AL TAJAMOUAT FOR TOURISTIC PROJECTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2018

Building a better
working world

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY
AMMAN - JORDAN

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Tajamouat for Touristic Projects Company Public Shareholding Company ("the Company") as at 30 September 2018, comprising of the interim statement of financial position as at 30 September 2018 and the related interim statements of comprehensive income, changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 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 Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan
30 October 2018

Ernst + Young

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Notes	30 September 2018 (Unaudited) JD	31 December 2017 (Audited) JD
Assets			
Non-Current Assets			
Property and equipment	4	33,431	33,237
Investment properties	5	129,063,700	130,436,551
Deferred tax assets	6	84,150	99,000
Cheques under collection-long term		542,850	485,672
Total Non-Current Assets		129,724,131	131,054,460
Current Assets			
Assets held for sale	7	5,519,545	5,519,545
Trade receivables		3,326,017	2,440,750
Other current assets		1,762,047	1,278,032
Cheques under collection-short term		3,158,932	3,678,073
Cash on hand and at banks	9	494,177	652,873
Total Current Assets		14,260,718	13,569,273
Total Assets		143,984,849	144,623,733
Equity and Liabilities			
Equity			
Paid in capital		100,000,000	100,000,000
Share discount		(7,000,000)	(7,000,000)
Statutory reserve		1,454,605	1,454,605
Retained earnings		7,554,523	5,275,459
Net Equity		102,009,128	99,730,064
Liabilities			
Non-Current Liabilities			
Syndicated loan - long term	10	24,654,711	28,763,830
Unearned revenues - long term		-	298,940
Lessees refundable deposits		897,652	897,954
Total Non-Current Liabilities		25,552,363	29,960,724
Current Liabilities			
Syndicated loan-short term	10	6,848,531	5,244,221
Postdated cheques		337,054	718,400
Trade Payables and other current liabilities		2,332,384	1,742,840
Unearned revenues - short term		6,810,721	7,136,589
Due to related parties	8	94,668	90,895
Total Current Liabilities		16,423,358	14,932,945
Total Liabilities		41,975,721	44,893,669
Total Equity and Liabilities		143,984,849	144,623,733

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Notes	For the three-months ended 30 September 2018	For the three-months ended 30 September 2017	For the nine-months ended 30 September 2018	For the nine-months ended 30 September 2017
		JD	JD	JD	JD
Revenues					
Rental revenues		3,884,618	3,939,704	11,464,977	11,659,300
Cost of revenues		(1,273,007)	(1,152,207)	(3,588,532)	(3,347,644)
Depreciation of investment properties	5	(830,342)	(827,255)	(2,490,929)	(2,480,750)
Gross profit		1,781,269	1,960,242	5,385,516	5,830,906
Depreciation of property and equipment	4	(3,642)	(3,083)	(10,078)	(9,293)
Finance cost		(617,680)	(612,472)	(1,844,023)	(1,845,311)
Administrative expenses		(222,378)	(200,137)	(604,156)	(620,338)
Provision for doubtful debts		(149,179)	(188,500)	(487,700)	(341,705)
Other income		10,273	(6,189)	15,761	9,948
Profit for the period before Income Tax		798,663	949,861	2,455,320	3,024,207
Income tax expense for the period	6	(13,447)	(32,967)	(56,256)	(82,965)
Profit for the period		785,216	916,894	2,399,064	2,941,242
Add: Other comprehensive income items		-	-	-	-
Total Comprehensive Income for the Period		785,216	916,894	2,399,064	2,941,242
Earnings per share	11	0,01	0,01	0,02	0,03

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Paid in capital	Share discount	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
For the nine-month period ended 30 September 2018					
Balance as of 1 January 2018	100,000,000	(7,000,000)	1,454,605	5,275,459	99,730,064
IFRS 9 implementation effect (Note 3)	-	-	-	(120,000)	(120,000)
Balance at January 2018 (Adjusted)	100,000,000	(7,000,000)	1,454,605	5,155,459	99,610,064
Total comprehensive income for the period	-	-	-	2,399,064	2,399,064
Balance as of 30 September 2018	100,000,000	(7,000,000)	1,454,605	7,554,523	102,009,128
For the nine-month period ended 30 September 2017					
Balance as of 1 January 2017	100,000,000	(7,000,000)	1,092,789	2,042,117	96,134,906
Total comprehensive income for the period	-	-	-	2,941,242	2,941,242
Balance as of 30 September 2017	100,000,000	(7,000,000)	1,092,789	4,983,359	99,076,148

The attached notes from 1 to 14 form part of these interim condensed financial statements

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Notes	For the nine-months ended 30 September	
		2018	2017
Operating Activities		JD	JD
Profit for the period before income tax		2,455,320	3,024,207
Adjustments			
Depreciation of property and equipment	4	10,078	9,293
Depreciation of investment properties	5	2,490,929	2,480,750
Interest income		(15,061)	(5,422)
Finance cost		1,844,023	1,845,311
Provision for doubtful debts		487,700	341,705
Changes in Working Capital Items:			
Cheques under collection		461,963	(1,824,318)
Restricted cash		(98,930)	(76,770)
Trade receivable	9	(1,492,967)	(668,990)
Other current assets		(484,015)	24,569
Postdated cheques		(381,346)	420,903
Unearned revenues		(624,808)	2,667,947
Trade payables and other current liabilities		532,434	330,870
Lessees refundable deposits		(302)	32,602
Net cash flows from operating activities		5,185,018	8,602,657
Investing Activities			
Interest received		15,061	5,422
Purchases of property and equipment	4	(10,272)	-
Purchases of investment properties	5	(1,118,078)	(67,628)
Net cash flows used in investing activities		(1,113,289)	(62,206)
Financing Activities			
Syndicated loan payments		(2,504,809)	(5,713,427)
Interest paid		(1,828,319)	(1,961,102)
Due to related parties		3,773	(7,116)
Net cash flows used in financing activities		(4,329,355)	(7,681,645)
Net (decrease) increase in cash and cash equivalents		(257,626)	858,806
Cash and cash equivalents at the beginning of the period	9	651,157	178,906
Cash and cash equivalents at the end of the period		393,531	1,037,712

The attached notes from 1 to 14 form part of these interim condensed financial statements

(1) GENERAL

AL-Tajamouat for Touristic Project Company was incorporated during the year 1983 as a Public Shareholding Company. The Company's paid in capital is JD 100,000,000 with each share having a par value of JD 1.

The Company's main activity is owning and operating the mall "TAJ Lifestyle Center" located in Abdoun, Amman – Jordan.

The condensed interim financial statements were approved by the Board of Directors on 30 October 2018.

(2) BASIS OF PREPARING THE CONDENSED INTERIM FINANCIAL INFORMATION

The interim condensed financial statements for the nine-month period ended 30 September 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements have been presented in Jordanian Dinars "JD" which is the functional currency of the Company.

The interim condensed financial statements have been prepared under the historical cost convention.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as of 31 December 2017. In addition, the results for the nine-month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009.

The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The impact of the adoption of IFRS 9 as at 1st January 2018 has been recognised in retained earnings. The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Company's trade receivables. The increase in allowance resulted in adjustment to opening retained earnings.

The effect of (increase/(decrease) on the statement of the financial position as of 1 January 2018:

	IAS 39	IFRS 9	Change
	JD	JD	JD
Assets			
Trade receivables	2,440,750	2,320,750	(120,000)
Total Assets	2,440,750	2,320,750	(120,000)
Equity			
Retained earnings	5,275,459	5,155,459	(120,000)
Total Equity	5,275,459	5,155,459	(120,000)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Rendering of services
Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the company.

Revenue from rendering service will continue to be recognised at the point in time, upon delivery of the service.

(b) Advances received from customers
Generally, the Company receives short-term advances from its customers. However, from time to time the Company also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Company presented these advances as deferred revenue in the statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing components in contracts.

The Company does not have a material impact on its balance sheet or equity on applying the requirements of IFRS 15 as the Company's main revenues are from rent revenues which are in the scope of IAS 17 Leases.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's financial statements.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

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

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

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

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect

To retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

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

(4) PROPERTY AND EQUIPMENT

The additions to the property and equipment during the nine months ended 30 September 2018 were amounted to JD 10,272 (30 September 2017: JD Nil).The depreciation expense for the period ended 30 September 2018 was JD 10,078 (30 September 2017: JD 9,293).

(5) INVESTMENT PROPERTIES

This item represents the value of the properties owned by Al- Tajamouat for Touristic Projects Company which includes the commercial complex's land site (Taj Life Style) and the mall building.

The additions to the investment properties during the nine-month period ended 30 September 2018 amounted to JD 1,118,078 (30 September 2017: JD 67,628). The depreciation expense was JD 2,490,929 during the nine-month period ended 30 September 2018 (30 September 2017: JD 2,480,750).

The fair value of the investment properties amounted to JD 130 Million as at 31 December 2017 which approximately equals its book value at that date. The fair value was estimated by an independent valuator using the yield method as of 31 December 2017.

The investment properties including the mall (Taj Life Style) are pledged against the syndicated loan (Note 10).

(6) INCOME TAX

The major components of income tax expense in the interim statement of comprehensive income for the nine-month period ended 30 September 2018 and 2017 are as follows:

	For the nine months ended 30 September	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Current year income tax charge	41,406	65,715
Deferred income tax	14,850	17,250
	56,256	82,965

The movement on the deferred tax assets for the period is as follows:

	30 September 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	99,000	122,000
Amortization of deferred tax assets during the period/ year	(14,850)	(23,000)
	84,150	99,000

The provision for income tax for the nine-month period ended 30 September 2018 and 2017 was calculated in accordance with Jordanian Income Tax Law No. (34) of 2014.

The deferred tax assets balance for the period ended 30 September 2018 was calculated on the carried forward losses approved by Income and Sales Tax Department using the effective tax rate at (20%) in accordance with the Income Tax Law (34) for the year 2014.

Final clearance was obtained from the Income Tax Department for all the years up to 31 December 2014. The Company submitted its income tax returns for the years 2015, 2016 and 2017; however, these have not been reviewed by the Income and Sales Tax Department up to the date of the interim financial statements.

The Income and Sales Tax Department reviewed the sales tax declaration up to 30 September 2013. Final settlement was not reached for this period, as the Company filed an objection on some amounts. In the opinion of the Company's management and its tax advisor, the Company will not have any obligations in this respect, and that existing provisions are adequate to meet tax obligations.

(7) ASSETS HELD FOR SALE

The Company has reclassified the plots of land, No. (817) parcel No. (29), No. (488) parcel No. (28) and No. (161) parcel No. (27) located opposite to (Taj Life Style) which were previously classified as investment properties to assets held for sale at the carrying amount of JD 5,519,545 as a result of the Company's plan to sell these plots of land. The fair value of the plots of land is approximately equals its book value.

(8) TRANSACTIONS WITH RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by the Company's management.

Following is a summary of balances with related parties included in the statement of financial position:

	Nature of relationship	30 September 2018	31 December 2017
		JD	JD
Due to a related party		(Unaudited)	(Audited)
Bank Alkhair	Ultimate shareholder 51%	90,895	90,895
Al-Salam Company	Shareholder	3,773	-
		94,668	90,895

Salaries and remunerations for key management

The total salaries and bonuses paid to executive management for the period ended 30 September 2018 amounted to JD 99,000 (30 September 2017: JD 99,000).

(9) CASH ON HAND AND AT BANKS

	30 September 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Cash on hand and at banks	393,531	651,157
Restricted cash*	100,646	1,716
	494,177	652,873

* This amount consists of cash receipts from the tenants of Taj Life Style which were deposited in a guarantees account for the benefit of the syndicated loan and the related operating expenses of the project, in accordance with the syndicated loan agreement.

(9) CASH ON HAND AND AT BANKS (CONTINUED)

The cash and cash equivalents presented in the cash flow statement represent the following:

	30 September 2018	30 September 2017
	JD (Unaudited)	JD (Unaudited)
Cash on hand and Cash at banks	494,177	1,128,705
Less : restricted cash	(100,646)	(90,993)
	393,531	1,037,712

(10) SYNDICATED LOAN

On 18 January 2010, the Company signed a JD 40,000,000 syndicated loan agreement managed by The Housing Bank for Trade and Finance. During September 2011 the syndicated loan was increased by JD 20,000,000 to reach JD 60,000,000 in total.

The mall and landsite of the mall, which is located in Abdoun, were pledged as a collaterals against this loan.

In accordance with the original syndicated loan agreement, the interest rate on the syndicated loan is calculated using the weighted average prime lending rate of all lenders, plus an annual margin of 1%. The loan balance is payable in equal quarterly installments. The first installment related to the initial JD 40,000,000 portion of the loan is due after thirteen months from delivering the final project from the technical consultant which was on 1 July 2012, and the final installment is due in eight years and three months from the date of the syndicated loan agreement. The first installment related to the additional financing of JD 20,000,000 is due after 26 months from delivering the final project from the technical consultant.

On 30 August 2015, the Company signed an amendment and waiver agreement and rescheduled, the last payment for the total balance loan of JD 60,000,000 to be on 18 January 2024. Furthermore, the interest rate calculation has been changed to be calculated using the weighted average prime lending rate of all lenders minus an annual margin of 1.97%.

As per the amended agreement, the Company undertakes to complete the sale of the three plots of land classified as held for sale (note 7) and to utilize the proceeds from the sale to settle an amount of JD 7.5 million from the loan future installments. During 2015, the Company paid an amount of JD 5,895,692. While during September 2017, the Company has paid the remaining balance of the future instalments amounted to JD 1,604,308 based on that the lead arranger and the lenders waived the Company from the undertaking related to selling the plots of land.

The loan agreement contains covenants relating to financial ratios and others relating to additional borrowings. According to the loan agreement, the entity has to calculate these ratios and ensure compliance with them on an annual basis.

(10) SYNDICATED LOAN (CONTINUED)

The allocation of the Company's loans as short term and long term is as follows:

	30 September 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Loans current portion*	6,848,531	5,244,221
Long term loans	24,654,711	28,763,830
	31,503,242	34,008,051

* On 27 May 2018, the Company has obtained an approval from Housing Bank to postpone the loan installment that was due on 3 May 2018 which was amounted to JD 1,369,706 to be paid on 3 February 2019.

The annual installment amount and due dates for the long term loans are as follows:

	JD
2019	1,369,706
2020	5,478,824
2021	5,478,824
2022	5,478,824
2023 and more	6,848,533
	24,654,711

(11) EARNINGS PER SHARE

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	785,216	916,894	2,399,064	2,941,242
Weighted average number of shares during the year	100,000,000	100,000,000	100,000,000	100,000,000
Basic earnings per share	0,01	0,01	0,02	0,03

(12) CONTINGENT LIABILITIES

Guarantees

The Company has issued letters of guarantee amounting to JD 193,499 (2017: JD 194,083) against cash margin amounted to JD 32,409 as of 30 September 2018 (2017: JD 32,467) in respect of performance bonds.

Legal claims

The Company is a defendant in a number of lawsuits with a value of JD 56,611 in addition to other cases with no value as of 30 September 2018 (2017: JD 580,308) representing legal actions and claims incident to its ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Accordingly, a provision has been provided against these claims.

Other contingent liabilities

The Company is contingently liable for governmental fines in case the Company did not develop the land they hold based on the arrangements with Greater Amman Municipality, taking into consideration that the Company has obtained a waiver from these fines, until 30 November 2018.

(13) OPERATING SEGMENT

The Company operates its activities in one major operating segment, which represents leasing activities, the balances and services revenue occurred inside of the Hashemite Kingdom of Jordan.

(14) COMPARATIVE FIGURES

Some of 2017 balances were reclassified to correspond with those of 30 September 2018 presentation. The reclassification has no effect on the profit and equity of the year 2017.