

JORDANIAN DUTY FREE SHOPS

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)

31 MARCH 2019



Building a better
working world

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF JORDAN DUTY FREE SHOPS PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Duty Free Shops (a Public Shareholding Company) and its subsidiaries (referred to them as the Group) comprising the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, and the interim consolidated statement of cash flows for the three-months period then ended and explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Amman – Jordan
24 April 2019

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2019

	Notes	31 March 2019 JD (Unaudited)	31 December 2018 JD (Audited)
<u>ASSETS</u>			
Non - current assets-			
Property and equipment	5	7,089,533	7,313,302
Projects in progress		4,859,383	3,321,748
Intangible assets	6	966,667	1,066,667
Advances on land purchase		3,629,410	3,629,410
Right-of-use-assets	3	6,473,831	-
Financial assets at fair value through other comprehensive income		1,550	1,550
Total non – current assets -		23,020,374	15,332,677
Current assets-			
Trade receivables		268,442	263,356
Inventories		14,681,329	16,122,140
Other receivables	7	1,606,572	2,064,944
Cash in hand and at banks		46,330,176	42,736,516
		62,886,519	61,186,956
Total assets		85,906,893	76,519,633
<u>EQUITY AND LIABILITIES</u>			
Equity-			
Paid in capital	1	22,500,000	22,500,000
Statutory reserve		7,500,000	7,500,000
Voluntary reserve		2,578,582	2,578,582
Fair value reserve		(4,150)	(4,150)
Retained earnings		21,015,732	38,538,132
Total Equities		53,590,164	71,112,564
<u>LIABILITIES</u>			
Non – current liabilities-			
Other commitments provision		496,108	513,913
Lease Liabilities - long term	3	5,329,387	-
		5,825,495	513,913
Current liabilities-			
Trade payables		1,139,381	2,330,131
Other payables	8	24,569,056	2,563,025
Lease liabilities-short term	3	782,797	-
		26,491,234	4,893,156
Total liabilities		32,316,729	5,407,069
TOTAL EQUITY AND LIABILITIES		85,906,893	76,519,633

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	<u>Note</u>	For the three months ended 31	
		March	
		2019	2018
		JD	JD
Sales		18,308,034	26,378,904
Less: treasury fees		(1,920,578)	(2,765,682)
Net sales		16,387,456	23,613,222
 Cost of sales		 (9,377,613)	 (13,336,680)
Gross profit		7,009,843	10,276,542
 Other income		 344,154	 67,538
Interest income		553,862	517,499
Provision of slow moving inventories		-	(12,500)
Sales and distribution expenses		(1,162,309)	(1,151,770)
Administrative expenses		(1,160,824)	(1,115,784)
Depreciation and amortization		(494,602)	(344,937)
Finance costs		(112,524)	-
Profit for the period		4,977,600	8,236,588
 Add: other comprehensive income items		 -	 -
Total comprehensive income for the period		4,977,600	8,236,588
		<u>JD/Fills</u>	<u>JD/Fills</u>
 Basic and diluted earnings per share attributable to the Company's shareholders	10	 <u>0/221</u>	 <u>0/366</u>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

**JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
For the three months period ended 31 March 2019						
Balance as of 1 January 2019	22,500,000	7,500,000	2,578,582	(4,150)	38,538,132	71,112,564
Total comprehensive income for the period	-	-	-	-	4,977,600	4,977,600
Dividends (Note 4)	-	-	-	-	(22,500,000)	(22,500,000)
Balance as of 31 March 2019	22,500,000	7,500,000	2,578,582	(4,150)	21,051,732	53,590,164
For the three months period ended 31 March 2018						
Balance as of 1 January 2018	22,500,000	7,500,000	2,578,582	(4,150)	28,161,600	60,736,032
Total comprehensive income for the period	-	-	-	-	8,236,588	8,236,588
Balance as of 31 March 2018	22,500,000	7,500,000	2,578,582	(4,150)	36,398,188	68,972,620

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

JORDANIAN DUTY FREE SHOPS
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Note	For the three months ended 31	
		March	
		2019	2018
		JD	JD
<u>Operating Activities</u>			
Profit for the period		4,977,600	8,236,588
Adjustments for:			
Depreciation and amortization		494,602	344,937
Provision of slow moving inventories		-	12,500
Interest income		(553,862)	(517,499)
Finance cost		112,524	-
Loss (gain) from sale of property and equipment		101	(31,021)
Working capital changes-			
Inventories		1,440,811	2,016,529
Trade receivables		(5,086)	(16,850)
Other current assets		591,574	(202,611)
Trade payables		(1,190,750)	(115,302)
Other current liabilities		(342,664)	(832,987)
Paid from other commitments provision		(17,805)	(116,899)
Income tax paid		(151,305)	(97,637)
Net cash flows from operating activities		5,355,740	8,679,748
<u>Investing Activities</u>			
Purchase of property and equipment		(51,773)	(112,741)
Projects in progress		(1,537,635)	(328,952)
Deposits		4,001,856	(8,029,326)
Proceed from sale of property and equipment		18,580	56,200
Interest received		420,660	368,400
Net cash flows from (used in) investing activities		2,851,688	(8,046,419)
<u>Financing Activities</u>			
Payments of lease liabilities		(611,912)	-
Net cash flows used in financing activities		(611,912)	-
Increase in cash and cash equivalents		7,595,516	633,329
Cash and cash equivalents, beginning of the period		5,076,136	6,279,139
Cash and cash equivalents, end of the period	11	12,671,652	6,912,468

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements

1 GENERAL

Jordan Duty Free Shops PLC was established as a Public Shareholding Company on 28 September 1996. The Company's capital was increased multiple times until it reached JD 22,500,000 as the General Assembly approved in its extraordinary meeting held on 21 December 2017 to increase its capital to become JD 22,500,000 by capitalizing JD 7,500,000 from the retained earnings and JD 7,500,000 from the voluntary reserve. The share capital increase was approved by the Ministry of Industry and Trade on 26 December 2017 and by Jordan Securities Commission on 7 January 2018.

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

The Company's Board of Directors have approved the interim condensed consolidated financial statements on 23 April 2019.

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

2 BASIS OF PREPARATION

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

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

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

The interim consolidated condensed financial statements do not contain all information and disclosures required for full-consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2018. In addition, results for the three months period ended 31 March 2019 do not necessarily indicate the expected results for the financial year ending 31 December 2019.

CHANGES IN ACCOUNTING POLICIES

Accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	<u>2019</u>
	JD
	(Unaudited)
Non-current assets	
Right-of-use- assets	6,611,572
Non-current liabilities	
Lease liabilities	<u>6,611,572</u>
Total equity	<u><u>-</u></u>

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and Other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- The Group doesn't have any leases previously classified as finance leases.

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Group used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	10,035,735
Weighted average borrowing rate as at 1 January 2019	7%
Discounted operating lease commitments at 1 January 2019	6,612,822
Less: Commitments relating to short-term leases	-
Less: Commitments relating to leases of low-value assets	1,250
Lease liabilities as at 1 January 2019	6,611,572

- b) Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

These amendments do not have any impact on the group financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

These amendments do not have any impact on the Group's financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments do not have any impact on the group financial statements.

3 BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows (referred to them collectively as the Group) as of 31 March 2019:

Name of the company	Share capital JD	Ownership percentage	Year of establishment	Location
First Shops Company L.L.C	6,000,000	100%	2008	Aqaba
International Jordan Duty Free Shops (under liquidation)	30,000	100%	2004	Free Zone/Airport
Second Shops General Trading L.L.C	50,000	100%	2018	Amman

4 DIVIDENDS

The General Assembly approved in its ordinary meeting held on 19 March 2019, the distribution of cash dividends amounted to JD 22,500,000 representing 100% of the paid in capital for the year 2018.

5 PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2019, the Group purchased property and equipment at a cost of JD 51,773 (31 March 2018: JD 112,741) and the Group has not capitalised any property and equipment from projects in progress during the three months ended 31 March 2019 (31 March 2018: JD 306,832).

6 INTANGIBLE ASSETS

Intangible assets represent the amount paid to General Treasury for the exclusive rights to establish Duty-Free shops on border crossings for 10 years starting from 30 August 2001; the Group should pay 8% of its gross sales as service fees to the General Treasury in return for such rights. During 2009, the exclusive rights agreement was extended for additional 10 years starting from 31 August 2011 until 30 August 2021 for a payment of JD 4,000,000 and payment of 9% of its gross monthly sales as service fees to the General Treasury effective from the date of rights extension except for the sales from Special Economic Zone as it is subject to Aqaba Special Economic Zone regulations, starting from 1 January 2017 the Group should pay 10.5% of its monthly gross sales to the Ministry of Finance as follows:

- 9% as Service Fees to General Treasury.
- 1.5% as Operating Expenses to Jordanian Customs.

7 OTHER RECEIVABLES

	31 March 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Accrued interest income	581,214	714,416
Prepaid expenses	437,171	590,439
Other accrued income	130,632	74,262
Advances to vendors	290,018	577,530
Sales Tax receivable	840	840
Income Tax receivable	39,244	-
Refundable deposit	32,172	32,172
Employees receivable	65,101	50,353
Others	30,180	24,932
	<u>1,606,572</u>	<u>2,064,944</u>

8 OTHER CURRENT LIABILITIES

	31 March 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Accrued expenses	133,604	220,145
Treasury fees payable	986,902	1,045,554
Board of Directors benefits payable	45,000	45,000
Accrued bonus	308,481	866,624
Due to Social Security Corporation	162,079	144,232
Stamps fees payable	3,903	10,118
Dividends	22,500,000	-
Income Tax payable	66,039	217,344
Social Security payable	83,498	-
Accrued operating expenses due to Customs Department	274,368	-
Sales Tax payable	1,476	10,172
Others	3,706	3,836
	<u>24,569,056</u>	<u>2,563,025</u>

9 INCOME TAX (UNAUDITED)

Income tax is calculated on interest income and other income for the years ended 31 December 2018 and 31 December 2017 at a rate of 20% in accordance with the Income Tax Law No. (34) of 2014.

Based on the Council of Ministers' decision in their meeting held on 10 April 2017, the exemption on goods and services from the main activity of the Group was renewed where income tax is calculated on interest income and other income only.

The Group reached a final settlement with the Income and Sales Tax Department for the years 2004 up to the year 2016.

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

The Income Tax Department has not reviewed the income tax declaration for the years 2017 and 2018 up to the date of these consolidated financial statements.

The Group registered in the sales tax retroactively from 1 January 2014 and the Group required to submit the income tax returns for the year before the deadline.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2019 (UNAUDITED)

10 EARNINGS PER SHARE (UNAUDITED)

	For the three months ended 31 March	
	2019	2018
Profit for the period (JD)	4,977,600	8,236,588
Weighted average number of shares (share)	22,500,000	22,500,000
Basic and diluted earnings per share (JD/ Fils)	0/221	0/366

Diluted earnings per share for the period is equal to the earnings per share for the period.

11 CASH AND CASH EQUIVALENTS (UNAUDITED)

	For the three months ended 31 March	
	2019 JD	2018 JD
Cash on hand and at banks	46,330,176	48,572,032
Less: deposits at banks due from three months to one year*	(33,658,524)	(41,659,564)
Cash and cash equivalents	12,671,652	6,912,468

* Deposits duration are from one month to one year bearing annual interest rates ranging from 6% to 6.35% for the period ended 31 March 2019 (31 March 2018: 5.4% to 6%)

12 LAWSUITS (UNAUDITED)

There are number of labour lawsuits against the Group amounting to JD 10,000. In the opinion of the Group's management and legal consultant, provisions for these lawsuits are sufficient.

There are Custom lawsuits against the Group amounting to JD 17,948. In the opinion of the Group's management and legal consultant, provisions for these lawsuits are sufficient.

13 SEGMENTAL INFORMATION (UNAUDITED)

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

	Amman	North of Kingdom	South of Kingdom	center area of Kingdom	Total
	JD	JD	JD	JD	JD
For the three months period ended					
31 March 2019					
Net revenue	1,833,124	356,551	4,965,466	9,232,355	16,387,456
Cost of sales	1,100,936	207,556	2,724,700	5,344,421	(9,377,613)
Unallocated expenses					(2,930,259)
Other income and interest income					898,016
Profit for the period					<u>4,977,600</u>
For the three months period ended					
31 March 2018					
Net revenue	2,251,831	433,329	7,558,551	13,369,511	23,613,222
Cost of sales	(1,341,391)	(237,277)	(4,228,686)	(7,529,326)	(13,336,680)
Unallocated expenses					(2,624,991)
Other income and interest income					585,037
Profit for the period					<u>8,236,588</u>

14 TRANSACTIONS WITH RELATED PARTIES

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

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

	Nature of relationship	31 March 2019 JD (Unaudited)	31 December 2018 JD (Audited)
CASH AT BANKS			
Current accounts – Jordan Investment Bank	Shareholder	1,931,517	2,340,884
Deposits – Jordan Investment Bank	Shareholder	13,000,000	13,000,000
TRADE PAYABLES	Shareholders	34,283	8,519
OFF BALANCE SHEET ITEMS:			
Bank guarantees – Jordan Investments Bank	Shareholder	3,035,739	3,035,739

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

	31 March 2019 JD (Unaudited)	31 March 2018 JD (Unaudited)
Interest income – Jordan Investment Bank(Shareholder)	203,995	86,124
Purchases (Shareholders)	311,154	147,589
Salaries, wages and other benefits – Company executive management	159,779	172,661
Salaries, wages and other benefits – Board of Directors members	80,265	174,656

15 CONTINGENT LIABILITIES

The Group has outstanding letters of guarantee amounting to JD 3,035,739 as at 31 March 2019 (31 December 2018: JD 3,035,739) with zero cash margins in both periods 31 March 2019 and 31 December 2018.

16 LEGAL RESERVES

The Group did not transfer to the statutory reserve as required by the Jordanian Companies Law as those are interim financial statements.