	535,000

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SALAM INTERNATIONAL TRANSPORT AND
TRADING COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA – JORDAN
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

1. General

- a. Salam International Transport and Trading Company was established and registered as a Public Shareholding Limited Company on January 30, 1997 under registration No. (326), with a paid-up capital of JD 1,200,000. The Company's paid-up capital was gradually increased to JD 15,000,000, distributed over 15 million shares at JD 1 par value per share. In its extraordinary meeting held on April 22, 2014, the Company's General Assembly approved increasing the Company's capital of JD 15 million so that authorized and paid-up capital would become JD 18 million through public underwriting to the Company's shareholders. However, the underwriting of 2,427,962 shares out of 3 million shares has been made in addition the subscribed and paid up capital became 17,427,962 share at JD 1 par value per share.
- On September 13, 2011, the Company was registered at the Aqaba Special Economic Zone according to Law No. (32) for the Year 2000.
- The Company's Head Office is located in Aqaba – Jordan.
- b. The Parent Company's and its Subsidiaries' main objectives include the following:
- Conducting all types of marine activity (transporting passengers and various types of goods, in addition to touristic marine transportation).
 - Possessing, managing, operating and leasing ships of all kinds.
 - Obtaining maritime agencies, brokering, and representing international rating agencies.
 - Obtaining commercial agencies and tendering.
 - Renting marine maintenance workshops of all kinds, including repairing ships.
 - Conducting land transport, business and related tendering.
 - Conducting real estate activities (buying and selling real estates and other real estate-related activities).
 - Providing services, operating touristic restaurants, and supplying hotels with food.
 - Guaranteeing others while benefiting the Company.
 - Transporting crude oil.
 - Investing in other companies.
 - Borrowing funds from banks to finance its activities.
- c. The condensed consolidated interim financial statements have been approved by the Board of Directors on April 27, 2017.

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. Furthermore, hedged financial assets and financial liabilities are also stated at fair value.

- 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 must be read with the consolidated financial statements of the Company as of March 31, 2017. In addition, the results of the Company's operations for the three months ended March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial statement are consistent with those adopted for the year ended December 31, 2016, except for the following:
 - Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 12
 - Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses
 - Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

b. Basis of Consolidation of the Condensed Financial Interim Statements

- The condensed consolidated interim financial statements include the condensed consolidated interim financial statements of the Company (Salam International Transport and Trading Company), its subsidiaries, and entities under its control. Moreover, control is achieved when the Company has the ability to control the financial and operating policies of the subsidiary companies to obtain benefits from their activities. Transactions, balances, revenue, and expenses between the Company and its subsidiaries are eliminated.
- The condensed consolidated interim financial statements of the subsidiary companies are prepared for the same fiscal year of the Company using the same accounting policies of the Company. If the accounting policies adopted by the subsidiaries differ from those adopted by the Company, the necessary adjustments to the subsidiary companies' condensed consolidated interim financial statements are made so that their accounting policies match those of the Company.
- Non-controlling interest represents the portion of the subsidiaries equity not owned by the parent Company.

- The Company owns the following subsidiary companies as of March 31, 2017:

<u>Company's Name</u>	<u>Paid-up Capital</u> JD	<u>Ownership Percentage</u> %	<u>Nature of Activity</u>	<u>Place of Work</u>	<u>Date of Ownership</u>
Farah International Catering Service Company	1,000,000	99.86	Trading	Jordan	September 21, 1992
Golden State For Commercial Services Company	204,874	99.86	Trading	Jordan	September 4, 2005
Mada'en Al – Noor Investment and Real Estate Development	6,000,000	75	Real estate	Jordan	June 3, 2004
Al-Ibtikar Land Transport	2,600,000	70	Transportation	Jordan	March 9, 2005
Afaq Supply and Storage Company	500,000	90	Supply & Storage	Jordan	February 18, 2008
Amman River Transport and Supply Company	1,000	100	Trading	Jordan	August 31, 2008
Mada'en Al – Bahr Investment and Real Estate Development	1,000,000	87.5	Trading	Jordan	September 5, 2010
Technical for Construction and Real Estate Services	1,000,000	98.75	Real estate	Jordan	September 1, 1992
Mada'en Al – Shorouq Investment Real Estate Company	6,660,000	69.99	Real estate	Jordan	November 20, 2006
Mada'en Al – Aqaba Investment Real Estate Company	2,500,000	60	Real estate	Jordan	September 6, 2007
Al – Aqaba Markets Development and Investment Company	4,700,000	52.5	Real estate	Jordan	August 9, 2006
Mada'en Al – Salam Construction Company	250,000	80	Real estate	Jordan	May 15, 2006

- Subsidiaries' results of operations are included in the condensed consolidated interim statement of income effective from the acquisition date, which is the date of transferring control over the subsidiary by the group. The results of operations of subsidiaries disposed of during the year were included in the consolidated statement of income up to the effective date of disposal, which is the date of losing control over the subsidiary.

Investments in Associates and Companies Subject to Joint Control

Associated companies are those companies whereby the Company exercises significant influence over their financial and operating policies but does not control them, and whereby the Company owns between 20% to 50% of the voting rights. Moreover, associates are established through contractual agreements and their operating and financial decisions require unanimous approval.

Investments in associated companies are accounted for according to the equity method, and initially recognized at cost which includes all acquisition costs.

The condensed consolidated interim financial statements include the Company's share of the profit and loss from the investment in associated companies, according to the equity method, after the required necessary adjustments are made to comply with the accounting policies adopted by the parent company.

As of March 31, 2017, the details of investments in associates are as follows:

<u>Company's Name</u>	<u>Percentage of Ownership</u> %	<u>Business Location</u>
Jordanian Marine Real Estate Investment Complex Company	26	Jordan
Jordan National Shipping Lines Company	22.96	Jordan
Jordanian Academy for Marine Studies	25	Jordan
Jordanian National Line for Ships Operation Company	50	Jordan
Sea Star for Shipping and Logistics Company	50	Jordan
Maset Al Aqaba for Ships Building Company	50	Jordan
Aqaba Storing Chemicals Company	30	Jordan
Al Maha Real Estate Development Company	33.33	Jordan
Marine Lines for Storage and Port Services Company	50	Jordan
Arabian Ships Management Company	20	Jordan
Maset Al Salam Company – Sudan	46	Sudan
Al Shams Economics Company	30	Jordan

- Segments Information

The business segment represents a set of assets and operations that jointly provide products and services subject to risks and returns different from those of other business segments, measured according to the reports used by the executive manager and the Company's key decision makers.

- The geographic segment is associated with providing products or services in a defined economic environment subject to risks and returns different from those of other economic environments

3. Using Estimates

Preparation of the condensed consolidated interim financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities and disclosures on contingent liabilities. These estimates and judgments impact revenue, expenses, provisions and financial assets at fair value revaluation reserve. In particular, this requires from the Company's management to issue significant judgments for estimating the amounts of future cash flows and their timing. These estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Management believes that the estimates in the condensed consolidated interim financial statements are reasonable, and are consistent with the estimates used at the end of the year 2016.

4. Cash on Hand and at Banks

This item consists of the following:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	JD	JD
Cash on hand	30,810	48,256
Current accounts at banks	61,628	108,477
	<u>92,438</u>	<u>156,733</u>

5. Accounts Receivable - Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Trade receivables *	904,712	780,206
Employees' receivable	12,227	18,422
<u>Less : Allowance for doubtful receivables **</u>	<u>(251,161)</u>	<u>(251,161)</u>
Accounts Receivable - Net	<u>665,778</u>	<u>547,467</u>

- * The Company's accounts receivable mainly consists of trade receivables. Moreover, the company follows the interaction policy with qualified parties and to get sufficient guarantees wherever is appropriate to decrease the financial losses risk resulted from obligations have not been met. The Company books a provision for the receivables aging more than 360 days if no related collections are made during the year. Furthermore, the accounts accrued and impaired amounted to JD 251,161 as of the date of the condensed consolidated interim financial statements.

- ** Allowance for receivable accounts movement during the period / year is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance – beginning of period / year	251,161	276,098
<u>less : Written off debts*</u>	<u>-</u>	<u>(24,937)</u>
Balance – End of Period / Year	<u>251,161</u>	<u>251,161</u>

- * According to the General Assembly's Board meeting of Al-Ibtikar Land Transport Company (subsidiary) as of March 1, 2016, approval was issued to write off the drivers' debts which are less than JD 300, for which a provision of JD 24,937 was booked.

6. Accounts Receivable - "Decent Housing for Decent Living" Project

This item represents receivables from the Housing and Urban Development Corporation on the "Decent Housing for Decent Living" project of JD 8,957,230 as of March 31, 2017, including JD 3,095,762, booked as unearned revenues and subcontractors payable at the end of the year 2014. During the year 2013, the Company capitalized interest and fees of around JD 294 K incurred on a loan which the Company has obtained to finance the project. The Company has opted to go to arbitration against The Housing and Urban Development Corporation for the amounts due, and arbitration proceedings are still ongoing.

7. Residential Units Available for Sale

This item represents residential units available for sale in ZARQA and Abu-NSAIR as of March 31, 2017 and December 31, 2016.

Movement on the residential units available for sale during the period / year is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance – beginning of period / year	910,183	1,206,973
<u>Less : Cost of department sold</u>	<u>(47,443)</u>	<u>(296,790)</u>
Balance – End of Period / Year	<u>862,740</u>	<u>910,183</u>

- The selling price of residential units available for sale exceeds their book value as of March 31, 2017 and December 31, 2016.

8. Investment in Associates

The movement for the investment in associates during the period/year is as follows:

	March 31, 2017	December 31, 2016
Balance at the beginning of the period / year	13,060,149	12,732,873
Cash dividends	(125,000)	(616,367)
Capital increase	-	12,500
Share in financial assets evaluation reserve at fair value	29,088	11,115
Company Net share of associate companies profit *	249,795	920,028
Balance at the End of the Period / Year	13,214,032	13,060,149

* Net investment income in associates is calculated for the period ended March 31, 2017 based on financial information prepared by the companies' management.

9. Investment Properties - Net

The movement on this item during the period/year is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
<u>Cost</u>		
Balance at the beginning of the period / year	9,459,477	9,314,433
Additions	-	145,044
Balance at the End of the Period / Year	9,459,477	9,459,477
<u>Accumulated depreciation</u>		
Balance at the beginning of the period / year	747,263	560,312
Depreciation for the period	47,860	186,951
Balance at the End of the Period / Year	795,123	747,263
Net Book Value	8,664,354	8,712,214
<u>Add: Lands</u>		
Balance at the beginning of the period / year	3,276,981	3,276,981
Balance at the End of the Period / Year	3,276,981	3,276,981
	11,941,335	11,989,195

- The fair value of the investment properties according to the latest real estate appraiser was JD 13/9 million as of December 31, 2016.
- Investment properties were mortgaged to obtain credit facilities directly granted to the Company (Note 14).

10- Projects under Construction

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Al Shouroq City Project *	490,204	490,204
Construction tourist resorts - Aqaba *	441,730	441,730
Dead Sea project *	1,655,583	1,655,583
Others*	-	613
	2,587,517	2,588,130

- * These represent construction projects totaling JD 2,587,517, which have not been completed yet, as of March 31, 2017. Recovery of these amounts depends on executing the operating plans of the subsidiaries to complete the projects and obtaining the necessary funding.

According to the Department of Land and Survey, the market value based on the price of the plot of land on which Al Shorouq City Project Construction Tourist Resorts project – Aqaba and Dead Sea Project are erected, for these projects under construction, including the value of the land on which the projects are built, exceeds their book value as of March 31, 2017.

11 - Advance Payments for Land Acquisition

This item includes advance payments related to a contract with Madaen Al Shorouq Real Estate Investment and Development Company (subsidiary company) to purchase land from the National Resources Investment and Development Corporation for JD 3,146,817 as of March 31, 2017, for development and construction purposes. The Company is still completing the terms of the contract to conclude the transfer of ownership. In addition, there are advance payments related to the land acquisition contract between Madaen Al Aqaba Real Estate Investment and Development Company (subsidiary company) and Aqaba Development Corporation of JD 3,536,135 as of March 31, 2017, according to the sale agreement dated October 16, 2007, in order to develop and build these lands. The Company is still in the process of transferring ownership. However, Land No. (707) was returned and the amounts paid to purchase the lands amounted to JD 3,536,135 as of March 31, 2017 and December 31, 2016 were considered as an amounts paid for land No. (704).

12 - Advance Payments for Acquiring Investment in Companies

This item represents advance payments against investing in Maset Al - Salam Company-Sudan (Private Shareholding Company) as of March 31, 2017 and December 31, 2016.

13 - Due to Banks

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Credit Banks	32,637	39,161
Overdraft *	1,184,127	1,185,136
	<u>1,216,764</u>	<u>1,224,297</u>

- * This item represents direct credit facilities in the form of an overdraft account, granted by several local banks, with a ceiling of JD 2,425,000 and an interest rate ranging from 7.5 % to 9.5 %. The purpose of the facilities is to finance the normal activities of the Company, and they have been granted against the personal guarantee of Mr. Ahmed Helmi Armoush. During the first half of the year 2016 the Company was granted additional credit facilities with a ceiling of JD 70,000, Moreover, the overdraft account was rescheduled with Standard Chartered Bank, and the related agreement was signed on April 23, 2015.

14. Bank Loans

This item consists of the following:

Loan Principle	Remaining Installments	Interest Rate	March 31, 2017				December 31, 2016			
			Due Installment	Due during a Year	Total	Due during More than a Year	Due Installment	Due during a Year	Total	Due during More than a Year
			JD	JD	JD	JD	JD	JD	JD	JD
Egyptian Arab Land Bank -loan (1) ****	101	8/75	123,006	286,008	409,014	2,645,512	87,471	321,543	409,014	2,590,916
Egyptian Arab Land Bank-loan (2)	12	9/25	95,043	301,277	396,320	732,671	71,527	291,286	362,813	813,616
Housing Bank for Trade and Finance-loan (1) **	109	8	-	55,973	55,973	2,130,000	33,269	240,016	273,285	2,190,000
Ethihad Bank	32	8/75	-	300,000	300,000	505,182	-	300,000	300,000	580,182
Arab Banking Corporation	1	9/75	-	5,268	5,268	-	-	5,187	5,187	-
Standard Chartered Bank ***	15	6/5	-	1,380,000	1,380,000	357,346	-	1,020,000	1,020,000	1,016,289
Housing Bank for Trade and Finance-loan (2)	42	8/5	-	69,108	69,108	169,408	-	100,468	100,468	155,959
Housing Bank for Trade and Finance-loan (3)****	47	8	-	62,589	62,589	175,000	-	-	-	-
Capital Bank of Jordan *	5	8/5	-	66,996	66,996	-	-	109,597	109,597	-
			218,049	2,527,219	2,745,268	6,715,119	192,267	2,388,097	2,580,364	7,346,962

* During the year 2012, the loan of the Capital Bank of Jordan has been rescheduled to be repaid in monthly installments starting on January 30, 2013 until August 30, 2018, to put in order the liquidity position of the Company.

** During the third quarter of the year 2013, the Company has changed the due bill into a loan, the first installment of which matures on January 1, 2014 to put in order the liquidity position of the Company. Moreover, during the year 2015, the Company signed an agreement with the Housing Bank for Trade and Finance to defer settlement of the installments that mature during 2015 to February 1, 2016 until February 1, 2027.

*** During the first half of the year 2015, the loan has been rescheduled and merged with the overdraft account, and the agreement was signed on April 23, 2015.

**** During 2015, the Company signed an agreement with the Egyptian Arab Land Bank to schedule the loan installments which mature during the year 2015 to be settled in monthly installments starting from January 1, 2016 until May 1, 2016. Moreover, the Company has also rescheduled Egyptian Arab Land Bank's installments as of January 29, 2017, as the installments of the months October, November, and December of the year 2016, in addition to January and February of year 2017 along with their interests to be settled at once on April 30, 2017.

***** During the beginning of 2017 the company granted a loan from housing bank for trade and finance amounted of JD 250,000 with annual interest rate 8 % the loan shall be repaid under 50 installments where the first is due on January 1, 2017 and the other installments are due at the beginning of each month.

The guarantees against the direct credit facilities above are as follows :

Personal guarantee of Mr. Ahmed Helmi Armoush (major shareholder).

Real estate mortgages of JD 7,217,402.

Listed share

Mortgages at fair value amounted to JD 3,349,299 as of March 31, 2017.

15- Income Tax

A-Income Tax Provision:

The movement on the income tax provision during the period / year is as follows:

	March 31, 2017 JD	December 31 , 2016 JD
Balance beginning of the period / year	61,762	138,286
Income tax expense for the period / year	-	45,173
Provision no longer needed-subsiary	-	(17,395)
Income tax paid during the period / year	(7,500)	(104,302)
Balance - End of the Period / Year	<u>54,262</u>	<u>61,762</u>

B-Income Tax Expense:

Income tax expense shown in the consolidated statement of income represents the following:

	For the Three Months Ended March 31,	
	2017 JD	2016 JD
Income tax expense for the period	-	14,144
Prior years' income tax expense	-	-
	<u>-</u>	<u>14,144</u>

C- Income Tax status:

Salam International Transport and Trading Company (Parent):

a. Aqaba:

The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2013. Furthermore, the Company has submitted its tax returns and paid its dues for the years 2014, and 2015 but no final settlement with the Income and Sales Tax Department has been reached.

b. Amman:

The Company has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2012, and submitted its tax returns and paid its dues for the years 2013, 2014 and 2015. However, no final tax settlement has been reached yet.

Subsidiaries:

The following schedule shows the tax situation of each subsidiary:

Company	Tax Returns up to Year	Final Settlement up to Year
Farah International Catering Service Company	2015	2012
Golden State for Commercial Services Company	2015	2011
Mada'en Al – Noor Investment and Real Estate Development Company	2015	2014
Al-Ibtikar Land Transportation Company	2015	2014 except for 2013
Farah International Transport and Trading Company	2015	2009
Afaq Supply and Storage Company	2015	No settlement yet
Mada'en Al – Bahr Investment and Real Estate Development Company	2015	No settlement yet
Technical for Construction and Real Estate Services Company	2015	2011
Mada'en Al – Shorouq Investment Real Estate Company	2015	2014
Mada'en Al – Aqaba Real Estate Investment and Development Company	2015	2014
Al – Aqaba Markets Development and Investment Company	2015	2014
Mada'en Al – Salam Construction Company	2015	2014

- In the opinion of management and the Company's tax consultant, the income tax provision for the Company and its subsidiaries is sufficient to settle any potential tax liability arising therefrom as of the date of the condensed consolidated interim financial statements.

16 - Balances and Transactions with Related Parties

A. Due from related parties during the period / year

	Nature of Relationship	Nature of Transaction	March 31, 2017	December 31, 2016
			JD	JD
Jordanian Marine Real Estate Investment Complex Company	Associate Company	Financing	161,402	154,524
Al Maha Real Estate Development Company	Associate Company	Financing	729,655	722,880
Zahret AL Ordoon Clearance Company	Sister Company	Financing	28,360	22,910
Nahdah for Trading Services	Sister Company	Expenses	5,380	5,380
Emad Abu Tabanja	Subsidiary's GM	Expenses	34,000	34,000
Ayam - Amman for real estate developing	Sister company	Expenses	76,832	-
Others	Sister company	Expenses	53,990	37,503
Total			<u>1,089,619</u>	<u>977,197</u>

- Due from related party with maturity exceeding 360 days amounted to JD 884,877 as of March 31, 2017, representing payments to related parties associates as of the same date. Moreover, no decision has been made to pay it, or capitalize, it in part or in whole, and no provision is needed thereon.

Due to related parties

B. Due to related parties during the period / year

	Nature of Relationship	Nature of Transaction	March 31, 2017	December 31, 2016
			JD	JD
Partner Current Account -Ahmad Armosh	Shareholder	Financing	<u>1,595,991</u>	<u>1,596,389</u>
Jordanian Academy for Marine Studies	Associate Company	Expenses	1,250	39,483
Jordanian National Line for Ships Operating Company	Associate Company	Financing	337,805	340,926
Marine Lines for Storage and Port Services Company	Sister Company	Financing	273,193	274,431
Jordanian National Shipping Lines Company	Associate Company	Financing	252,226	51,074
National Orbit for Transportation and Trade Services Company	Sister Company	Expenses	787,165	740,545
Aqaba Development Corporation	Sister Company	Financing	475,000	475,000
Arabian Ships Management Company	Associate Company	Expenses	22,131	22,131
CMA CGM Company	Sister Company	Expenses	650,000	682,480
Maset Al Aqaba Ships Building Company	Associate Company	Financing	202,890	204,128
Aqaba for Chemical Storage	Associate Company	Financing	67,213	-
Jordan – Dubai for Properties Company	Associate Company	Financing	532,000	602,000
Sun General Investments Company	Sister Company	Financing	551,032	539,625
Petra Company	Sister company	Expenses	702,903	712,027
Armouh Tourist Investment	Sister company	Expenses	-	13,790
Mr. Kamal Al Awamleh	Shareholder	Financing	3,424	-
Sea Star for Shipping and Logistics' Company	Associate Company	Financing	133,828	129,870
Others	Sister company	Expenses	57,047	38,606
Total			<u>5,049,107</u>	<u>4,866,116</u>

The above accounts are non - interest bearing and have no repayment schedule.

The total earnings for Al Madar Al Watani for Transportation and Trade Services (Sister Company) amounted to JD 17,290 for the three months ended March 31, 2017 (JD 93,871 for the three months ended March 31, 2016) .

The total earnings of supervisory and follow up from Jordanian group for shipping agencies (Associate Company) is JD 2,086 for Three months period ended March 31, 2017.

Executive management salaries and remunerations

Executive management salaries amounted to JD 25,611 for three months ended March 31,2017 (JD 16,500 for three months ended March 31, 2016).

17- Paid-up Capital

Accordingly, the authorized and paid - up capital reached JD 18 million, and the shares discount to JD 1,349,998 as of March 31, 2017 and December 31, 2016.

18 - (Loss) per Share for the Year Attributable to the Company's Shareholders

This item consists of the following:

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Profit (Loss) for the peiord attributable to the shareholders of the Company	29,236	(122,278)
Weighted average number of shares	18,000,000	18,000,000
	JD/share	JD/share
(Loss) per share for the peiord attributable to the Company's Shareholders	0.002	(0.007)

19 - Segmental Distribution

A- The following is information on the Company's business segments distributed according to activities:

	Projects and Investments	Real Estate and Construction	Services	Transportation	For the Three Months Ended March 31,	
					2017	2016
	JD	JD	JD	JD	JD	JD
Net sales	127,887	228,169	687,456	-	1,043,512	10,099,502
Less: Cost of sales	(209,268)	(47,443)	(509,395)	(27,297)	(793,403)	(776,956)
Gross Profit	(81,381)	180,726	178,061	(27,297)	250,109	232,546
Less: Expenses allocated to segments						
General and administrative expenses	(116,137)	(85,651)	(140,667)	(13,065)	(355,520)	(391,681)
Marketing expenses	-	(12,701)	-	-	(12,701)	(17,714)
(Loss) profit from Operations	(197,518)	82,374	37,394	(40,362)	(118,112)	(176,849)
Profit (loss) from investments and other	259,183	(7,798)	-	-	251,385	190,106
Borrowing cost	(79,609)	(146,284)	-	(8,735)	(234,628)	(305,981)
(Loss) before tax for the period	(17,944)	(71,708)	37,394	(49,097)	(101,355)	(292,724)
Less: Income tax for the period	-	-	-	-	-	(14,144)
Profit (loss) for the period	(17,944)	(71,708)	37,394	(49,097)	(101,355)	(306,868)

					March 31, 2017	December 31, 2016
					JD	JD
Total Assets	13,471,701	33,387,958	2,451,386	1,233,110	50,544,155	50,181,724
	13,471,701	33,387,958	2,451,386	1,233,110	50,544,155	50,181,724
Total Liabilities	6,313,712	18,427,811	562,788	1,474,178	26,778,489	26,338,510
	6,313,712	18,427,811	562,788	1,474,178	26,778,489	26,338,510

B- The following is information on the Company's business segments based on geographical distribution :

All of the companies are based inside the kingdom except as shown in the table below:

Company's Name	Geographical Area	For the Three Months Ended			
		March 31, 2017		March 31, 2017	
		Revenue	Expenses	Assets	Liabilities
		JD	JD	JD	JD
Maset Al - Salam Company - Sudan	Sudan	-	-	290,678	-

Company's Name	Geographical Area	For the Three Months Ended March 31, 2016		December 31, 2016	
		Revenue	Expenses	Assets	Liabilities
		JD	JD	JD	JD
Maset Al - Salam Company - Sudan	Sudan	-	-	290,678	-

20. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. Moreover, the following table shows information on how the fair value of these financial assets and liabilities is determined (evaluation methods and inputs used).

	Fair Value		Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs		Relation between the Fair Value and the Important Intangible Inputs
	March 31, 2017	December 31, 2016			Inputs		
Financial Assets	JD	JD					
Financial assets at fair value							
Financial assets at fair value through profit or loss							
Companies' shares	10,228	10,068	Level I	Quoted Shares	N/A		N/A
Total	10,228	10,068					
Financial assets at fair value through other comprehensive income							
Shares that have market value	325,450	291,643	Level I	Quoted Shares	N/A		N/A
Shares with no market value	382,000	382,000	Level II	Compared it with the market value of a similar Instrument	N/A		N/A
Total	707,450	673,643					
Total Financial Assets at Fair Value	717,678	683,711					

There were no transfers between Level I and Level II during the ended period March 31, 2017 and 2016.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is mentioned in the table below, we believe that the carrying amount of the financial assets and liabilities shown in the consolidated financial statements of the Company approximate their fair value. Moreover, the Company's management believes that the book value of the items is equivalent to their fair value. That is, they will be due on a short-term basis, and interest rates will be repriced during the year.

	March 31, 2017		December 31, 2016		The Level of
	Book Value	Fair Value	Book Value	Fair Value	
Financial liabilities with no fair value	JD	JD	JD	JD	JD
Real estate investments	11,941,335	13,993,394	11,989,195	13,993,394	Level II
Total Real Estate Investments	11,941,335	13,993,394	11,989,195	13,993,394	
Financial Liabilities with no Fair Value					
Loans	9,460,387	9,678,436	9,927,326	9,961,043	Level II
Total Financial Liabilities with no Fair Value	9,460,387	9,678,436	9,927,326	9,961,043	

For the items mentioned above, the fair value of financial assets and financial liabilities was determined for the second level, in accordance with agreed-upon pricing forms, and reflects the credit risk of the parties that the Company deals with.

21 - Lawsuit Against the Company

- According to the legal counsel's letter at the parent Company, there are no claims raised against the Company as of March 31, 2017. In the opinion of the Company's management, its legal consultants, and its subsidiaries, the claims provision included in other credit balances, is sufficient for any contingent liabilities as of the date of the condensed consolidated interim financial statements.
- Mada'en Al – Noor Investment and Real Estate Development Company has raised a claim of arbitration against the Housing and Urban Development Corporation – "Decent Housing for Decent Living" project, and arbitrators were designated to follow the arbitration procedures, as the arbitration decision has not been issued as of the date of the condensed consolidated interim financial statements.
- There is an arbitration claim issued against the subsidiary Mada'en Al – Salam Construction Company by one of the constructors of the Mada'en Markets Project, which has been executed by Mada'en Al Salam Construction Company. Arbitrators were designated to follow the arbitration procedures, based on a court decision to commit the subsidiary of paying JD 145,897 in addition to the legal interest by 9% annually as of September 6, 2014 until full settlement.

22. Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments. Moreover, the Company manages liquidity risk through maintaining adequate reserves and continuously monitoring forecast and actual cash flows, in addition to matching the maturities of financial assets with those of financial liabilities.

The Company's liquidity position as of the date of the condensed consolidated interim financial statements is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Current assets	13,722,782	13,511,623
<u>Less: Current liabilities</u>	<u>(18,212,455)</u>	<u>(17,323,016)</u>
(Deficit) in Working Capital	<u>(4,489,673)</u>	<u>(3,811,393)</u>

Management believes that the liquidity risk is not significant, as current liabilities include JD 5,049,107 in the form of due to related parties as of March 31, 2017 (JD 4,866,116 as of December 31, 2016).

The Company estimates the liquidity risk monthly, based on long-term future projections. Moreover, the Company evaluates capital requirements and finance periodically, and the availability of liquidity depends on the support from the related parties plus banking finance.

23- Contingent Liabilities:

The Company has contingent liabilities as of the date of the condensed consolidated interim financial statements as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Letter of guarantees	1,290,054	1,255,054