

٠٦ أيلول ٢٠١٨

نموذج رقم (5-1)

Form No. (1-5)



To: Jordan Securities Commission
Amman Stock Exchange

Date: 02/05/2018.

Subject: Quarterly Report as of 31/03/2018
In English Language.

Attached the Quarterly Report of (Jordan
National Shipping Lines) in English as of
31/03/2018.

Kindly accept our highly appreciation and
respect.

Jordan National Shipping Lines Company.

General Manager's Signature

السادة هيئة الاوراق المالية

السادة بورصة عمان

التاريخ:- 2018/05/02

الموضوع: التقرير ربع السنوي كما هي في 2018/3/31.
باللغة الإنجليزية.

مرفق طيه نسخة من البيانات المالية ربع السنوية
لشركة (الخطوط البحرية الوطنية الأردنية) باللغة
الإنجليزية كما هي بتاريخ 2018/3/31م.

وتفضلوا بقبول فائق الاحترام،،،

شركة الخطوط البحرية الوطنية الأردنية

توقيع المدير العام



الخطوط البحرية الوطنية الأردنية م.ع.م.
Jordan National Shipping Lines P.L.C.

بورصة عمان
الدائرة الإدارية والمالية
الديوان

٠٦ أيلول ٢٠١٨

الرقم المتسلسل: ٣٨٧١
رقم الملف: ٧١١٢
الجهة المختصة: الإدارة

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

CONDENSED CONCOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED MARCH 31, 2018
TOGETHER WITH THE REVIEW REPORT

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

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Review Report on the Condensed Consolidated Interim Financial Statements

AM \ 30626

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan National Shipping Lines (Public Shareholding Limited Company) as of March 31, 2018 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express an opinion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

1. The Company's investment in Smit Lamnalco Company - Jordan, an associate company is accounted for using the equity method and carried at around JD 5.2 million on the condensed consolidated interim statement of financial position as at March 31, 2018, and the Company's share of Smit Lamnalco Company - Jordan net income of around JD 522 thousands is included in the Group's condensed consolidated interim statement of income for the three months ended March 31, 2018. We were unable to obtain sufficient appropriate review evidence about the carrying amount of the Group's investment in Smit Lamnalco Company - Jordan as at March 31, 2018 and the Group's share of Smit Lamnalco Company - Jordan net income for the three month period ended March 31, 2018 because we were denied access to the financial information, management, and the auditors of Smit Lamnalco Company - Jordan. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the "Basis of Qualified Conclusion" paragraphs (1), nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Explanatory Paragraph

The Company's fiscal year ends on December 31, of each year. However, the accompanying condensed consolidated interim financial statements are for prepared the purposes of management and for the purposes of Jordan Securities Commission only.

Other Matter

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

Amman - Jordan
April 30, 2018


Deloitte & Touche (M.E.) - Jordan
Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010105

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2018 (Reviewed not Audited)	December 31, 2017			March 31, 2018 (Reviewed not Audited)	December 31, 2017
	Note	JD	JD		Note	JD	JD
ASSETS				LIABILITIES			
Current Assets:				Current Liabilities:			
Cash on hand and at banks	4	3,911,175	4,092,139	Accounts payable and other credit balances		2,266,644	3,140,254
Accounts receivable - net		663,537	1,443,239	Income tax provision	13/a	93,780	121,121
Financial assets at fair value through profit or loss		1,410,888	1,337,816	Due to related parties	5/b	962,952	859,078
Due from related parties	5/a	387,737	320,336	Short - term loans installments	8	1,930,388	1,881,012
Other debit balances and prepaid expenses		345,324	228,851	Total Current Liabilities		5,253,764	6,001,465
Inventory - Hotel		80,464	69,938				
Total Current Assets		6,799,125	7,492,319				
				Long - term loans installments	8	5,560,977	5,780,855
Investments:				OWNERS' EQUITY			
Financial assets at fair value through other comprehensive income		3,988,690	3,807,771	Shareholders' Equity:			
Investment in associate companies	6	7,507,109	7,050,603	Paid-up capital		15,000,000	15,000,000
Investment properties - net	7	1,239,615	1,245,966	Statutory reserve		3,750,000	3,750,000
Total Investments		12,735,414	12,104,340	Investments revaluation reserve		(325,702)	(487,203)
				Retained earnings		4,742,394	4,748,158
Property and Equipment:				Profit for the period		887,573	-
Property and equipment - at cost		23,515,110	23,478,358	Total Shareholders' Equity		24,054,265	23,010,955
Less: Accumulated depreciation		(6,699,511)	(6,762,660)	Non-controlling interests		1,481,132	1,519,082
Net Book Value of Property and Equipment		16,815,599	16,715,698	TOTAL OWNERS' EQUITY		25,535,397	24,530,037
				TOTAL LIABILITIES AND OWNERS' EQUITY		36,350,138	36,312,357
TOTAL ASSETS		36,350,138	36,312,357				

Chairman of the Board of Directors

General Manager

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

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

		For the Three Months	
		Ended March 31,	
	Note	2018	2017
Revenue:		JD	JD
Net revenue from maritime agencies, sea freight and cruising vessels		578,882	657,846
Gross hotel operating revenue before other expenses		<u>521,823</u>	<u>417,907</u>
Gross Profit		1,100,705	1,075,753
Less : General and administrative expenses and depreciation		(832,779)	(781,572)
Information technology expenses - Hotel		(63,723)	(20,517)
Power and maintenance expenses - Hotel		(71,900)	(116,871)
Financing expenses		(140,289)	(156,158)
Gain from financial assets' evaluation at fair value through profit or loss		30,653	148,126
Company's share from investment in associate companies income	9	606,769	601,001
Other revenue		<u>241,294</u>	<u>101,375</u>
Income for the period before tax		870,730	851,137
Income tax expense	13/a	<u>(21,107)</u>	<u>(18,287)</u>
Income for the Period		<u><u>849,623</u></u>	<u><u>832,850</u></u>
Attributable to:			
The Company's shareholders		887,573	869,180
Non-controlling interests		<u>(37,950)</u>	<u>(36,330)</u>
		<u><u>849,623</u></u>	<u><u>832,850</u></u>
Earnings per share for the period attributable to the Company's shareholders:			
Basic and Diluted	10	<u><u>0.059</u></u>	<u><u>0.058</u></u>

Chairman of the Board of Directors

General Manager

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 INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH
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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONCOLIDATED INTERIM STATEMENT
OF COMPREHINSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months	
	Ended March 31,	
	2018	2017
	JD	JD
Income for the period	849,623	832,850
Items that will not be reclassified subsequently to the condensed consolidated interim statement of income:		
Cumulative change in fair value - financial assets at fair value through comprehensive income	155,737	271,021
Total Comprehensive Income	1,005,360	1,103,871
Total Comprehensive Income Attributable to:		
The Company's shareholders	1,043,310	1,140,201
Non - controlling interests	(37,950)	(36,330)
	1,005,360	1,103,871

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ
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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF EQUITY
(REVIEWED NOT AUDITED)

	Company's Shareholders' Equity									
	Investment			Retained Earnings			Profit for the period	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
	Paid-up Capital	Statutory Reserve	Revaluation Reserve	Realized	Unrealized	Total				
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2018</u>										
Balance - beginning of the period	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
Income for the period	-	-	-	-	-	-	887,573	887,573	(37,950)	849,623
Cumulative change in fair value - financial assets at fair value through other comprehensive income	-	-	161,501	(5,764)	-	(5,764)	-	155,737	-	155,737
Total Comprehensive Income	-	-	161,501	(5,764)	-	(5,764)	887,573	1,043,310	(37,950)	1,005,360
Balance - End of the Period	<u>15,000,000</u>	<u>3,750,000</u>	<u>(325,702)</u>	<u>4,232,011</u>	<u>510,383</u>	<u>4,742,394</u>	<u>887,573</u>	<u>24,054,265</u>	<u>1,481,132</u>	<u>25,535,397</u>
 <u>For the Three Months Ended March 31, 2017</u>										
Balance - beginning of the period	15,000,000	3,594,856	(456,609)	3,045,854	781,463	3,827,317	-	21,965,564	1,663,848	23,629,312
Income for the period	-	-	-	-	-	-	869,180	869,180	(36,330)	832,850
Cumulative change in fair value - financial assets at fair value through other comprehensive income	-	-	271,021	-	-	-	-	271,021	-	271,021
Total Comprehensive Income	-	-	271,021	-	-	-	869,180	1,140,201	(36,330)	1,103,871
Balance - End of the Period	<u>15,000,000</u>	<u>3,594,856</u>	<u>(185,588)</u>	<u>3,045,854</u>	<u>781,463</u>	<u>3,827,317</u>	<u>869,180</u>	<u>23,105,765</u>	<u>1,627,518</u>	<u>24,733,283</u>

- An amount of JD 325,702 from retained earnings is restricted for retained earnings against the negative value in investment revaluation reserve as of March 31 2018.

- Income includes JD 30,290 for the Three months period ended March 31, 2018, representing unrealized losses from evaluating financial assets at fair value through profit or loss.

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

JORDAN NATIONAL SHIPPING LINES COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AQABA SPECIAL ECONOMIC ZONE - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	Note	
	2018	2017
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income for the period before tax	870,730	851,137
Adjustments for:		
(Gain) revaluation of financial assets at fair value through income statement	(30,653)	(148,126)
Depreciation	21,228	206,006
(Gain) from investment in associate companies	9 (606,769)	(601,001)
Cash Flows from Activities before Changes in Working Capital	254,536	308,016
Decrease (Increase) in current assets :		
Accounts receivable	(779,702)	21,143
Other debit balances and prepaid expenses	116,473	(101,989)
Inventory - hotel	10,526	(6,825)
Due from related parties	67,401	(288,662)
Increase (decrease) in current liabilities:		
Accounts payable and other credit balances	(264,700)	208,961
Due to related parties	103,874	(107,953)
Net Cash Flows (used In) from Operating Activities before Income Tax Paid	(491,592)	32,691
Income tax paid	13/a (48,448)	(19,148)
Net Cash Flows (used In) from Operating Activities	(540,040)	13,543
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in associate companies' dividends	456,506	210,000
Change in property and equipment - net	-	(48,614)
Decrease in financial assets at fair value through income statement	73,072	-
Net Cash Flows from Investing Activities	529,578	161,386
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in loans	(170,502)	(335,782)
Net Cash Flows (used In) Financing Activities	(170,502)	(335,782)
Net (Decrease) in cash	(180,964)	(160,853)
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 Period	11 3,904,132	3,028,338

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

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

1. General

- According to the resolution of the Company's General Assembly, in its extraordinary meeting held on August 1, 2004, and the Companies Controller's Letter No. Msh/merger/13324 on August 30, 2004, stating the approval of his Excellency the Minister of Industry and Trade on the resolution of the Company's General Assembly to merge Jordan National Shipping Lines Company with Fast International Trade and Transport Company on June 30, 2004, a new public shareholding company was established under the name of Jordan National Shipping Lines Company with a capital of JD 5,750,000 allocated to 5,750,000 shares at a par value of JD 1 each. The Company's capital increased in several stages, the last of which was during the year 2013. Where the Company's capital became JD 15 million through capitalizing JD 2/925 million from the retained earnings and distributing it as free stock dividends to the shareholders. The proper procedures to list the stock was completed on June 19, 2013.
- The Company was also registered in Aqaba Special Economic Zone under registration number (1103110402) on November 4, 2003.
- The Company's main objectives are to carry out different types of marine transportation activities using its own ships, as well as ships on lease, in addition to carrying out marine agencies and land transportation activities.
- The Board of Directors approved the Company's condensed consolidated interim financial statements on April 29, 2018.

2. Basis of Consolidation

The accompanying condensed consolidated interim financial statements represent the financial statements of Jordan National Shipping Lines Company and its below subsidiaries, after eliminating inter-company balances and transactions between the Company and its subsidiaries.

The subsidiaries are represented as of March 31, 2018:

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

- * During the year 2011, the Jordanian Group shipping agencies (a subsidiary) purchased 95% of the Aqaba Development and Marine Services Company for JD 28,500. Whereby the former would share the profits of the latter effective from the beginning of 2011. Moreover, the results of operations of Aqaba Development and Maritime Services whose assets totaled of JD 437 and partners equity totaled to a deficit of JD 437 as of March 31, 2018. The Company did not achieve any revenues or any expenses during the period ended March 31, 2018 based on neither reviewed nor audited financial statements.

Control is achieved when the Company has the ability to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. Intercompany transactions are eliminated. Moreover, adjustments to the subsidiaries financial statements are made, when necessary, so as to align the subsidiary company's accounting policies with those used by the Company.

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

Jordan Maritime Complex Real Estate Investment Company is 74% owned by Jordan National Shipping Lines Company while Salam International Transport and Trading Company owns 26%. The Company's objectives are to invest in real-estate through constructing buildings and residential apartments complexes and to rent commercial and residential plots of land.

3. Significant Accounting Policies

- Basis of Preparation of the Condensed Consolidated Interim Financial Statements:

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

- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information statement.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and should be read with the annual report of the Company as of December 31, 2017. In addition, the results of the Company's operations for the three months ended March 31, 2018 do not necessarily represent indications of the expected results for the year ending December 31, 2018, and do not contain the appropriation of the profit of the three Months period ended March 31, 2018, which is usually performed at year-end.
- The accounting policies adopted in preparing the condensed interim financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards which are applied on or after the first of January of 2018 as follow:

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

Annual Improvements to IFRS Standards 2014 – 2016 The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) or on de-recognition of a non-monetary asset or liability arising from advance considerations.

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to IAS 40 Investment Property

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 Revenue from Contracts with Customers

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.

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.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

IFRS 7 *Financial Instruments: Disclosures*

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

B. Amendments effective on the condensed interim financial statements of the Company**IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. And a new version of the new standard includes the requirements of recognition, measurement, impairment and hedge accounting.

The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, replacing a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

The Company calculated the initial impact of the International financial reporting standard (IFRS 9), as it is not material, it's impact has not been reversed in the attached condensed interim financial statements.

In accordance with IFRS 9 *Financial Instruments* the expected credit losses are recognized at an early date in accordance with IAS 39.

The revised version of IFRS 9 (2014) (*Financial Instruments*) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from the adoption of IFRS 9 for the year 2014.

- Using Estimates

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

Management believes that the estimates in the condensed consolidated interim financial statements are reasonable, and consistent with the estimates used at the end of the year 2017 except estimates used to calculate the impact of International Financial Reporting Standard No. (9) relating to Financial Instruments which was calculated using expected credit loss method using simplified approach.

4. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Cash on hand and checks under collection	17,785	251,851
Deposit at banks *	2,459,013	867,431
Current accounts **	1,434,247	2,954,241
Saving accounts ***	130	18,616
	<u>3,911,175</u>	<u>4,092,139</u>

* The above deposit is for a term of 3 months and bears interest at a rate of 5.25% for the three months period ended March 31, 2018.

** This item includes JD 7,043 as of March 31, 2018 (19,973 as of December 31, 2017 related to Jordan Maritime Complex for Real Estate Investment Company (subsidiary company), representing restricted amounts in accordance with Amman Execution Department for laws its raised against the Company.

*** Interest rate on saving accounts amounted to 0.5% during the three months period ended on March 31, 2018 and December 31, 2017.

5. Related Party Transactions

This item consists of the following:

a - Due from Related Parties:

	Nature of Relationship	March 31, 2018	December 31, 2017
		JD	JD
Arab Ship Management Company	Associate company	81,401	2,649
Smit Limnalko Company - Jordan *	Associate company	214,855	214,855
Jordan Phosphate Mines Company	Board member	428	428
Arab Potash Company	Board member	250	2,344
CMA CGMA Company	Sister company	-	7,638
Sea Star Shipping and Logistics Company	Sister company	86,915	86,915
Other		3,888	5,507
		<u>387,737</u>	<u>320,336</u>

* This item represents the loan installments and interest paid on behalf of Limnalko Company - Jordan. This balance bears no interest and has no repayment schedule.

b - Due to Related Parties:

	Nature of Relationship	March 31, 2018	December 31, 2017
		JD	JD
Shipping Lines Company for Maritime and Storage Services	Associate company	335,400	335,400
Aqaba Diamond Company	Associate company	213,850	213,580
Salam International Transport and Trading Company	Sister company	348,498	235,264
Jordan National for Ship Operation Company	Associate company	35,123	34,691
Armoush Tourist Investments Co. Ltd	Sister company	25,406	25,406
Other		4,675	14,737
		<u>962,952</u>	<u>859,078</u>

6. Investment in Associate Companies

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

Company	Nature of Business	Location	Ownership Percentage				
			Paid-up Capital	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
			JD	%	%	JD	JD
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	40	40	31,263	32,848
Arab Ship Management Company	Ships Management	Aqaba	149,000	30	30	223,165	201,474
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	30	30	944,443	1,049,082
Aqaba Diamond Company	Navigation	Aqaba	500,000	50	50	208,126	206,804
Shipping Lines Company for Maritime and Storage Services	Navigation	Aqaba	3,500,000	50	50	310,823	310,823
Smit Lamnalko Company – Jordan	Ships services	Aqaba	50,000	27	27	5,244,645	4,722,627
Jordanian National for Ships Operation Company	Shipping	Aqaba	700,000	50	50	544,644	526,945
Total Investments in associate Companies						7,507,109	7,050,603

7. Investment Properties / Aqaba - Net

This item consists of the following:

	Land JD	Buildings JD	Total JD
March 31, 2018			
Balance beginning of the period	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 period	-	(273,055)	(273,055)
Depreciation during the period	-	(6,351)	(6,351)
Total	-	(279,406)	(279,406)
Balance at the End of the Period	248,995	990,620	1,239,615

Annual depreciation rate

December 31, 2017

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 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 3,715 million as of December 31, 2017.

8. Loans

This item consists of the following:

	March 31, 2018			December 31, 2017	
	Due Installments	Short-term Loan Installments	Total	Long-term Loan Installments	Total
	JD	JD	JD	JD	JD
Bank Al-Etihad loans (a)	35,450	425,400	460,850	253,919	715,777
Egyptian Arab Land Bank loan(b)	150,508	450,486	600,994	2,777,245	3,374,761
Egyptian Arab Land Bank loan(b)	129,462	517,848	647,310	2,257,411	3,089,071
Egyptian Arab Land Bank loan(b)	37,266	183,968	221,234	272,402	482,258
	352,686	1,577,702	1,930,388	5,560,977	7,661,867

- (a) This loan was granted with guarantee of a land mortgage, plot number (646), north port square area number 7 from Aqaba city along with the building located on the land with a value of JD 1.5 Million. In addition to mortgaging 18 thousand shares from the Arab Bank shares and 97 thousand shares from the Housing Bank shares owned by the Holding Company, including any resulting cash dividends or share dividends therefrom in favor of the bank, in addition to the Company's Related Estate Investment partners guarantee. On December 23, 2013, Jordan Maritime Complex Company signed an agreement with Al Etihad bank, where they will postpone all of the US Dollars declining loan installments due in 2014 so as to be settled starting from January 1, 2015 till October 1, 2017, through quarterly installments amounting to USD 200,000 each. On June 29, 2015 an agreement was signed between AL Jordan Maritime Complex Real Estate Investment Company (subsidiary Company) Real estate company (subsidiary) and union bank whereby three installments of the decreasing cash loan in US dollar are due to be repaid during the year to be paid at the beginning of the year 2018 under quarterly installments 200,000 USD . On September 29, 2017 the Company has signed an appendix agreement to reschedule the granted loan, declining loan installments so as to be settled starting from January 31, 2018 till September 30, 2018 , through monthly installments amounting to USD 500,000 each not including the interest, except for the last installment which represents the remaining balance.
- (b) During the year 2011, Jordan Maritime Complex Real Estate Investment (subsidiary company) was granted credit facilities from Egyptian Arab Land Bank as follows:
1. Loan amounted to JD 3,785,200 with an annual interest rate of 8%. The loan will be settled through 36 quarterly installments by an amount of JD 150,162 each, including interest. Where the first installment was due on August 31, 2012.
 2. Declining commercial advance amounted to USD 5,600,000 with 6 months libor + 2.5% annually, with a minimum interest rate of 3%. The advance will be settled through 36 quarterly installments amounting to USD 182,597 each, including interest. Where the first installment was due on August 31, 2012.
 3. During the year 2012, the Company was granted additional credit facilities from Egyptian Arab Land Bank to cancel the overdraft limit amounted to JD 750,000 and turned it into a commercial advance in an amount of JD 759,000, bearing all interest and commissions charged, to be settled through 20 quarterly installments amounting to JD 45,990 each, with an annual interest rate of 8% started from May 31, 2013.

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

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

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

9. Company's Share from Investment in Associate Companies

This item consists of the following:

		For the Three months Ended March 31,	
		2018	2017
		JD	JD
Jordan Academy for Maritime Studies Company	Associate	45,361	51,960
Aqaba Diamond Company	Associate	-	(500)
Arab Ship Management Company	Associate	21,690	20,550
Smit Lamnalco Company - Jordan	Associate	522,018	514,991
Shipping Lines Company for Maritime and Storage Services	Associate	-	(1,000)
Jordanian National Lines for Shipping Operating	Associate	17,700	15,000
		<u>606,769</u>	<u>610,001</u>

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

10. Earnings per Share for the Period Attributable to the Company's Shareholders

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

		For the Three Months Ended March 31,	
		2018	2017
		JD	JD
Income for the period -Attributable to the Company's Shareholders		<u>887,573</u>	<u>869,180</u>
Number of shares *		Share 15,000,000 JD/Share	Share 15,000,000 JD/Share
Earnings per share for the period: Basic and Diluted		<u>0.059</u>	<u>0.058</u>

11. Cash and Cash Equivalents

This item consists of the following:

		For the three Months Ended March 31	
		2018	2017
		JD	JD
Cash on hand and at banks		3,911,175	3,035,381
(Less): Cash Restricted		(7,043)	(7,043)
		<u>3,904,132</u>	<u>3,028,338</u>

12. Transactions with Related Parties

- a. Rent revenue from Arabian Ships Management Company (Associate company) amounted to JD 11,329 for three months ended March 31, 2018 and 2017.
- b. Executive management's salaries and benefits for the Company and its subsidiaries were as follows:

	For the Three Months Ended March 31,	
	2018	2017
	JD	JD
Salaries, bonuses, and per diems	94,162	89,245
Board of Directors transportation allowances	19,115	23,550
	<u>113,277</u>	<u>112,795</u>

13. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Balance – beginning of the period / year	121,121	114,220
Income tax on income for the period / year	21,107	116,820
Income tax paid	(48,448)	(109,919)
Balance - End of the Period / Year	<u>93,780</u>	<u>121,121</u>

- A final settlement has been reached with the Income Tax Department for Jordan National Shipping Lines (Holding Company) up to the end of the year 2014, A final settlement has been reached with the Income Tax Department also for Jordan Group for Shipping Agencies (Subsidiary Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) up to the end of the year 2011.
- The income tax return of Group for Shipping Agencies (Subsidiary Company) for the years 2012 and 2013 was submitted and the Income and Sales Tax Department did review them yet.
- The income tax return of Jordan National Shipping Lines (Holding Company) was submitted for years 2015 till 2017, Jordan Group for Shipping Agencies (Subsidiary Company) and Jordan Maritime Complex Real Estate Investment (Subsidiary Company) has been submitted for the years 2013 until 2016. However, the Income and Sales Tax Department did not review them yet.
- A provision for income tax for three months ended March 31, 2018 has been booked for Jordan National Shipping Lines, Jordan Group for Shipping Agencies (subsidiary company) in accordance with Income Tax Law and Aqaba Special Economic Zone Law. However, Jordan Maritime Complex Real Estate Investment (subsidiary company) and did not book any income tax provision since it incurred losses for that period. In the opinion of management and the tax consultant, there is no need to book any additional provision as of March 31, 2018.
- Jordan Maritime Complex Real Estate Investment did not book any deferred taxes since it is not approved yet, and no benefits are expected from it in the near future.

14. Contingent Liabilities

The Company was contingently liable for bank guarantees at the date of the condensed consolidated interim statement of financial position of JD 80,000 and it's related cash margins amounted to JD 20,000 .

- 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.

15. Geographical Distribution

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

a. Debts

	Marc 31, 2018		December 31, 2017	
	Receivables	Payables	Receivables	Payables
	JD	JD	JD	JD
Receivables (Payables)	208,179	700,075	45,407	734,243

b. Investments

	March 31, 2018	December 31, 2017
	Financial Investments	
	JD	JD
Clarkson Company	183,494	191,759
Arab Logistics Company	288,607	282,479
Dubai Ports Company	201,467	223,852
	<u>673,568</u>	<u>698,090</u>

c. Information from Company Business Sectors

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

	Marine Services Sector	Hotel Services Sector	Other	Total For the Three Months Ended March 31,	
	JD	JD	JD	2018 JD	2017 JD
Revenue	2,763,777	816,840	-	3,580,617	3,986,739
Direct cost	(2,184,895)	(295,017)	-	(2,479,912)	(2,910,986)
Business Sector Results	578,882	521,823	-	1,100,705	1,075,753
General and administrative Expenses	(332,695)	(500,084)	-	(832,779)	(781,572)
Information technology expenses	-	(63,723)	-	(63,723)	(20,517)
Power and maintenance expenses	-	(71,900)	-	(71,900)	(116,871)
Financing expenses	(140,289)	-	-	(140,289)	(156,158)
Financial assets and investments revenue	-	-	637,422	637,422	749,127
Other revenue - net	238,106	3,188	-	241,294	101,375
Income (loss) for the period before Income Tax	344,004	(110,696)	637,422	870,730	851,137
Income tax expense	(21,107)	-	-	(21,107)	(18,287)
Income (Loss) for the period	322,897	(110,696)	637,422	849,623	832,850

				March 31 , 2018	December 31, 2017
				JD	JD
<u>Other Information:</u>					
Sector Assets	26,502,541	9,808,207	-	36,350,138	36,312,931
	<u>26,502,541</u>	<u>9,808,207</u>	<u>-</u>	<u>36,350,138</u>	<u>36,312,931</u>
Sector Liabilities	1,343,053	9,191,452	-	10,814,741	11,782,894
	<u>1,343,053</u>	<u>9,191,452</u>	<u>-</u>	<u>10,841,741</u>	<u>11,782,894</u>

16. Subsequent Events

In its ordinary meeting held on April 25, 2018, the General Assembly has approved the Board of Directors' recommendation to distribute JD 1,800,000 cash dividends to shareholder representing 12% of the paid up capital.

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

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these

financial assets and financial liabilities are determined (valuation techniques and key inputs):

Financial Assets	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	March 31, 2018	December 31, 2017				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted shares	1,410,888	1,337,816	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	3,606,542	3,425,623	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	382,148	382,148	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
	<u>3,988,690</u>	<u>3,807,771</u>				
Total Financial Assets at Fair Value	<u>5,399,578</u>	<u>5,145,587</u>				

There were no transfers between Level 1 and level 2 during the first quarter of the year 2018 and 2017.

B. Fair value of financial assets and financial liabilities that are 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:

	March 31, 2018		December 31, 2017		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
Financial assets not calculated at fair value	JD	JD	JD	JD	
Investments properties	1,239,615	3,715,020	1,245,966	3,715,020	Level 2
Total financial assets not calculated at fair value	<u>1,239,615</u>	<u>3,715,020</u>	<u>1,245,966</u>	<u>3,715,020</u>	

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 reflects the credit risk of the counterparties.