

AL TAJAMOAT FOR TOURISTIC PROJECTS COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2019

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY
PUBLIC SHAREHOLDING 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 31 March 2019, comprising of the interim statement of financial position as at 31 March 2019 and the related interim statements of comprehensive income, changes in equity and cash flows for the three months 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 April 2019



AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2019

	Notes	31 March 2019 (Unaudited) JD	31 December 2018 (Audited) JD
Assets			
Non-Current Assets			
Property and equipment	4	28,794	30,569
Investment properties	5	127,581,354	128,326,091
Advances on investment in a subsidiary		3,023	-
Deferred tax assets	6	74,250	79,200
Cheques under collection-long term		579,229	491,431
Total Non-Current Assets		128,266,650	128,927,291
Current Assets			
Assets held for sale	7	5,519,545	5,519,545
Trade receivables		3,701,387	2,951,671
Other current assets		2,073,526	1,312,190
Cheques under collection-short term		4,444,409	2,985,180
Cash on hand and at banks	9	716,642	783,597
Total Current Assets		16,455,509	13,552,183
Total Assets		144,722,159	142,479,474
Equity and Liabilities			
Equity			
Paid in capital	1	100,000,000	100,000,000
Share discount		(7,000,000)	(7,000,000)
Statutory reserve		1,781,492	1,781,492
Retained earnings		7,846,350	7,365,137
Total Equity		102,627,842	102,146,629
Liabilities			
Non-Current Liabilities			
Syndicated loan-long term	10	21,915,300	23,285,005
Lessees refundable deposit		875,857	898,320
Total Non-Current Liabilities		22,791,157	24,183,325
Current Liabilities			
Syndicated loan-short term	10	5,478,824	6,848,531
Postdated cheques		743,702	-
Trade payables and other current liabilities		4,505,089	2,987,020
Unearned revenue		8,479,627	6,218,051
Due to related parties	8	95,918	95,918
Total Current Liabilities		19,303,160	16,149,520
Total Liabilities		42,094,317	40,332,845
Total Equity and Liabilities		144,722,159	142,479,474

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 ENDED 31 MARCH 2019 (UNAUDITED)

	Notes	For the three-months ended 31	
		March	
		2019	2018
		JD	JD
Revenues			
Rental revenues		3,448,833	3,848,720
Cost of revenues		(1,118,377)	(1,125,214)
Depreciation of investment properties	5	(806,249)	(830,255)
Gross profit		1,524,207	1,893,251
Depreciation of property and equipment	4	(2,738)	(3,125)
Finance cost		(581,190)	(618,668)
Administrative expenses		(220,185)	(183,059)
Provision for expected credit losses and doubtful debts		(150,000)	(187,500)
Other expenses		(40,000)	-
Interest income		5,314	-
Profit for the period before Income Tax		535,408	900,899
Income tax expense for the period	6	(54,195)	(37,859)
Profit for the period		481,213	863,040
Other comprehensive income items		-	-
Total Comprehensive Income for the period		481,213	863,040
Earnings per share	11	0.005	0.009

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 THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Paid in capital	Share discount	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
For the three-months period ended 31 March 2019					
Balance as of 1 January 2019	100,000,000	(7,000,000)	1,781,492	7,365,137	102,146,629
Total comprehensive income for the period	-	-	-	481,213	481,213
Balance as of 31 March 2019	100,000,000	(7,000,000)	1,781,492	7,846,350	102,627,842
For the three-months period ended 31 March 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	-	-	-	(120,000)	(120,000)
Balance at January 2019 (Adjusted)	100,000,000	(7,000,000)	1,454,605	5,155,459	99,610,064
Total comprehensive income for the period	-	-	-	863,040	863,040
Balance as of 31 March 2018	100,000,000	(7,000,000)	1,454,605	6,018,499	100,473,104

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

AL-IAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

	Notes	For the three-months ended 31 March	
		2019 JD	2018 JD
<u>Operating Activities</u>			
Profit for the period before income tax		535,408	900,899
Adjustments			
Depreciation of property and equipment	4	2,738	3,125
Depreciation of investment properties	5	806,249	830,255
Interest income		(5,314)	-
Finance cost		581,190	618,668
Provision for expected credit losses and doubtful debts		150,000	187,500
Changes in Working Capital Items:			
Cheques under collection		(1,547,027)	(135,733)
Trade receivables		(899,716)	(2,354,791)
Other current assets		(761,336)	(477,769)
Postdated cheques		743,702	(179,598)
Unearned revenue		2,261,576	2,191,885
Trade payables and other current liabilities		1,508,183	41,600
Net cash flows from operating activities		3,375,653	1,626,041
<u>Investing Activities</u>			
Interest received		5,314	-
Purchase of property and equipment	4	(963)	-
Advances on investment in a subsidiary		(3,023)	-
Purchases of investment properties	5	(61,512)	(6,140)
Lessees refundable deposits		(22,463)	(4,523)
Net cash flows used in investing activities		(82,647)	(10,663)
<u>Financing Activities</u>			
Repayment of syndicated loan		(2,739,412)	(1,135,104)
Interest paid		(620,549)	(610,444)
Net cash flows used in financing activities		(3,359,961)	(1,745,548)
Net decrease in cash and cash equivalents		(66,955)	(130,170)
Cash and cash equivalents at the beginning of the period		783,597	623,162
Cash and cash equivalents at the end of the period	9	716,642	492,992

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 divided 100,000,000 at per value of JD 1 each.

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

The interim condensed financial statements were approved by the Board of Directors on 30 April 2019

(2) BASIS OF PREPARING THE CONDENSED INTERIM FINANCIAL INFORMATION

The interim condensed financial statements for the three-months period ended 31 March 2019 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 2018. In addition, the results for the three-months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

(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 2018, except for the adoption of new standards effective as of 1 January 2019:

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 Company is the lessor.

The Company 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.

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Company 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 Company 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').

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

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. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Company's 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. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

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

(3) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 Company's financial statements.

(4) PROPERTY AND EQUIPMENT

The additions to the property and equipment during the three-months period ended 31 March 2019 amounted to JD 963 (31 March 2018: JD 0). The depreciation expense for the period ended 31 March 2019 was JD 2,738 (31 March 2018: JD 3,125).

(5) INVESTMENT PROPERTIES

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

The additions to the investment properties during the three-months period ended 31 March 2019 amounted to JD 61,512 (31 March 2018: JD 6,140). The depreciation expense was JD 806,249 during the three-months period ended 31 March 2019 (31 March 2018: JD 830,255).

The fair value of the investment properties approximately equals its book value as at 31 December 2018. The fair value was estimated by the management using the discounted cash flow method.

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

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 31 MARCH 2019 (UNAUDITED)

(6) INCOME TAX

The major components of income tax expense in the interim statement of comprehensive income for the three months periods ended 31 March 2019 and 2018 are as follows:

	For the three months ended 31 March	
	2019	2018
	JD	JD
	(Unaudited)	(Unaudited)
Current period income tax charge	49,245	32,909
Amortization of deferred tax assets	4,950	4,950
	<u>54,195</u>	<u>37,859</u>

The provision for income tax for the three months period ended 31 March 2019 include 1% as a national contribution. The provision was calculated in accordance with Jordanian Income Tax Law No. (38) of 2018 and for the period ended 31 March 2018 in accordance with Jordanian Income Tax No. (34) of 2014.

Movements on deferred tax assets were as follows:

	31 March	31 December
	2019	2018
	JD	JD
	(Unaudited)	(Audited)
Beginning balance	79,200	99,000
Amortization of deferred tax assets during the period/ year	(4,950)	(19,800)
Ending balance	<u>74,250</u>	<u>79,200</u>

The deferred tax assets for the period ended 31 March 2019 was calculated on the carried forward losses approved by Income and Sales Tax Department using effective tax rate at (20%) in accordance with the Income Tax Law No. (34) of 2014. The Company agreed with the Income and Sales Tax Department to amortize these losses over agreed annual amount up to the year 2022. Furthermore, the management expects to benefit from the deferred tax assets in the near future.

The Company obtained a final income tax clearance till the year 2016. Moreover, the Company submitted its income tax returns for the years 2017 and 2018. The Income and Sales Tax Department did not review the Company's records for the years 2017 and 2018 up to the date of these interim financial statements.

The Company obtained final clearance from the Income and Sales Tax Department until 31 January 2017. Moreover, the Income and Sales Tax Department reviewed Sales Tax declarations up to the period January 2017, however, no final settlement has been reached up to the date of the financial statements, for all the remaining previous years the Company has submitted all the tax returns and there were not reviewed up to the date of the interim financial statements.

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 MARCH 2019 (UNAUDITED)

(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	31 March 2019	31 December 2018
		JD	JD
		(Unaudited)	(Audited)
Due to related parties			
Bank Alkhair	Ultimate parent	92,144	92,144
Al-Salam Company	Shareholder	3,774	3,774
		<u>95,918</u>	<u>95,918</u>

Salaries and remunerations for key management

The total salaries and bonuses paid to executive management for the period ended 31 March 2019 amounted to JD 33,000 (31 March 2018: JD 33,000).

AL-TAJMOUAT FOR TOURISTIC PROJECTS COMPANY – PUBLIC SHAREHOLDING COMPANY
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 31 MARCH 2019 (UNAUDITED)

(9) CASH ON HAND AND AT BANKS

	31 March 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Cash on hand and cash at banks	393,890	777,395
Cash in guarantee account	322,752	6,202
	716,642	783,597

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

(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 the landsite of the mall, which is located in Abdoun, were pledged as collateral against the loan.

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

(10) SYNDICATED LOAN (CONTINUED)

On 30 August 2015, the Company signed an amendment and waiver agreement, based on the agreement, the last payment for the total balance loan of JD 60,000,000 has been rescheduled to be 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

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

	31 March 2019 <u>JD</u> (Unaudited)	31 December 2018 <u>JD</u> (Audited)
Current	5,478,824	6,848,531
Non-current	21,915,300	23,285,005
	<u>27,394,124</u>	<u>30,133,536</u>

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

	<u>JD</u>
2020	4,109,118
2021	5,478,824
2022	5,478,824
2023 and after	6,848,534
	<u>21,915,300</u>

(11) EARNINGS PER SHARE

	For the three months ended 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Profit for the period (JD)	481,213	863,040
Weighted average number of shares (shares)	100,000,000	100,000,000
Basic earnings per share for the period	0.005	0.009

(12) CONTINGENT LIABILITIES

Guarantees

The Company issued letters of guarantee amounting to JD 182,399 (2018: JD 175,499) against cash margin amounted to JD 31,299 as of 31 March 2019 (2018: JD 30,609).

Legal claims

The Company is a defendant in a number of lawsuits in amount of JD 64,643, in addition to other cases with no specific value as of 31 March 2019 (2018: JD 64,643). Related risks have been analysed as to likelihood of occurrence. Accordingly, a full 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 arrangement with Greater Amman Municipality. Management analyzed the likelihood of such claim, accordingly, the management believes that the Company will not incur any fines as of the date of the interim financial statements .

(13) OPERATING SEGMENT

The Company operates its activities in one major operating segment, which represents leasing activities, the balances and service revenues occurred within the Hashemite Kingdom of Jordan.

(14) COMPARATIVE FIGURES

Some of 2018 balances were reclassified to correspond with those of 31 March 2019 presentation. The reclassification did not affect the financial position of the Company nor the Company's performance.