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General Manager's Signature

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الجهة المختصة ١ ٢ ٣ ٤ ٥ ٦ ٧ ٨ ٩

Asian National Shipping Lines

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
DECEMBER 31, 2018

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Independent Auditor's Report

AM / 000744

To the Shareholders of
Jordan National Shipping Lines Company
(A Public Limited Shareholding Company)
Aqaba Special Economic Zone - Jordan

Opinion

We have audited the consolidated financial statements of Jordan National Shipping Lines Company (a public limited shareholding company) which comprise of the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are furtherly described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter

We draw attention to Note (15) of the consolidated financial statements, which describes the tax status of the Company and its subsidiaries. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

For each matter below, our description of how our audit addressed the matter provided in that context:

Company's Share of the Associate Companies Income

The Company's profits from associates represent a major part of the Company's revenue. In this regard, the Company books its share from these companies' profits based on the equity method as per the latest available audited or reviewed financial statements.

Scope of Audit to Address Risks

The audit procedures included understanding the nature of the Company's procedures related to calculation of its share from the associates' profits based on the equity method. We also requested management to provide us with the most recent available audited or reviewed financial statements, recalculated the Company's share from those companies' profits, and reviewed the adequacy of the related disclosures.

Other Matter

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

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


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

From matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current years, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements, in all material respects, and we recommend that the General Assembly approve these consolidated financial statements.

Amman - Jordan
March 31, 2019


Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

General Manager

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

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

		For the Year Ended	
		December 31,	
	Note	2018	2017
Revenue:		JD	JD
Net revenue from maritime agencies, sea freight and cruising vessels	21	2,913,500	2,905,688
Gross hotel operating revenue before other expenses	22	<u>2,325,563</u>	<u>2,279,898</u>
Gross Profit		5,239,063	5,185,586
<u>Less:</u> General and administrative expenses	23	(2,625,391)	(2,613,579)
Marketing and advertising expenses		(254,143)	(240,284)
Information technology expenses - Hotel		(97,908)	(98,173)
Power and maintenance expenses - Hotel		(566,318)	(515,436)
Allowance for advance payments to suppliers	8	-	(4,159)
Surplus for expected credit loss	3/b	418	-
Depreciation of property and equipment and investment properties	12&13	(706,544)	(1,020,858)
Financing expenses		(569,045)	(549,739)
(Loss) gain from financial assets at fair value through profit or loss - net	25	(155,999)	83,830
Dividends return on financial assets at fair value through comprehensive income		137,917	132,163
Company's share from investment in associate companies income	26	1,868,857	2,496,836
Other revenue	27	<u>567,977</u>	<u>526,445</u>
Income for the year before tax		2,838,884	3,382,632
Income tax expense	15/b	<u>(215,071)</u>	<u>(116,820)</u>
Income for the Year		<u><u>2,623,813</u></u>	<u><u>3,265,812</u></u>
Attributable to:			
The Company's shareholders		2,709,036	3,335,578
Non-controlling interests	24	<u>(85,223)</u>	<u>(69,766)</u>
		<u><u>2,623,813</u></u>	<u><u>3,265,812</u></u>
Earnings per share for the year attributable to the Company's shareholders:			
Basic and Diluted	28	<u><u>0.181</u></u>	<u><u>0.222</u></u>

Chairman of the Board of Directors

General manager

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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
	<u>JD</u>	<u>JD</u>
Income for the year	2,623,813	3,265,812
Items that will not be reclassified subsequently to the consolidated statement of income:		
Cumulative change in fair value - financial assets at fair value through comprehensive income	(96,983)	(30,594)
(Loss) from sale of financial assets at fair value through comprehensive income	<u>(15,385)</u>	<u>(9,593)</u>
Total Comprehensive Income	<u>2,511,445</u>	<u>3,225,625</u>
Total Comprehensive Income Attributable to:		
The Company's shareholders	2,596,668	3,295,391
Non - controlling interests	<u>(85,223)</u>	<u>(69,766)</u>
	<u>2,511,445</u>	<u>3,225,625</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Company's Shareholders' Equity										
	Paid-up Capital	Statutory Reserve	Investment Revaluation Reserve		Retained Earnings			Total Shareholders' Equity		Non-Controlling Interests	Total Owners' Equity
			JD	JD	JD	Realized	Unrealized	Total	JD		
For the Year Ended December 31, 2018											
Balance - beginning of the year	15,000,000	3,750,000	(487,203)	-	4,237,775	510,383	4,748,158	23,010,955	1,519,082		24,530,037
The effect of IFRS (9) implementation	-	-	-	-	(75,719)	-	(75,719)	(75,719)	(46,420)		(122,139)
Adjusted beginning balance of the year	15,000,000	3,750,000	(487,203)	-	4,162,056	510,383	4,672,439	22,935,236	1,472,662		24,407,898
Income for the year	-	-	-	-	2,709,036	-	2,709,036	2,709,036	(85,223)		2,623,813
Cumulative change in fair value - financial assets at fair value through comprehensive income	-	-	(119,147)	-	-	-	-	(119,147)	-		(119,147)
(Loss) gain from sale of financial assets at fair value through comprehensive income	-	-	22,164	-	(15,385)	-	(15,385)	6,779	-		6,779
Total Comprehensive Income	-	-	(96,983)	-	2,693,651	-	2,693,651	2,596,668	(85,223)		2,511,445
Transfers during the year	-	-	-	-	705,627	(705,627)	-	-	-		-
Dividends paid *	-	-	-	-	(1,800,000)	-	(1,800,000)	(1,800,000)	-		(1,800,000)
Dividends paid to partners - subsidiary company	-	-	-	-	-	-	-	-	(112,500)		(112,500)
Balance - End of the Year	15,000,000	3,750,000	(584,186)		5,761,334	(195,244)	5,566,090	23,731,904	1,274,939		25,006,843
For the Year Ended December 31, 2017											
Balance - beginning of the year	15,000,000	3,594,856	(456,609)		3,370,708	456,609	3,827,317	21,965,564	1,663,848		23,629,412
Income for the year	-	-	-	-	3,335,578	-	3,335,578	3,335,578	(69,766)		3,265,812
Cumulative change in fair value - financial assets at fair value through comprehensive income	-	-	(32,530)	-	-	-	-	(32,530)	-		(32,530)
(Loss) gain from sale of financial assets at fair value through comprehensive income	-	-	1,936	-	(9,593)	-	(9,593)	(7,657)	-		(7,657)
Total Comprehensive Income	-	-	(30,594)	-	3,325,985	-	3,325,985	3,295,391	(69,766)		3,225,625
Transfers during the year	-	-	-	-	(53,774)	53,774	-	-	-		-
Dividends paid *	-	-	-	-	(2,250,000)	-	(2,250,000)	(2,250,000)	-		(2,250,000)
Dividends paid to partners - subsidiary company	-	-	-	-	-	-	-	-	(75,000)		(75,000)
Transferred to statutory reserve	-	155,144	-	-	(155,144)	-	(155,144)	-	-		-
Balance - End of the Year	15,000,000	3,750,000	(487,203)		4,237,775	510,383	4,748,158	23,010,955	1,519,082		24,530,037

* In its meeting held on April 25, 2018, the General Assembly decided to distribute JD 1,800,000 as cash dividends to shareholders, representing 12% of capital for the year 2018 (JD 2,250,000 for the year 2017).

- An amount of JD 584,186 represents a deficit retained earnings that is restricted against the negative value in investment revaluation reserve as of December 31, 2018.

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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended	
		December 31,	
		2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before tax		2,838,884	3,382,632
Adjustments for:			
Depreciation of property and equipment and investment properties	13, 12	706,544	1,020,858
Allowance for advance payments to suppliers	8	-	4,159
(Surplus) Provision for direct credit facilities	B/3	(418)	-
(Gain) from investment in affiliate companies	26	(1,868,857)	(2,496,836)
Loss (gain) from the evaluation of financial assets at fair value through profit or loss	25	217,696	(23,180)
(Gain) from sale of financial assets at fair value through profit or loss	25	-	(8,292)
Cash Flows from Activities before Changes in Working Capital		1,893,849	1,879,341
Decrease (increase) in accounts receivable		288,335	(275,795)
Decrease in due from related parties		51,098	87,011
(Increase) in other debit balances and prepaid expenses		(120,512)	(14,063)
Decrease (increase) in inventory - hotel		6,344	(12,268)
(Decrease) increase in accounts payable and other credit balances		(648,369)	566,390
Increase in due to related parties		243,988	235,928
Net Cash Flows from Operating Activities before Income Tax Paid		1,714,733	2,466,544
Income tax paid	A/15	(238,352)	(109,919)
Net Cash Flows from Operating Activities		1,476,381	2,356,625
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from associate companies	11	1,459,989	2,478,000
(Purchase) of property and equipment	13	(294,381)	(595,557)
(Increase) in financial assets at fair value through profit or loss		(163,854)	(151,295)
Dividends return on financial assets at fair value through profit or loss	25	61,697	52,358
(Increase) decrease in financial assets at fair value through comprehensive income		(188,416)	58,909
Dividends return on financial assets at fair value through comprehensive income		137,917	132,163
Net Cash Flows from Investing Activities		1,012,952	1,974,578
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in non-controlling interests - net		(112,500)	(75,000)
Paid loans	17	(1,139,004)	(1,110,298)
Dividends paid	18	(1,786,498)	(2,250,000)
Net Cash Flows (used in) Financing Activities		(3,038,002)	(3,435,298)
Net (Decrease) Increase in Cash		(548,669)	895,905
Cash on hand and at banks - beginning of the year		4,085,096	3,189,191
Cash on Hand and at Banks - End of the Year before the Provision	29	3,536,427	4,085,096

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

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

- According to the resolution of the Company's General Assembly, in its extraordinary meeting held on August 1, 2004, and the Companies Controller's Letter No. Msh/merger/13324 on August 30, 2004, stating the approval of his Excellency the Minister of Industry and Trade on the resolution of the Company's General Assembly to merge Jordan National Shipping Lines Company with Fast International Trade and Transport Company on June 30, 2004, a new public shareholding company was established under the name of Jordan National Shipping Lines Company with a capital of JD 5,750,000 allocated to 5,750,000 shares at a par value of JD 1 each. The Company's capital was increased in several stages, the last of which was during the year 2013. Accordingly, the Company's capital became JD 15 million through capitalizing JD 2/925 million from retained earnings and distributing it as free stock dividends to the shareholders. The proper procedures to list the stock was completed on June 19, 2013.
- The Company was also registered in Aqaba Special Economic Zone under registration number (1103110402) on November 4, 2003.
- The Company's main objectives are to carry out different types of marine transportation activities using its own ships, as well as ships on lease, in addition to carrying out marine agencies and land transportation activities.
- The Board of Directors approved the Company's consolidated financial statements on March 26, 2019, which are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies:

Basis of Consolidation

- The accompanying consolidated financial statements are prepared in accordance with the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB.
- The consolidated financial statements are prepared under the historical cost convention except for financial assets and financial liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income which are stated at fair value as of the date of the consolidated financial statements. Furthermore, hedged financial assets and financial liabilities are also stated at fair value.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2017, except for the effect of the application of the new and revised standards as stated in Notes (3 - (a) & (b)).

Basis of Consolidation financial statements

- Transactions, balances, revenues and expenses are eliminated between the company and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the company. If the accounting policies adopted by the subsidiary are different from those used by the Company, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Company.
- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Company. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Company loses control over its subsidiary.
- The Company's subsidiaries as of December 31, 2018 are stated as follows:

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

- * During the year 2011, the Jordan Group for Shipping Agencies Company (a subsidiary) purchased 95% of the Aqaba Development & Marine Services Company for JD 28,500, whereby the former would share the profits of the latter effective from the beginning of 2011. Moreover, the results of operations of Aqaba Development & Marine Services Company, whose assets totaled JD 436 and shareholders' equity totaled a deficit of JD 116,200 as of December 31, 2018, have been consolidated. The Company did not recognize any revenue yet an expenses of JD 114,278 was booked during the year ended December 31, 2018.

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

The following are the most significant consolidated financial data of Jordan Group for Shipping Agencies Company, which also includes the financial statements of Aqaba Development & Marine Services Company (subsidiary company):

	December 31,	
	2018	2017
	JD	JD
Total Assets	<u>1,273,727</u>	<u>1,611,259</u>
Total Liabilities	635,814	744,487
Total Owners' Equity	<u>637,913</u>	<u>866,772</u>
	<u>1,273,727</u>	<u>1,611,259</u>
	2018	2017
Total Revenue	1,144,376	1,195,337
Total Expenses	<u>(967,323)</u>	<u>(775,897)</u>
Income for the Year	<u>177,053</u>	<u>419,440</u>

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

The following are the most significant financial data of Jordan Maritime Complex for Real Estate Investments Company:

	December 31,	
	2018	2017
	JD	JD
Total Assets	<u>16,711,915</u>	<u>17,116,854</u>
Total Liabilities	12,528,716	12,274,232
Total Partners' Equity	<u>4,183,199</u>	<u>4,842,622</u>
	<u>16,711,915</u>	<u>17,116,854</u>
	2018	2017
Total Revenue	2,605,614	2,419,375
Total Expenses	<u>(3,115,709)</u>	<u>(3,171,674)</u>
(Loss) for the Year	<u>(510,095)</u>	<u>(752,299)</u>

Control is achieved when the Company:

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

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

When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

The following are the most significant accounting policies used for the year ended December 31, 2018:

Revenue Recognition

Revenue from marine shipping operations is mainly recognized based on the completed trip and when the service is rendered to customers and the invoice is issued.

Revenue is recognized at the fair value of the amounts received or receivable (net of discounts, if any) of the contract with customers or shipping companies and excludes amounts collected on behalf of others. Revenue is recognized when the Company provides the service to its own vessel and issues the invoice to the customer when the shipping is done to a specific location (delivery). After delivery, the customer has full discretion. The Company recognizes receivables or credit notices when the service is rendered to the customer. This is the point at which the right to return becomes unconditional, as only time passes before payment is due

Service revenue is recognized, which mainly consists of the hotel operations in addition to room reservation, when the service is rendered according to the price list and signed agreements.

Operational Leases Revenue

Revenue from ships operation contracts are recognized on the straight-line daily installment basis specified in the rent contract and for the whole period in case of lease contracts.

Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation. Depreciation for property and equipment, except for land, is calculated on a straight-line basis when the asset is ready for its intended use over the useful life of the asset using the following annual rates:

	%
Building	2
Office and electrical equipment	7.5 – 25
Vehicles	15
Furniture and fixtures	10 – 20
Computers	20 – 25
Partitions, improvements and decorations	15
Kitchen utilities and other	20 – 35

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is taken to the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Fair value

Fair value is defined as the price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to consider these factors at the measurement date. The fair value for measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in IAS (36).

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:

Level inputs (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Level inputs (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly;

Level inputs (3) are inputs to assets or liabilities that are not based on observable market prices.

Segment Information

- Business sectors represent a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors, measured in accordance with the reports sent to the operations management and decision makers in the Company.
- The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

Inventory

Inventory is stated at the lower of cost or net realizable value.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are recognised when the Company becomes a party to the contractual of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income

The company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the company's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in consolidated statement of income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit loss

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of income.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of income.

Investments in Associates and Joint Ventures

An associate is a company in which the parent company exercises effective influence over financial and operating policy decisions that are not controlled by the parent company, in which the ownership ratio ranges from 20% to 50% of the voting rights. It is established through contractual agreements and its financial and operational decisions should have consensus approval.

Investments in associates are reflected in the consolidated financial statements using the equity method of accounting and are initially recognized at cost and cost includes all acquisition costs.

The consolidated financial statements include the Company's share of profit and loss on investment in associates in accordance with the equity method after adjustments are made to comply with the accounting policies of the parent company.

Real estate Investment

Are those assets acquired for the purpose of achieving rental income or investment and not for the purpose of selling them through the operational activities of the Company. Real estate investment are stated at net book value after deducting the accumulated depreciation at the end of the year. Their fair value is disclosed in the consolidated financial statements annually by independent real estate experts, based on market prices at the end of the year.

Provisions

Provisions are recognized when the Company has an obligation on the date of the consolidated financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for Employees' End-of-Service Indemnities

A provision for legal and contractual commitments relating to employees' end-of-service indemnities is taken according to the Company's internal regulations on the consolidated statement of financial position date.

Payments to terminated employees are deducted from the provision amount. Moreover, the required provision for end-of-services indemnities for the year is charged to the consolidated statement of income.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities are settled simultaneously.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the declared income includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets and liabilities are recognized.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally, or when tax liabilities are realized.

Lease Contracts

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

As a lessor

Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

As a Lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing Costs

Borrowing costs represents the financing expenses attributable to interest on loans. All borrowing costs are recognized at the effective interest method in the consolidated statement of income.

Foreign Currencies

- Transactions in foreign currencies are recorded during the year at the rates prevailing at the date of the transactions.
- Financial assets and financial liabilities are translated at the rates of exchange prevailing at the consolidated statement of financial position date.
- Non-financial assets and non-financial liabilities stated in foreign currencies are translated at fair value at the date when the fair value was determined.
- Foreign exchange gains and losses are recognized in the consolidated statement of income.
- Translation differences on non-financial assets and liabilities denominated in foreign currencies (such as shares) are recorded as part of the change in fair value.

- Upon consolidation of the financial statements, the assets, liabilities and subsidiaries of the major currency are translated into the reporting currency at the average rates of exchange at the consolidated statement of financial position date. Income and expense items are translated at the rate of exchange during the year and the resulting currency differences are presented in a separate line item in the consolidated statement of comprehensive income and within the consolidated equity. In the case of the sale of one of these companies, the amount of foreign currency translation differences related thereto is recognized in the income / expense in the consolidated statement of income.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income, represents equity strategic investments that are not held for trade in the near future.

Financial assets are recognized through comprehensive income at fair value plus acquisition costs on acquisition and subsequently measured at fair value. The change in fair value is reflected in the consolidated statement of comprehensive income and within equity, including changes in fair value arising from translation differences on non-monetary assets in foreign currencies. In the case of the sale of these assets or part thereof, the resulting gain or loss is recognized to the consolidated statement of comprehensive income and equity and the investment reserve for the equity instruments sold, directly to retained earnings and not through the consolidated statement of income.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the consolidated statement of income.

3. Application of New and Revised International Financial Reporting Standards

A. Amendments with no material effect on the consolidated financial statements of the company:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<u>New and revised standards</u>	<u>Amendments to new and revised IFRSs</u>
<u>Annual improvements to IFRSs issued between 2014 and 2016.</u>	Improvements include amendments to IFRS (1) <i>"Application of International Standards for the First Time"</i> and IAS 28 <i>"Investments in Associates and Joint Ventures (2011)"</i> .
	The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through statement of income is available separately for each associate or joint venture and that the selection should be made at initial recognition.
	As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.

New and revised standards

Amendments to new and revised IFRSs

IFRIC 22: "Foreign currency transactions and advances".

This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign currency that results in the recognition of non-monetary assets or non-monetary liabilities.

The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance.

This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that:

- A consideration in foreign currency or priced in foreign currency exists;
- An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and
- Prepaid assets or deferred income liabilities are not cash.

Amendments to IAS 40: "Investment properties".

The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)

Amendments to IFRS 2 "Share-based Payment".

These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following:

1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments.

2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a "net settlement feature", this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.
3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows:
 - A. Abrogation of the original obligation;
 - B. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and
 - C. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income

Amendments to IFRS 4: "Insurance contracts".

IFRS 15 Revenue from Contracts with Customers

4: These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.

New and revised standards

Amendments to new and revised IFRSs

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 "Revenue from Contracts with Customers".

These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

B. Amendments with material effect on the consolidated financial statements of the Company:

IFRS (9) Financial Instruments

IFRS (9) was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" category of some simple debt instruments.

IFRS 9 "*Financial Instruments*" issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has early adopted IFRS 9 (first phase), regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 "*Financial Instruments: Recognition and Measurement*", concerning the application of IFRS 9.

IFRS (9) has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS (9) also modifies other standards that address financial instruments such as IFRS 7 "*Financial Instruments: Disclosures*".

The final version of IFRS (9) includes the accounting requirements for financial instruments and supersedes IAS 39 "*Recognition and Measurement*". The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as "financial assets at fair value through other comprehensive income". The financial liabilities are classified similarly to IAS (39), but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:

The 2014 version provided the "expected credit loss" model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:

The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

Derecognition:

The requirements for derecognition of financial assets and financial liabilities have been followed in accordance with IAS (39).

The details of the accounting policies adopted by the Company and the significant estimates used by the Company's management in accordance with IFRS (9) as set out and applied in the current period are stated in Notes (2) and (4).

The disclosure regarding the impact of the adoption of the IFRS (9) on the Company is as follows:

January 1 st , 2018	Balance as Before Adjustment	Impact of the Standard Application	Adjusted Balance
Owners' Equity	JD	JD	JD
Retained earnings	4,748,158	(75,719)	4,672,439
Non-controlling	1,519,082	(46,420)	1,472,662
		<u>(122,139)</u>	
Assets			
Receivables – Net	1,443,239	(55,883)	1,387,356
Current accounts at banks	4,092,139	(54,626)	4,037,513
Due from related parties	262,528	(11,630)	250,898
Total		<u>(122,139)</u>	

The following is the expected credit loss as of December 31, 2018:

	Balance as Before Adjustment	Impact of Expected Credit Loss	Adjusted Balance
	JD	JD	JD
Provision for expected credit loss- receivables	67,330	11,880	79,210
Provision for expected credit loss- current accounts at banks	54,626	(7,378)	47,248
Provision for expected credit loss - due from related parties	11,630	<u>(4,920)</u>	6,710
Total		<u>(418)</u>	

c. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the consolidated financial statements with its details as follows:

New and revised IFRS	Amendments to new and revised IFRSs
Annual Improvements to IFRS Standards for financial statement issued in 2015 - 2017 (Effective form on January 1, 2019).	The annual Improvements includes Amendments to IFRS 3 " <i>Business Combinations</i> ", IFRS 11 " <i>Joint Arrangements</i> ", IAS 12 " <i>Income Taxes</i> " and IAS 23 " <i>Borrowing Costs</i> ."
IFRIC 23 Uncertainty over Income Tax Treatments (Effective form on January 1, 2019).	<p>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:</p> <ul style="list-style-type: none">• whether the tax treatment should be considered in aggregate;• assumptions regarding the procedures for the examination of tax authorities;• determine taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;• The impact of changes in facts and circumstances.
IFRS 16 "Leases" (Effective form on January 1, 2019).	IFRS 16 defines how the preparer of the reports can recognize, measure, display and disclose lease contracts. The Standard also provides a separate accounting model for tenants that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lenders continue to classify leases as operating or financing leases. The approach of IAS 16 on accounting of lessors has not changed significantly from IAS 17.
Amendments in IFRS 9 "Financial Instruments" (Effective form on January 1, 2019).	These amendments are related to Prepayment Features with Negative Compensation. The current requirements of IFRS 9 regarding termination rights have been amended to allow for the measurement at amortized cost (or, based on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 "Investment in Associates and Joint Ventures" (Effective form on January 1, 2019).	These amendments relate to long-term shares in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 "Financial Instruments" to long-term shares 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.
Amendment to IAS 19 "Employee Benefits" (Effective form on January 1, 2019).	These amendments are related to amendment, curtailment or settlement of a defined benefit plan.

New and revised IFRS	Amendments to new and revised IFRSs
Amendment to IAS 1 "Presentation of financial statement" (Effective form on January 1,2020)	These amendments are related to definition of material.
Amendment to IFRS 3 "Business Combinations" (Effective form on January 1, 2020).	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.
	In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38) and IFRIC 12, Interpretation 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
IFRS 17 "Insurance Contracts" (Effective form on January 1, 2022).	It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts.
	IFRS 17 requires measurement of insurance liabilities at the present value of the liability.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 "Investments in Associates and Joint Ventures (2011)"	These amendments are related to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.
(Effective date deferred indefinitely. Adoption is still permitted.)	
Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS (16), Shown below:	
Effect of Application of IFRS 16 "Leases" The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS (17) "Leases" and related interpretations when they become effective for financial periods beginning on or after January 1, 2019.	

As permitted by the transitional provisions of IFRS (16), the Company has not restated the comparative figures. Any changes in the carrying amounts of assets and liabilities have been recognized on the transition date in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books and IFRS (16) and IAS (17).

The change in the definition of the lease relates mainly to the concept of control. IFRS (16) distinguishes between leases and service contracts based on whether the customer controls the use of a specific asset, and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

Effect on accounting treatment in the lessee's records

Operating leases

Under IAS (16), the accounting treatment of leases previously classified as operating leases in accordance with IAS (17) has been changed. They used to be classified as off-balance sheet items in the consolidated statement of financial position.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

- A- Recognition of "right of use" assets and lease commitments in the consolidated statement of financial position, initially measured on the basis of the present value of future cash flows paid.
- B- Recognition of the depreciation of "right of use" assets and interest on lease commitments in the consolidated statement of income.
- C- Separation of the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the consolidated statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize rental expenses on a straight-line basis as permitted by IFRS (16).

Based on the estimates of the company's management, that the application of the IFRS (16) is immaterial and will not be reflected in company's financial statements as all rent contracts are considered as short-term contract and will be automatically renewed on an annually basis.

The leases provision prescribed by IAS (17) will be derecognized.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognized, and the amount will be factored into the measurement of the leasehold assets and liabilities.

Under IAS (17), all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS (16) will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance Leases

The main differences between IFRS (16) and IAS (17) with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS (16) requires that the Company recognize as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS (17). On initial application, the Company will present the related asset previously included in the financial statements within the line item for right-of-use assets, and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on analysis of the Company's finance leases as at December 31, 2018 in light of the facts and circumstances existing at that date, the Company's Board of Directors and Management deem that this change will not affect the amounts recognized in the Company's financial statements.

Impact on Lessor Accounting

Under IFRS (16), a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular, regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS (16), an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS (17)).

Because of this change, the Company will reclassify certain sublease agreements as finance leases. As required by IFRS (9), an allowance for expected credit losses will be recognized on the finance lease receivables. The leased assets will be derecognized and finance lease asset receivables recognized. This change in accounting will change the timing of recognition of the related revenue (recognized in finance income).

The Company's management expects that IFRS (16) will be adopted in the Company's consolidated financial statements in the period starting on January 1, 2019.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

Preparation of the consolidated financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The details are as follows:

Expected useful life of tangible assets

The Company's management periodically recalculates the useful lives of tangible assets for calculating annual depreciation based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of income for the year.

Income tax

The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Lawsuits provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Company's legal counsel. This study identifies potential future risks and is reviewed periodically.

Assets and liabilities at cost

Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the consolidated statement of income for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

Key Sources of Uncertainty Estimates:

- The following are the most significant assumptions about the future and other uncertain assumptions at the reporting date that have a risk ratio that could cause a material adjustment to the carrying amount of assets and liabilities during the next financial year.
- Calculation of expected credit losses: When measuring expected credit losses, the Company uses reasonable and verifiable future information based on assumptions about the future movement of the various economic engines and how these will affect each other. Loss given default is an estimate of loss arising from default and is based on the difference between the contractual cash flows due and those foreseen by the lender, taking into account cash flows from collateral and integrated credit enhancements. The possibility of default is a key input in measuring expected credit losses. The probability of default is known to estimate the probability of default in a given period of time and includes historical data, assumptions and expectations for future circumstances.

5. Cash on Hand and at Banks - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand and checks under collection	7,450	251,851
Deposit at a bank *	1,042,609	867,431
Current accounts **	2,486,368	2,954,241
Saving accounts ***	-	18,616
	<u>3,536,427</u>	<u>4,092,139</u>
<u>Less: Provision for expected credit loss - current</u>		
<u>accounts at banks ****</u>	<u>(47,248)</u>	<u>-</u>
	<u>3,489,179</u>	<u>4,092,139</u>

* The above deposit is for a term of 3 months and bears interest at a rate of 5.15% - 5.35%.

** This item includes JD 7,043 as of December 31, 2017 related to Jordan Maritime Complex for Real Estate Investments Company (subsidiary company), representing restricted amounts in accordance with Amman Execution Department, owing to a lawsuit raised against the Company. Noting that there is no restricted balances as at December 31, 2018.

*** Interest rate on saving accounts amounted to 0.5% during the year 2017.

**** The following is the movement of the provision for expected credit loss related to the cash:

	2018	2017
	JD	JD
Beginning balance of the year	-	-
Effect of IFRS (9) implementation	54,626	-
Adjusted beginning balance	54,626	-
Expected credit loss	(7,378)	-
Ending balance	<u>47,248</u>	<u>-</u>

6. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Trade receivables	898,528	1,177,330
Foreign companies receivable	136,075	45,407
Ships owners receivable	102,639	201,139
Hotel guests receivable	29,139	30,840
	<u>1,166,381</u>	<u>1,454,716</u>
Less: Provision for expected credit loss *	<u>(79,210)</u>	<u>(11,477)</u>
	<u>1,087,171</u>	<u>1,443,239</u>

- * The movement on the provision for expected credit loss related to receivable is as follows:

	2018	2017
	JD	JD
Balance -beginning of the year	11,447	11,447
Effect of IFRS (9) implementation	55,883	-
Adjusted Beginning balance	67,330	11,447
Expected credit losses during the year	11,880	-
Balance - End of the Year	<u>79,210</u>	<u>11,447</u>

The Company has adopted a policy of dealing with only creditworthy counterparties with good reputation in the market, in addition to obtaining sufficient guarantees, whenever appropriate, as a means of mitigating the risk of financial loss from defaults. The following are the aging of accounts receivable as of December 31, 2018:

	December 31,	
	2018	2017
	JD	JD
1 day - 179 days	1,087,171	1,443,239
180 day - 360 day	79,210	11,477
Total	<u>1,166,381</u>	<u>1,454,716</u>

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Shares listed on Amman Stock Exchange	667,692	639,726
Clarkson Company's shares *	119,665	191,759
Shares listed on international stock markets	434,920	506,331
	<u>1,222,277</u>	<u>1,337,816</u>

- * Clarkson Company's shares are listed on London Stock Exchange.

8. Other Debit Balances and Prepaid Expenses

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Company margin deposits	44,250	24,251
Refundable deposits	73,080	72,080
Advance payments to contractors and suppliers –		
Subsidiary company	36,862	48,135
Prepaid expenses	203,889	91,341
Employees receivable	1,561	2,627
Income tax deposits- subsidiary company	9,259	16,394
Other	17,324	22,158
	<u>386,225</u>	<u>276,986</u>
<u>Less: provision for suppliers' advance payments *</u>	<u>(36,862)</u>	<u>(48,135)</u>
	<u>349,363</u>	<u>228,851</u>

* The movement on the provision for suppliers' advance payments is as follows:

	2018	2017
	JD	JD
Balance –beginning of the year	48,135	43,976
Additions during the year	-	4,159
Written off debts during the year	(11,273)	-
Balance – End of the Year	<u>36,862</u>	<u>48,135</u>

9. Inventory-Hotel

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Food and beverage	29,176	33,749
Guest supplies	27,831	27,770
General supplies	27,587	29,419
	<u>84,594</u>	<u>90,938</u>
<u>Less: Provision for slow-moving inventory *</u>	<u>(21,000)</u>	<u>(21,000)</u>
	<u>63,594</u>	<u>69,938</u>

* The movement on the provision for slow-moving inventory is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	21,000	21,000
Additions during the year	-	-
Balance – End of the Year	<u>21,000</u>	<u>21,000</u>

10. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31	
	2018	2017
	JD	JD
Shares listed on Amman Stock Exchange*	3,374,741	3,425,623
Unlisted shares	386,546	382,148
	<u>3,761,287</u>	<u>3,807,771</u>

* Shares listed in Amman Stock Exchange in the value of JD 1,126,643 as of December 31, 2018 were mortgaged to local banks (JD 1,115,663 as of December 31, 2017) against direct and indirect credit facilities granted to one of the subsidiary companies. Moreover, the Company maintains its right to sell these shares. However, priority should be given to using the cash proceeds from selling these shares to settle the credit facilities balances outstanding at the date of the sale transaction.

11. Investment in Associate Companies

This item represents the investment in associate companies, stated according to the equity method:

Company	Nature of Business	Location	Dividends Distributions	Paid-up Capital	Ownership Percentage		December 31,	
					2018	2017	2018	2017
				JD	%	%	JD	JD
Jordan International Marine Chartering Company	Chartering Business	Aqaba	-	60,000	40	40	35,038	32,848
Arab Ship Management Company	Ships Management	Aqaba	45,000	149,000	30	30	216,908	201,474
Jordan Academy for Maritime Studies Company	Education	Amman	150,000	2,000,000	30	30	1,096,191	1,049,082
Aqaba Diamond Company	Navigation	Aqaba	-	500,000	50	50	206,928	206,804
Shipping Lines Company for Maritime and Storage Services*	Navigation	Aqaba	-	3,500,000	50	50	309,737	310,823
Smit Lamalco Jordan	Ships services	Aqaba	1,264,989	50,000	27	27	5,003,427	4,722,627
Jordanian National for Ship Operation Company *	Shipping	Aqaba	-	700,000	50	50	591,242	526,945
Total Investments in Affiliate Companies			1,459,989				7,459,471	7,050,603

12. Investment Properties - Net

This item consists of the following:

	Land	Buildings	Total
<u>For the Year 2018</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance beginning of the year	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<u>Accumulated Depreciation</u>			
Balance beginning of the year	-	(273,055)	(273,055)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(298,455)	(298,455)
Balance at the End of the Year	248,995	971,571	1,220,566
<u>For the Year 2017</u>			
Balance beginning of the year	248,995	1,270,026	1,519,021
Total	248,995	1,270,026	1,519,021
<u>Accumulated Depreciation</u>			
Balance beginning of the year	-	(247,655)	(247,655)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(273,055)	(273,055)
Balance at the End of the Year	248,995	996,971	1,245,966
Annual depreciation rate	-	2%	

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

13. Property and Equipment

This item consists of the following:

2018	Plots of Land *	Office and Electrical Equipment		Furniture and Fixtures		Computers		Partitions, Improvements and Decorations		Kitchen Utilities and Other		Total
		JD	Building *	JD	Vehicles	JD	JD	JD	JD	JD	JD	
Cost:												
Balance-beginning of the year	1,398,230	1,981,800	16,195,605	2,143,060	247,207	430,937	635,675	445,844	23,478,358			
Additions	-	36,046	54,557	139,143	-	38,045	5,290	-	273,081			
Balance-End of the Year	1,398,230	2,017,846	16,250,162	2,282,203	247,207	468,982	640,965	445,844	23,751,439			
Accumulated depreciation:												
Balance-beginning of the year	-	1,314,896	2,118,574	1,771,502	156,931	357,271	597,643	445,843	6,762,660			
Additions	-	145,205	331,615	148,064	31,456	12,119	12,685	-	681,144			
Balance-End of the Year	-	1,460,101	2,450,189	1,919,566	188,387	369,390	610,328	445,843	7,443,804			
Net Book Value as of December 31, 2018	1,398,230	557,745	13,799,973	362,637	58,820	99,592	30,637	1	16,307,635			
2017												
Cost:												
Balance-beginning of the year	1,398,230	1,977,630	15,634,605	2,138,285	228,086	424,446	635,675	445,844	22,882,801			
Additions	-	4,170	561,000	4,775	19,121	6,491	-	-	595,557			
Balance-End of the Year	1,398,230	1,981,800	16,195,605	2,143,060	247,207	430,937	635,675	445,844	23,478,358			
Accumulated depreciation:												
Balance-beginning of the year	-	1,028,982	1,748,502	1,548,399	126,363	351,235	517,878	445,843	5,767,202			
Additions	-	285,914	370,072	223,103	30,568	6,036	79,765	-	995,458			
Balance-End of the Year	-	1,314,896	2,118,574	1,771,502	156,931	357,271	597,643	445,843	6,762,660			
Net Book Value as of December 31, 2017	1,398,230	666,904	14,077,031	371,558	90,276	73,666	38,032	1	16,715,698			
Annual Depreciation Rate %	-	2	7.5 - 25	15	10 - 20	20 - 25	15	20 - 35				

* The land and related building are mortgaged against loans granted to a subsidiary company.

- Property and equipment include fully depreciated assets of JD 1,250,124 as of December 31, 2018 (JD 821,602 as of December 31, 2017).

14. Accounts Payable and Other Credit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Suppliers payable	1,096,376	1,317,599
Shareholders' and other deposits	109,038	95,536
Accrued expenses	816,146	1,229,224
Board of Directors' and management committee's remunerations	198,218	215,053
Deferred checks	149,826	168,782
Unearned revenue	34,822	31,499
Management and other fees-Hilton World Wide*	24,462	22,437
Sales tax	42,386	44,925
Other	21,185	15,773
	2,492,459	3,140,828

- * According to the agreement signed between Double Tree Hilton – Aqaba (the "Hotel") and Hilton Worldwide (Hilton), Hilton shall be entitled to annual fees and management fees of 2% and 1.75% of the Hotel's total operational revenue, respectively. In addition, to management incentives of 6% from the Hotel's net operational profit.

15. Income Tax**a. Income tax provision**

The movement on the income tax provision is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	121,121	114,220
Accrued income tax on income for the year	93,519	116,820
Accrued income tax from prior years	121,552	-
Income tax paid	(238,352)	(109,919)
Balance - End of the Year	97,840	121,121

- b. Income tax stated in the consolidated statement of income represents the following:

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Accrued income tax on profit for the year	(93,519)	(116,820)
Accrued income tax from prior years	(121,552)	-
	(215,071)	(116,820)

c. Deferred Tax Assets

This item consists of the following:

<u>Included accounts</u>	2018			2017		
	Balance -	Released	Added	Balance -	Deferred	Deferred
	Beginning	Amounts	Amounts	End of the	Tax	Tax
<u>Assets</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Provision for doubtful debts	574	574	-	-	-	574
	574	574	-	-	-	574

- * The movement on the deferred tax assets is as follows:

	Assets	
	2018	2017
	<u>JD</u>	<u>JD</u>
Balance – beginning of the year	574	574
Disposed	574	-
Balance - End of the Year	-	574

- A final settlement has been reached with the Income Tax Department for Jordan National Shipping Lines Company (Holding Company) and Jordan Group for Shipping Agencies (subsidiary company) up to the end of the year 2016, and Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) up to the end of the year 2014.
- The income tax for Aqaba Development & Marine Services Company has been settled up to the end of the year 2013. Moreover, the income tax returns for the years 2014 - 2017 have been submitted but not reviewed by the Income and Sales Tax Department, also a total claims of around JD 110,000 have been issued and settled, and since the Company did not perform during the year 2018, no tax charges was issued.
- The income tax return was submitted until the end of 2017 to the Jordanian National Shipping Company (Holding Company). Moreover, the income tax discussion for the years 2012 through 2016 was completed, as for Jordan Maritime complex for Real Estate Investment Company (subsidiary company) the company was submitted its income tax return until the year 2019, as for the Jordan for Shipping Group Agencies (subsidiary company) the Company was submitted its income tax return until the year 2017, and the Income and Sales Tax Department has not reviewed them yet.
- A provision for income tax for the year ended December 31, 2018 has been booked for Jordan National Shipping Lines Company, and Jordan Group for Shipping Agencies Company (subsidiary company) in accordance with the Income Tax Law and Aqaba Special Economic Zone Law. However, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) did not book any income tax provision since it incurred losses for that year. In the opinion of the Company's management and its tax consultant, there is no need to book any additional provision as of December 31, 2018.
- Jordan Maritime Complex for Real Estate Investments Company did not book any deferred taxes since they have not been approved yet, and no benefits are expected from them in the near future.

16. Related Party Transactions

This item consists of the following:

a - Due from Related Parties:

	Nature of Relationship	December 31,	
		2018	2017
		JD	JD
Jordan National for Ship Operation Company	Associate company	-	-
Arab Ship Management Company	Associate company	36,080	2,649
Jordan International Marine Chartering Company	Associate company	-	-
Smit Lamnalco Jordan	Associate company	5,000	214,855
Jordan Phosphate Mines Company	Board member	-	428
Arab Potash Company	Board member	-	2,344
CMA CGMA Company	Sister company	-	7,638
Sea Star Shipping and Logistics Company	Sister company	225,612	86,915
Other		2,546	5,507
Total		269,238	320,336
Less: Provision for doubtful accounts *		(6,710)	-
		262,528	320,336

- * The movement on the provision for expected credit loss - related parties receivables is as follows:

	2018	2017
	JD	JD
Balance –beginning of the year	-	-
Effect of IFRS (9) implementation	11,630	-
Adjusted Beginning balance	11,630	-
Expected credit losses during the year	(4,920)	-
Balance – End of the Year	6,710	-

b - Due to Related Parties:

	Nature of Relationship	December 31,	
		2018	2017
		JD	JD
Shipping Lines Company for Maritime and Storage Services	Associate company	335,400	335,400
Aqaba Diamond Company	Associate company	213,580	213,580
Salam International Transport and Trading Company	Sister company	517,810	235,264
Jordan National for Ship Operation Company	Associate company	33,776	34,691
Armouh Tourist Investments Co. Ltd	Sister company	-	25,406
Other		2,500	14,737
		1,103,066	859,078

17. Loans

This item consists of the following:

	December 31,				
	2018			2017	
	Due Installments	Short- term Loan Installments	Total	Long-term Loan Installments	Total
	JD	JD	JD	JD	JD
Bank Al-EtiHAD loans (a)	-	363,708	363,708	-	715,777
Egyptian Arab Land Bank loan (b)	150,162	450,486	600,648	2,558,776	3,374,761
Egyptian Arab Land Bank loan (b)	129,644	518,575	648,219	1,976,829	3,089,071
Egyptian Arab Land Bank loan (b)	45,992	137,968	183,960	190,723	482,258
	<u>325,798</u>	<u>1,470,737</u>	<u>1,796,535</u>	<u>4,726,328</u>	<u>7,661,867</u>

- (a) This loan was granted against mortgage of land plot No. (646), north port square area No. 7 of Aqaba City, along with the building constructed on it for JD 1.5 million. This is in addition to mortgaging 18 thousand shares from the Arab Company shares and 97 thousand shares, from the Housing Bank shares owned by the holding company, including any resulting cash dividends, or stock dividends therefrom, in favor of the company, as well as the Company's partners' guarantee. On December 23, 2013, Jordan Maritime Complex for Real Estate Investments Company signed an agreement with Bank al Etihad Company, whereby the US dollar-denominated, declining cash loan installments due in 2014 have been postponed to be settled starting from January 1, 2015 until October 1, 2017, through quarterly installments amounting to USD 200,000 each. On June 29, 2015 an agreement was signed between AL Jordan Maritime Complex Real Estate Investment Company (subsidiary Company) Real estate company (subsidiary) and union company whereby three installments of the decreasing cash loan in US dollar are due to be repaid during the year to be paid at the beginning of the year 2018 under quarterly installments USD 200,000. On September 29, 2017, a reschedule agreement for the granted loan was signed, in which it terms to postpone the installments payment to mature starting from January 31, 2018 until it is fully paid as at September 30, 2019 under quarterly installments of 50,000 USD without interests except for the last installment which represent the rest amount.
- (b) During the year 2011, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) was granted credit facilities by Egyptian Arab Land Bank as follows:
1. Loan of JD 3,785,200 with an annual interest rate of 8%. The loan will be settled in 36 quarterly installments of JD 150,162 each, including interest. Moreover, the first installment was due on August 31, 2012.
 2. Declining commercial advance of USD 5,600,000, bearing interest at a rate of 6 months Libor + 2.5% annually, with a minimum interest rate of 3%. The advance will be settled in 36 quarterly installments of USD 182,597 each, including interest. Moreover, the first installment was due on August 31, 2012.
 3. During the year 2012, the Company was granted additional credit facilities by Egyptian Arab Land Bank to cancel the overdraft limit of JD 750,000 and turn it into a commercial advance of JD 759,000, plus interest and commissions thereon, to be settled in 20 quarterly installments of JD 45,990 each, at an annual interest rate of 8% effective from May 31, 2013.

According to the Company's Letter No. 36/JMCR/2013 dated November 25, 2013, the Company has requested the Bank to postpone the loan that matured during the year 2014 for additional one year to be paid in the beginning of 2015. Moreover, the company has approved the Bank request on March 12, 2014.

The main purpose of these facilities is to settle Bank al Etihad credit facility. This facility has been granted against a first-degree mortgage, on plot of land No. (646), north port land square area No. (7) of Aqaba City, along with the hotel building constructed on it for JD 8.5 million, in accordance to mortgage deed No. (640), in addition to the Company's partners' guarantees.

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

- (c) The details on the loans transaction during the years 2018 and 2017 were as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	7,661,867	8,772,165
Paid loans	<u>(1,139,004)</u>	<u>(1,110,298)</u>
Balance - End of the Year	<u>6,522,863</u>	<u>7,661,867</u>

18. Capital and Reserves

a. Authorized and Paid-up Capital

The authorized and paid-up capital amounted to JD 15,000,000, allocated to 15,000,000 shares. The par value of each share is JD 1 as of December 31, 2018 and 2017.

b. Statutory Reserve

The accumulated amounts in this account represent the appropriations from the annual profits before income tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders as it should not exceed 25% of the paid up capital.

c. Dividends Paid

The General Assembly decided, in its ordinary meeting held on April 25, 2018, to distribute JD 1,800,000 as cash dividends to shareholders, representing 12% of capital for the year 2017 (JD 2,250,000 for the year 2016).

19. Investment Revaluation Reserve

This item represents the change in investment revaluation reserve as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	(487,203)	(456,609)
Change during the year	(96,983)	(30,594)
Balance - End of the Year	<u>(584,186)</u>	<u>(487,203)</u>

20. Retained Earnings

The movement on this item is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	4,748,158	3,827,317
IFRS (9) implementation effect	(75,719)	-
Adjusted beginning balance	<u>4,672,439</u>	<u>-</u>
Income for the year	2,709,036	3,335,578
(Loss) from sale of financial assets at fair value through comprehensive income	(15,385)	(9,593)
Dividends paid	(1,800,000)	(2,250,000)
Transferred to statutory reserve	-	(155,144)
Balance - End of the Year	<u>5,566,090</u>	<u>4,748,158</u>

21. Net Revenue from Maritime Agencies, Sea Freight and Cruising Vessels

This item consists of the following:

	<u>2018</u>	<u>2017</u>
	<u>JD</u>	<u>JD</u>
Freight and cruising vessels income *	12,025,781	13,449,093
Maritime agencies income	<u>1,125,708</u>	<u>994,251</u>
	13,151,489	14,443,344
(Less): Cost of freight and cruising vessels	<u>(10,237,989)</u>	<u>(11,537,656)</u>
Net Revenue from Maritime Agencies, Sea Freight and Cruising Vessels	<u><u>2,913,500</u></u>	<u><u>2,905,688</u></u>

* Jordan Petroleum Refinery Company (A Public Limited Shareholding Company) is the only lessee of the operated ship during the years 2018 and 2017.

22. Gross Hotel Operating Revenue before Other Expenses

This item consists of the following:

	<u>2018</u>		<u>2017</u>	
	Revenue	Direct Cost	Gross Operating Profit	Gross Operating Profit (Loss)
	JD	JD	JD	JD
Rooms	2,570,387	(507,283)	2,063,104	2,000,810
Food and beverage	1,033,463	(770,384)	263,079	268,821
Phone, fax and internet	3,291	(3,604)	(313)	5,282
Health club and laundry	<u>12,063</u>	<u>(12,370)</u>	<u>(307)</u>	<u>4,985</u>
	<u><u>3,619,204</u></u>	<u><u>(1,293,641)</u></u>	<u><u>2,325,563</u></u>	<u><u>2,279,898</u></u>

23. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries, wages, allowances and bonuses	1,204,641	1,166,816
Company's share of social security contributions	89,466	84,729
Rent	27,574	53,746
Postage, telephone and fax	32,016	27,555
Stationery and printings	13,843	13,165
Fees and subscriptions	93,357	102,429
Water, electricity and heating	41,053	21,269
Cleaning expenses	8,762	5,784
Hospitality	26,251	25,422
Traveling, accommodation and per diems	88,022	59,975
General maintenance	13,191	11,762
Machine and vehicles expenses	26,258	25,331
Insurance expenses	79,884	69,380
Marketing and advertising	7,745	6,402
Donations	23,895	27,871
Training, courses and conferences	11,673	13,444
Board of Directors' transportation allowances	77,615	75,575
Board of Directors' transportation allowances - Subsidiary Companies	18,000	17,840
Board of Directors and committees remunerations provision expenses	190,295	150,500
Board of Directors' remunerations - Subsidiary Companies	56,636	29,369
Legal expenses, consultation, and stamps	52,736	153,797
Security expenses	85,882	89,407
Computer expenses	1,740	1,493
Commercial studies	15,894	16,547
Management and license fees - Hilton hotel	192,769	179,313
Governmental expenses	31,933	18,959
Bank commissions	34,535	107,823
Other	79,725	57,876
	<u>2,625,391</u>	<u>2,613,579</u>

24. Non-Controlling Interests

This item represents non-controlling interest in the net equity of the subsidiary companies as of December 31, 2018 and 2017. The details are as follows:

Company's Name	2018										2017	
	Ownership Percentage		Paid-up Capital		Statutory Reserve		Voluntary Reserve		Retained Earnings Accumulated (Losses)		Non-Controlling Interests' Share from Profit (Loss) for the Year	
	%	JD	JD	JD	JD	JD	JD	JD	JD	JD	Non-Controlling Interests' Share from Profit (Loss) for the Year	JD
Jordan Group for Shipping Agencies Company	30	150,000	150,000	30,000	30,000	136,670	177,053	643,723	193,117	53,116	260,032	125,832
Jordan Maritime Complex for Real Estate Investments Company	26	15,600,000	-	-	-	(10,906,706)	(510,095)	4,183,199	1,087,632	(132,625)	1,259,082	(195,598)
Aqaba Company for Development and Marine Services*	5	30,000	30,000	125,920	125,920	(188,842)	(114,278)	(116,200)	(5,810)	(5,714)	(32)	-
									1,274,939	(85,223)	1,519,082	(69,766)

* Owned by Jordan Group for Shipping Agencies Company (subsidiary Company).

25. (Loss) Gain from Financial Assets at Fair Value through Profit or Loss - Net

This item consists of the following:

	2018	2017
	JD	JD
(Loss) gain from evaluation of financial assets at fair value through profit or loss	(217,696)	23,180
Gain from sale of financial assets at fair value through profit or loss	-	8,292
Dividends income	61,697	52,358
	<u>(155,999)</u>	<u>83,830</u>

26. Company's Share from Investment in Associate Companies

The details of this item are as follows:

	2018	2017
	JD	JD
Jordan International Marine Chartering Company	2,190	(512)
Arab Ship Management Company	60,434	50,202
Jordan Academy for Maritime Studies	197,109	194,439
Aqaba Diamond Company	124	(1,321)
Shipping Lines Company for Maritime and Storage Services	(1,086)	3,547
Smit Lamnalco Jordan	1,545,789	2,158,791
Jordan National Lines for Ship Operation Company	64,297	91,690
	<u>1,868,857</u>	<u>2,496,836</u>

- Investment income from affiliated companies is calculated based on the equity method.

27. Other Revenue

The details of this item are as follows:

	2018	2017
	JD	JD
Foreign exchange differences	5,358	246
Ticket sales commissions	16,192	21,132
Bank interest income	101,152	33,423
Rents revenue - net	305,907	261,372
Other revenue - net *	139,368	210,272
	<u>567,977</u>	<u>526,445</u>

- * Includes other revenues related to the hotel.

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

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

	<u>2018</u> <u>JD</u>	<u>2017</u> <u>JD</u>
Income for the year-attributable to the Company's Shareholders	2,709,036	3,335,578
	<u>Share</u>	<u>Share</u>
Number of shares	15,000,000	15,000,000
	<u>JD/Share</u>	<u>JD/Share</u>
Earnings per share for the year: Basic and Diluted	0.181	0.222

29. Cash and Cash Equivalents

This item consists of the following:

	<u>2018</u> <u>JD</u>	<u>2017</u> <u>JD</u>
Cash on hand and at banks	3,536,427	4,092,139
(Less): Restricted cash	-	(7,043)
	<u>3,536,427</u>	<u>4,085,096</u>

30. Transactions with Related Parties

- a. Rent revenue from Arab Ships Management Company (associate company) amounted to JD 45,317 for the years ended December 31, 2018 and 2017.
- b. Executive management's salaries and benefits of the Company and its subsidiaries in addition to the salary and allowances of the hotel's general manager were as follows:

	<u>2018</u> <u>JD</u>	<u>2017</u> <u>JD</u>
Salaries, bonuses, and per diems	528,426	484,824
Board of Directors' transportation allowances	95,615	114,910
	<u>624,041</u>	<u>599,734</u>

31. Contingent Liabilities

- The Company was contingently liable for company guarantees at the date of the consolidated statement of financial position of JD 120,000 and related cash margins of 44,250.
- On July 19, 2011, Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) received a claim from the main contractor for the construction of the hotel with an amount of JD 2.150 million, which represents calculation variances from the starting date of the project and up to date, but the Company's management did not approve it yet, therefore both parties agreed to go for arbitration.

During the year 2017, a final decision was issued by the Court of Cassation to bind Jordan Maritime Complex for Real Estate Investments Company (subsidiary company) in an amount of around JD 1,000,000, noting that this decision cannot be contested. However, the Company reached a final settlement with the contractor to pay an amount of around JD 800,000 after reducing some of the legal interests which resulted from the settlement. On September 28, 2017 a final settlement agreement was signed between the main contractor and the company in which it terms that Jordan National Shipping Line Company shall pay JD 380,000 after signing the agreement as for the rest balance which is amounted to JD 420,000 it shall be paid by the other partner on 28 monthly installments amounted to JD 15,000 per month starting from October 1, 2017 until the full payment. Moreover, the details of the agreed upon amount based on the settlement are as follows:

- a- JD 410,000 for work done;
- b- JD 83,000 represents legal interests resulted from the settlement;
- c- JD 307,000 represents a compensation for loss of labor productivity due to late delivery of the project.

The Company capitalized an amount of JD 550,000 on the hotel's building from the total claim amount after deducting JD 167,000 related to amounts previously capitalized by the same contractor, and after deducting the depreciation for the period starting from the contractor's claim until December 31, 2018.

32. Risks Management

a. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. No changes have occurred on the Company's policies since the year 2017.

The Company has a strategy to maintain a reasonable debt-to-equity ratio (calculated by dividing total debts over total equity) provided that total debt does not exceed 200%.

The table below shows total debt with respect to owners' equity:

	December 31,	
	2018	2017
	JD	JD
Total debts	10, 216, 228	11,782,894
Total owners' equity	(25,006,843)	(24,530,037)
Debt-to- Equity Ratio	41%	48%

b. Market Risk

Market risk refers to the losses that might arise from the changes in market prices such as changes in interest rates, foreign currency prices, and prices of equity instruments, and consequently, changes in the fair value of cash flows for on and off consolidated statement of financial position financial instruments.

Foreign Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's major transactions are in Jordanian Dinar and US Dollar.

Foreign currencies risk relates to changes in currency exchange rates for settlements in foreign currencies. As the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar, the Company's management believes that the foreign currency risk related to transactions denominated in US Dollar is immaterial.

Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The sensitivity analysis below is determined based on the exposure to interest rate for company's borrowings utilized and deposits outstanding at the consolidated financial statements date.

The analysis is prepared assuming that the amount of liability outstanding at the consolidated statement of financial position date was outstanding for the whole year. A 0.5% increase or decrease is used:

	Balance	+ 0.5%	-0.5%
	JD	JD	JD
Current credit facilities – (loss) / gain	<u>6,522,863</u>	<u>32,614</u>	<u>(32,614)</u>

c. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulties in raising funds to meet its commitments. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. Furthermore, a portion of the Company's funds is invested in cash company balances and investments at fair value through the statement of income which are readily available to meet short-term and medium-term funding and liquidity management requirements. Moreover, the liquidity management believes that the liquidity risks are immaterial.

d. Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. Moreover, the Company has adopted a policy of dealing with only creditworthy counterparties, in addition to obtaining sufficient guarantees, whenever appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's financial assets mainly consist of customers' receivables, financial investments at fair value through the statement of income and financial investments at fair value through comprehensive income, cash and cash equivalents, and other receivables. Trade receivables are made up of local customers' receivables and debts due from governmental parties as well as external customers. In the opinion of the Company's management, the probability of not collecting the accounts receivable, totally or partially, is unlikely. Moreover, strict credit controls are maintained, and each customer's account is monitored separately and continuously. Moreover, the management believes that the credit risks are immaterial.

33. Geographical Distribution

The assets and liabilities of the Company exist within Jordan as of December 31, 2018 and 2017 except for the following:

a. Debts

	December 31, 2018		December 31, 2017	
	Receivables	Payables	Receivables	Payables
	JD	JD	JD	JD
Receivables (Payables)	<u>242,425</u>	<u>115,784</u>	<u>45,407</u>	<u>734,243</u>

34. Fair Value Hierarchy

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

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

	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	2018	2017				
Financial Assets	JD					
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted shares	1,222,277	1,337,816	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	3,374,741	3,425,623	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	366,546	382,148	Level 2	Through using the equity method and the latest available financial information	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	3,761,287	3,807,771				
	4,983,564	5,145,587				

There were no transfers between Level 1 and Level 2 during the years 2018 and 2017.

B. Fair value of financial assets and financial liabilities not measured at fair value on a recurring basis:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Company's financial statements approximate their fair values:

	December 31, 2018		December 31, 2017	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets not calculated at fair value	JD	JD	JD	JD
Investments properties	1,220,566	3,706,000	1,245,966	3,715,020
Total financial assets not calculated at fair value	1,220,566	3,706,000	1,245,966	3,715,020

The fair values of the financial assets and financial liabilities included in Level 2 categories above have been determined in accordance with the generally accepted pricing models that reflect the credit risk of the counterparties.