

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AOABA SPECIAL ECONOMIC ZONE – JORDAN

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE
SIX MONTHS ENDED JUNE 30, 2020
TOGETHER WITH THE REVIEW REPORT

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE – JORDAN
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND
INDEPENDENT AUDTOR'S REVIEW REPORT
FOR THE SIX MONTHS ENDED
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

AM \ 000744

To the Chairman and Board of Directors Members
Jordan National Shipping Lines Company
(Public Shareholding Limited Company)
Aqaba Special Economic Zone - Jordan

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Jordan National Shipping Lines Company (Public Shareholding Limited Company) as of June 30, 2020 and the consolidated condensed interim related statements of profit or loss and comprehensive income for the three months and six months ended June 30, 2020 and statement of changes in owners' equity and cash flows for the six months 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 consolidated condensed interim financial information in accordance with International Accounting Standard (34) Interim Financial Reporting. Our responsibility is to express an opinion on these consolidated condensed interim financial information based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Company. A review of consolidated condensed 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 for Qualified Conclusion

As a result of being denied access to the financial information, management and auditors of Smit Lamnalco Company – Jordan ("Lamnalco"), an associate accounted for by the equity method, we were unable to complete our review of the Company's equity accounted investment of approximately JD 4.9 million as at June 30, 2020 and the Company's share of Lamnalco's income of approximately JD 0.6 million for the period then ended. Had we been able to complete our review of the equity accounted investment and the Company's share of income, matters might have come to our attention indicating that adjustments might be necessary to the consolidated condensed interim financial information.

Qualified Conclusion

Except for the adjustments to the consolidated condensed interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects in accordance with International Accounting Standard (34) Interim Financial Reporting.

Other Matter

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

Amman – Jordan
July 29, 2020


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)	
		JD	JD	JD	JD
ASSETS					
Current Assets:					
Cash on hand and at banks - net	4	6,598,292	4,846,275		
Accounts receivable - net		681,108	928,117		
Financial assets at fair value through profit or loss	15	1,296,420	1,358,308		
Due from related parties - net	5/A	314,106	125,354		
Other debit balances and prepaid expenses	6	1,440,733	274,702		
Inventory - hotel		72,299	69,068		
Total Current Assets		10,402,958	7,601,824		
LIABILITIES					
Current Liabilities:					
Accounts payable and other credit balances	9			5,284,666	1,888,823
Income tax provision	13			96,348	131,888
Due to related parties	5/B			912,735	719,015
Short - term loans and due installments	10			430,000	1,075,000
Total Current Liabilities				6,723,749	3,814,726
Long - term loans installments	10			5,862,788	5,189,945
OWNERS' EQUITY					
Shareholders' Equity:					
Paid-up capital	1	15,000,000	3,207,922	15,000,000	15,000,000
Statutory reserve		3,750,000	7,684,381	3,750,000	3,750,000
Investments revaluation reserve		(1,688,716)	1,195,156	(1,688,716)	(1,119,544)
Retained earnings		5,226,646	12,087,469	5,226,646	7,476,646
Profit for the year		1,329,664		1,329,664	
Total Shareholders' Equity		24,326,341	24,382,708	23,617,594	25,107,102
Non-controlling interests		(8,066,424)	(7,910,580)	1,833,052	2,049,648
TOTAL OWNERS' EQUITY		16,259,917	16,472,128	25,450,646	27,156,750
TOTAL LIABILITIES AND OWNERS' EQUITY		38,037,183	36,161,421	38,037,183	36,161,421

Chairman of the Board of Directors

General Manager

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

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND SIX MONTHS THEN ENDED JUNE 30, 2020

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
Note	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
	JD	JD	JD	JD
Revenue:				
Net revenue from maritime agencies, sea freight and cruising vessels	1,158,696	758,031	2,061,585	1,595,203
Gross hotel operating revenue before other expenses	<u>(45,035)</u>	<u>576,853</u>	<u>354,654</u>	<u>1,128,715</u>
Gross Profit	1,113,661	1,334,884	2,416,239	2,723,918
<u>Less:</u> General and administrative expenses and depreciation	(797,522)	(962,766)	(1,627,223)	(1,785,435)
Information technology expenses - Hotel	(12,736)	(27,719)	(38,288)	(53,175)
Power and maintenance expenses - Hotel	(35,677)	(135,789)	(146,866)	(254,469)
Financing expenses	(124,515)	(127,361)	(247,648)	(257,898)
(Loss) gain from financial assets at fair value through profit or loss	55,814	239,338	(130,712)	240,576
Dividends from financial assets at fair value through comprehensive income	34,800	76,528	34,800	156,962
Company's share from investment in associate companies income	7 207,727	252,586	774,008	859,521
Other revenue - Net	<u>107,235</u>	<u>115,563</u>	<u>220,302</u>	<u>176,471</u>
Income for the period before Tax	548,787	765,264	1,254,612	1,806,471
Income tax expense	13/B (46,988)	(23,716)	(80,794)	(52,037)
Income for the Period	<u>501,819</u>	<u>741,548</u>	<u>1,173,818</u>	<u>1,754,434</u>
Attributable to:				
The Company's shareholders	619,282	767,912	1,329,664	1,811,671
Non-controlling interests	<u>(117,463)</u>	<u>(26,364)</u>	<u>(155,846)</u>	<u>(57,237)</u>
	<u>501,819</u>	<u>741,548</u>	<u>1,173,818</u>	<u>1,754,434</u>
Earnings per share for the period attributable to the Company's shareholders:				
Basic and Diluted	11 -/041	-/051	-/089	-/121

Chairman of the Board of Directors

General Manager

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 INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AQABA SPECIAL ECONOMIC ZONE - JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHINSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	For the Six Months Ended June 30,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Income for the period	1,173,818	1,754,434
Items that will not be reclassified subsequently to the consolidated condensed interim statement of profit or loss:		
Cumulative change in fair value - financial assets at fair value through comprehensive income	(569,172)	(300,816)
Total Comprehensive Income	604,646	1,453,618
Total Comprehensive Income Attributable to:		
The Company's shareholders	760,492	1,510,855
Non - controlling interests	(155,846)	(57,237)
	604,646	1,453,618

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 INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Note	Paid-up Capital		Statutory Reserve		Investment Revaluation Reserve		Retained Earnings		Income for the Period		Total Shareholders' Equity		Non-Controlling Interest		Total Owners' Equity		
		JD		JD		JD		JD		JD		JD		JD		JD		JD
For the Six Months Ended June 30, 2020																		
Balance - beginning of the period (Audited)		15,000,000		3,750,000		(1,119,544)		7,476,646		-		25,107,102		2,049,648		27,156,750		
Income for the period		-		-		-		-		1,329,664		1,329,664		(155,846)		1,173,818		
Change in fair value - financial assets at fair value through other comprehensive income		-		-		(569,172)		-		-		(569,172)		-		(569,172)		
Total Comprehensive Income		-		-		(569,172)		-		1,329,664		760,492		(155,846)		604,646		
Dividends distributed *		-		-		-		(2,250,000)		-		(2,250,000)		(60,750)		(2,310,750)		
Balance - End of the Period (Reviewed)		15,000,000		3,750,000		(1,688,716)		5,226,646		1,329,664		23,617,594		1,833,052		25,450,646		
For the Six Months Ended June 30, 2019 (Restated)																		
Balance - beginning of the period	17	15,000,000		3,750,000		(584,186)		5,566,090		-		23,731,904		1,274,939		25,006,843		
Prior year adjustments		-		-		-		195,818		-		195,818		180,640		376,458		
Beginning balance of the year - Restated		15,000,000		3,750,000		(584,186)		5,761,908		-		23,927,722		1,455,579		25,383,301		
Income for the period		-		-		-		-		1,811,671		1,811,671		(57,237)		1,754,434		
Change in fair value - financial assets at fair value through other comprehensive income		-		-		(300,816)		-		-		(300,816)		-		(300,816)		
Gain from sale of financial assets at fair value through comprehensive income		-		-		2,874		(2,874)		-		-		-		-		
Total Comprehensive Income		-		-		(297,942)		(2,874)		1,811,671		1,510,855		(57,237)		1,453,618		
Dividends distributed *		-		-		-		(1,800,000)		-		(1,800,000)		-		(1,800,000)		
Balance - End of the Period (Reviewed)		15,000,000		3,750,000		(882,128)		3,959,034		1,811,671		23,638,577		1,398,342		25,036,919		

* According to the General Assembly resolution in its meeting held on April 6, 2020 an amount of JD 2,250,000, 15% of Paid up capital was approved for distribution to the shareholders for the year ended 2019 (JD 1,800,000 for the year 2018)

- An amount equal to the negative balance of the investment revaluation shown above shall be restricted from the retained earnings as of June 30, 2020.

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

	Note	For the Six Months Ended June 30,	
		2020 (Reviewed)	2019 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the period before tax		1,254,612	1,806,471
Adjustments for:			
Loss (gain) revaluation of financial assets at fair value through profit or loss		130,712	(160,867)
Depreciation of property and equipment and investment properties		339,388	369,388
Loss on disposal of property and equipment		17,803	-
Dividends from financial assets at fair value through comprehensive income		(34,800)	(156,962)
Provision no longer needed		(21,358)	-
(Gain) from investment in associate companies	7	(774,008)	(859,521)
Cash Flows from Activities before Changes in Working Capital		912,349	998,509
(Increase) decrease in current assets:			
Accounts receivable		247,009	(37,460)
Due from related parties		(188,752)	98,035
Other debit balances and prepaid expenses		(1,166,031)	(53,164)
Inventory - hotel		(3,231)	(6,942)
Increase (decrease) in current liabilities :			
Accounts payable and other credit balances		3,135,819	1,164,866
Due to related parties		193,720	211,142
Net Cash Flows from Operating Activities before Income Tax Paid		3,130,883	2,374,986
Income tax paid	13/a	(94,976)	(82,210)
Net Cash Flows from Operating Activities		3,035,907	2,292,776
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends from investment in associate companies	7	960,000	210,000
Proceeds from disposal of associate company	7	32,643	-
(Purchase) of property and equipment - net		(132,280)	(339,962)
(Increase) in financial assets at fair value through profit or loss		(68,824)	(23,918)
(Increase) decrease in financial assets at fair value through comprehensive income statement		(89,741)	304,330
Dividends from financial assets at fair value through comprehensive income		34,800	156,962
Net Cash Flows from Investing Activities		736,598	307,412
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in loans		27,843	(134,069)
Dividends distributed		(1,987,581)	(1,800,000)
Decrease in non-controlling interests		(60,750)	-
Net (used in) Financing Activities		(2,020,488)	(1,934,069)
Net Increase in cash		1,752,017	666,119
Cash on hand and at banks - beginning of the year		4,846,275	3,489,179
Cash on Hand and at Banks - End of the Period	4	6,598,292	4,155,298

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

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

1. Incorporation and Activities

- 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 September 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 4 November 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.

2. Basis of Preparation

a. Basis of preparation of consolidated condensed interim financial information:

- The consolidated condensed interim financial information for the six months ended June 30, 2020 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting.
- The reporting currency of the consolidated condensed interim financial information is the Jordanian Dinar, which is the functional currency of the Company.
 - The accompanying consolidated condensed interim financial information 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, 2019. In addition, the results of the Company's operations for the six months ended June 30, 2020 do not necessarily represent indications of the expected results for the year ending December 31, 2020, and do not contain appropriation of the profit for the six months period ended June 30, 2020, which is usually performed at year-end.

Judgments, estimates and risk management

The preparation of the consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2019, except as mentioned in Note (3).

We believe that our used estimates for the preparation of the interim condensed financial information are reasonable and consistent with the estimates approved for the preparation of the consolidated financial statements for the year 2019, except for the following:

The occurrence of the outbreak of the Corona virus (COVID-19) at the beginning of the year 2020 and its spread in several geographical regions around the world has caused disturbances to economic activities and businesses, and this event is witnessing continuous and rapid developments, which requires the Company's management to conduct an assessment of the expected effects on the Company's business, and conducting a study to review and evaluate potential risks in the interim financial information as of June 30, 2020, based on the foregoing, the Company has taken the following measures to contain the crisis as follows:

- a. The Company has formed a Business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:
 - Providing alternative locations to distribute the employees on, in order to ensure continuity of work and to maintain social separation among employees.
 - Activate working remotely feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels.
 - Maintaining the safety of all employees and clients, through taking all procedures related to the sterilization of workplaces.
- b. In terms of monitoring the impact of the COVID-19 crisis on the Company's business results, the management has updated the forward-looking assumptions used in calculation of expected credit losses provision.
- c. As for monitoring the impact of the COVID-19 crisis on the Company's liquidity levels, the Company's management has prepared all scenarios related to stressful situations, knowing that the Company has comfortable levels that enables it to respond to market conditions and economy developments, noting that the major operations were not affected during the pandemic.
- d. The Group has developed a management plan to deal with the disruption of economic activities and business related to the recent outbreak of the (COVID-19) in relation to the Doubletree by Hilton Hotel in Aqaba and it was represented in the following:
 1. The Company has reviewed all of its contracts with suppliers and has postponed all of its obligations in accordance with the instructions of the Jordanian Defence Law.
 2. The Company has reduced the salaries and wages of employees who work in the Hotel operations in response to the instructions of the Jordanian Defence Law.
 3. Attempting to take advantage of the facilities announced by the Central Bank of Jordan, as loan repayments were postponed for the year 2020 until the end of the life of the loan and the continuity of obtaining financing from the partners to pay interest and instalments of bank loans if necessary.
 4. Using the opportunity while the hotel stopped during the period to do some maintenance and upgrade work, knowing that the hotel was reopened on July 7, 2020 after the work stopped on March 18, 2020.

b. Basis of consolidation of the condensed interim financial information

- The condensed interim financial information 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 condensed interim financial information of the subsidiary are made to comply with the accounting policies followed by the Company.

- The results of the subsidiary Company are incorporated into the consolidated condensed interim statement of profit or loss 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 Company are incorporated into the condensed consolidated interim statement of profit or loss up to the effective date of disposal, which is the date on which the Company loses control over its subsidiary.

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 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 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 Bank 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 a 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 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 profit or loss statement.
- Reclassifies owners equity already booked in other comprehensive income to the profit or loss statement as appropriate.

The non-controlling interests represents the portion not owned by the Company relating to ownership of the subsidiaries.
The subsidiaries are represented as of June 30, 2020:

	Ownership Percentage	Activity Nature	Establishment 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	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 433 and partners equity totaled to a deficit of JD 115,891 as of June 30, 2020. The Company did not achieve any revenue and incurred expenses 880 JD, during the six month ended June 30, 2020.

** 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 for Real Estate Investment Company is 74% owned by Jordan National Shipping Lines Company and The Salam International Transport and trading Company own 26% of the Company's capital amounted to JD 15.6 million. The Company's objectives 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.

3. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with those applied in the year ended December 31, 2019 except for the effect of the adoption of the new and revised standards which are applied on current periods as follow:

a. Amendments to IAS 1 and IAS 8 and related to definition of materiality

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

Amendments to IFRS 3 and related to definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020,

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Conceptual Framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

4. Cash on Hand and at Banks

This item consists of the following:

	June 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Cash on hand and checks under collection	8,784	10,404
Deposits at banks *	4,202,566	3,176,141
Current accounts	<u>2,450,922</u>	<u>1,714,474</u>
	6,662,272	4,901,019
<u>Less</u> : Expected credit loss provision (Current accounts and deposits at banks)	<u>(63,980)</u>	<u>(54,744)</u>
	<u>6,598,292</u>	<u>4,846,275</u>

* The above deposit is for a term of one month to one year and bears interest at a rate of 4.25% to 5.5%.

- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL, and taking into account the historical default experience and the current credit ratings of the banks.

5. Related Parties Transactions

This item consists of the following:

a. Due from Related Parties – Net:

	Nature of Relationship	June 30, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Arab Ship Management Company	Associate Company	122,257	82,718
Jordan International Marine Chartering Company	Associate Company	-	944
Smit Lamnalco Limited / Jordan	Associate Company	10,290	10,290
Salam International Transport and Trading Company	Sister Company	167,561	-
Arab Potash Company	Board member	4,717	-
Sea Star Shipping and Logistics Company	Sister Company	4,575	35,612
Other		7,180	2,500
Total		<u>316,580</u>	<u>132,064</u>
<u>Less: Provision for expected credit loss *</u>		<u>(2,474)</u>	<u>(6,710)</u>
		<u>314,106</u>	<u>125,354</u>

b. Due to Related Parties:

	Nature of Relationship	June 30, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Shipping Lines Company for Maritime and Storage Services	Associate Company	335,400	335,400
Maset AlAqaba Company	Associate Company	213,580	213,580
Salam International Transport and Trading Company	Sister Company	-	4,044
Al-Shams for public consultation	Board Member	211,669	-
Jordan National for Ship Operation Company	Associate Company	152,010	164,491
Other		76	1,500
		<u>912,735</u>	<u>719,015</u>

6. Other Debit Balances and Prepaid Expenses

This item includes advance payments for vessels rent amounted to JD 1,225,471.

7. 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	Paid-up Capital	Dividends Distributed during the period	Company's Share from Investment in Associate Companies				Ownership Percentage			
					June 30, 2020		June 30, 2019		2020		2019	
					JD	(Reviewed)	JD	(Reviewed)	%	(Reviewed)	%	(Audited)
Jordan Academy for Maritime Studies Company	Education	Amman	2,000,000	195,000	90,814	90,335	90,335	30	1,075,402	30	1,179,588	
Jordan International Marine Chartering Company *	Chartering Business	Aqaba	60,000	-	-	(330)	(330)	40	-	40	35,038	
Maset AlAqaba Company **	Navigation	Aqaba	500,000	-	-	(324)	(324)	50	205,466	50	205,466	
Arab Ship Management Company	Ships Management	Aqaba	149,000	90,000	42,789	50,332	50,332	30	216,433	30	263,644	
Smit Lammalco Company Ltd - Jordan	Ships services	Aqaba	50,000	675,000	594,405	691,362	691,362	27	4,941,127	27	5,021,722	
Shipping Lines Company for Maritime and Storage Services **	Navigation	Aqaba	3,500,000	-	-	-	-	50	308,264	50	308,264	
Jordan National for Ships Operation Company	Shipping	Aqaba	700,000	-	46,000	28,146	28,146	50	716,659	50	670,659	
Total Investments in associate Companies				960,000	774,008	859,521	859,521		7,463,351		7,684,381	

* On February 10, 2020 the Company was liquidated according to the agreement between the partners. Moreover, JD 32,643 was collected.

** Under Liquidation.

8. Investment Properties - Net

This item consists of the following:

	Land	Buildings	Total
	JD	JD	JD
<u>For the Six Months Ended June 30, 2020</u>			
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	-	(323,855)	(323,855)
Depreciation during the period	-	(12,700)	(12,700)
Total	-	(336,555)	(336,555)
Balance at the End of the Period	248,995	933,471	1,182,466
<u>For the Year Ended December 31, 2019</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	-	(298,455)	(298,455)
Depreciation during the year	-	(25,400)	(25,400)
Total	-	(323,855)	(323,855)
Balance End of the Year	248,995	946,171	1,195,166

Depreciation Rate - %2

- The market value of property investments is estimated at an amount JD 3,71 million as of December 31, 2019.

9. Accounts Payable and Other Credit Balances

This item consists of the following:

	December 31,	
	June 30, 2020	December 31,
	(Reviewed)	2019 (Audited)
	JD	JD
Suppliers payable	1,445,082	849,797
Shareholders' and other deposits *	2,097,643	111,146
Accrued expenses	634,840	531,532
Board of Directors' and management committee's remunerations	3,718	234,918
Deferred checks	320,888	85,776
Unearned revenue - Vessels **	639,179	-
Unearned revenue	107,404	59,899
Sales tax	21,124	1,619
Other	14,788	14,136
	<u>5,284,666</u>	<u>1,888,823</u>

- * This item includes dividends for the year 2019 amounted to JD 1.9 million according to approval of General Assembly resolution.

- ** This item represents an advance collection related to the vessels rent.

10. Loans

This item consists of the following:

	June 30, 2020 (Reviewed)				December 31, 2019 (Audited)
	Due	Short-term	Long-term	Total	Total
	Installments	Loan	Loan		
JD	JD	JD	JD	JD	
Egyptian Arab Land Bank loan (A) – JOD	-	260,000	3,416,858	3,676,858	3,633,255
Egyptian Arab Land Bank loan (A) – USD	-	170,000	2,445,930	2,615,930	2,631,690
	-	430,000	5,862,788	6,292,788	6,264,945

(a) 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. 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.
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 in accordance to mortgage deed number 640 at JD 8.5 million 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 31 May 2016 to be paid from 30 November 2022 to 31 May 2023 For the first and second loans as of 31 August 2019 and 28 February 2020 for the third loan above. The agreement was signed on October 27, 2015.

During the first quarter of 2019, the facilities granted by the Egyptian Arab Land Bank were restructured as follows:

- The Facilities granted in Jordanian Dinars with an amount of JD 3,477,982 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments related to August 2018 with an total amount of JD193,430 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31, 2019 with an amount of JD130,000 (Installment including the interest) until May 31, 2023 and the last installment is due on August 31, 2023 with the rest of the remaining facilities and with a debit interest rate of 9/75% annually without commission. The monthly interest shall be service during the grace period.

- The Facilities granted in US Dollar with an amount of USD 3,665,268 as the structuring except the due amounts under a structuring loan liabilities after paid of due installments with an total amount of USD 182,598 (excluding delay interest) in addition to the interest and commission required on the structuring until the required structuring effective date. The installments of the structuring loan liabilities should be paid by 17 quarterly installments after a grace period effective from the date of implementation of the structuring to May 2019. The payment process will start from August 31, 2019 with an amount of USD120.000 (Installment including the interest) until May 31, 2023 and the last installment is due on August 31, 2023 with the rest of the remaining facilities and with a debit interest rate of 5/25% annually without commission. The monthly interest shall be service during the grace period.
- A credit decision was issued on May 13, 2020 approving to postpone the payment of all installments and benefits for the Company for the year 2020 to be paid after the end of the life of the loan under quarterly installments and without paying the interest throughout the delay period as the last installment for the facilities granted in Jordanian dinars and the US dollar will be On August 31, 2024.

11. Earnings per Share for the Year 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 Six Months Ended June 30,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Profit for the period -Attributable to the Company's Shareholders	1,329,664	1,811,671
Number of shares *	15,000,000	15,000,000
Earnings per share for the period: Basic and Diluted	-/089	-/121

12. Transactions with Related Parties

- a. Rent revenue from Arabian Ships Management Company (Associate Company) amounted to JD 22,040 for six months ended June 30, 2020 (JD 22,040 for six months ended June 30, 2019).
- b. Executive management's salaries and benefits for the Company and its subsidiaries:

	For the Six Months Ended June 30,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Salaries, bonuses, and per diems	187,587	137,027
Board of Directors transportation allowances	46,800	77,613
	234,387	214,640

13. Income Tax

a. Income tax provision

The movement on the income tax provision is as follows:

	June 30, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Balance – beginning of the period / year	131,888	97,840
Accrued income tax on income for the period / year	80,794	115,051
Accrued National Contribution Tax for the period / year	-	21,358
Income tax paid during the period / year	(94,976)	(102,361)
Provision no longer needed	(21,358)	-
Balance - End of the Period / Year	96,348	131,888

b. Income tax expense for the year shown in the Consolidated Condensed interim statement of profit or loss the following:

	For the Six Months Ended June 30,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Income tax on profit for the period	<u>(80,794)</u>	<u>(52,037)</u>
	<u>(80,794)</u>	<u>(52,037)</u>

- A final settlement has been reached with the Income and Sales Tax Department for Jordan National Shipping Lines Company (Holding Company) up to end of the year 2018, 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 2016.
- The income tax for Aqaba Development & Marine Services Company has been settled up to the end of the year 2016. Moreover, the income tax returns for the years 2017 to 2019 have been submitted on time but not reviewed by the Income and Sales Tax Department, and since the Company did not perform any operations during the six months ended on June 30, 2020 due to that there were no tax on the Company.
- The income tax return was submitted for the year 2019 for the Jordan National Shipping Lines Company (Holding Company) but not reviewed yet, and the income tax return was submitted for the Jordan Group for Shipping Agencies (subsidiary Company) for the years 2017 to 2019, as for Jordan Maritime Complex for Real Estate Investment Company (subsidiary Company) the company submitted its income tax return for the years from 2017 to 2019 but still not reviewed yet.
- A provision for income tax for the period ended June 30, 2020 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 during that period. In the opinion of the Company's management and its tax consultant, there is no need to book any additional provision as of June 30, 2020.
- 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

14. Contingent Liabilities

As of the Consolidated Condensed interim financial statements date, the Company has contingent liabilities representing bank guarantees of JD 130,000 thousands with a paid cash deposit amounted to JD 25,000 thousands.

15. Fair Value Hierarchy

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):

	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	June 30, 2020 (Reviewed)	December 31, 2019 (Audited)				
Financial Assets	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted shares	1,296,420	1,359,308	Level 1	Quoted Shares	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted Shares	2,359,517	2,843,079	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted Shares	368,974	364,843	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	2,728,491	3,207,922				
	4,024,911	4,566,230				

There were no transfers between Level 1 and level 2 during the first half of the year 2020 and 2019.

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 consolidated financial statements approximate their fair values:

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets not calculated at fair value	JD	JD	JD	JD
Investments properties	1,182,466	3,691,000	1,195,166	3,691,000
Total financial assets not calculated at fair value	1,182,466	3,691,000	1,195,166	3,691,000

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.

16. Geographical Distribution

The assets and liabilities of the Company located within the Hashemite Kingdom of Jordan as of June 30, 2020 and December 31, 2019 except for the following:

a. Debts

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Receivables	Payables	Receivables	Payables
	JD	JD	JD	JD
Receivables (Payables)	<u>165,187</u>	<u>694,142</u>	<u>243,578</u>	<u>110,466</u>

b. Investments

	June 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	Financial Investments	
	JD	JD
Clarkson Company	146,149	196,927
Arab Logistics Company	226,441	234,317
Dubai Ports Company	145,530	117,464
	<u>518,120</u>	<u>548,708</u>

c. Information from Company Business Sectors

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

	Marine Services Sector JD	Hotel Services Sector JD	Other JD	Total (Reviewed) For the Six Months Ended June 30,	
				2020	2019
				JD	JD
Revenue	9,271,288	715,971	-	9,586,922	8,272,786
Direct cost	<u>(7,209,703)</u>	<u>(361,317)</u>	-	<u>(7,571,020)</u>	<u>(5,548,868)</u>
Business Sector Results	2,061,585	354,654	-	2,416,239	2,723,918
General and administrative expenses and depreciation	(910,026)	(717,197)	-	(1,627,223)	(1,785,435)
Information technology expenses	-	(38,288)	-	(38,288)	(53,175)
Power and maintenance expenses	-	(146,866)	-	(146,866)	(254,469)
Financing expenses	-	(247,648)	-	(247,648)	(257,898)
Financial assets and investments revenue	-	-	678,096	678,096	1,257,059
Other revenue - net	183,906	36,396	-	220,302	176,471
Income (loss) for the period before Income Tax	1,335,465	(758,949)	678,096	1,254,612	1,806,469
Income tax expense	<u>(80,794)</u>	-	-	<u>(80,794)</u>	<u>(52,037)</u>
Income (Loss) for the period	<u>1,254,671</u>	<u>(758,949)</u>	<u>678,096</u>	<u>1,173,818</u>	<u>1,754,434</u>
				June 30, 2020 (Reviewed)	December 31, 2019 (Audited)
Other Information:				JD	JD
Sector Assets	<u>22,582,697</u>	<u>15,454,486</u>	-	<u>38,037,183</u>	<u>36,161,421</u>
	<u>22,582,697</u>	<u>15,454,486</u>	-	<u>38,037,183</u>	<u>36,161,421</u>
Sector Liabilities	<u>3,647,907</u>	<u>8,938,630</u>	-	<u>12,586,537</u>	<u>9,004,671</u>
	<u>3,647,907</u>	<u>8,938,630</u>	-	<u>12,586,537</u>	<u>9,004,671</u>

17. Comparative figures

During the year ended December 31, 2019, the management processed accounting errors, and as required in IAS 8: Accounting Policies, Changes in Estimates and Accounting Errors, These errors were corrected resulting in adjustments retroactively to the year ended December 31, 2018 .

The effect of the amendments made is shown as follows:

	January 1, 2019		
	Balance before restatement	Effect of restatement	Restated Balance
<u>STATEMENT OF CHANGES IN EQUITY</u>	JD	JD	
Retained Earnings	5,566,090	195,818	5,761,908
Non-Controlling Interest	1,274,939	180,640	1,455,579

These amendments did not have any material impact on the period ended June 30, 2019 and therefore the comparison figures have not been modified.

18. Approval of the condensed interim financial information

This consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on July 28, 2020.