

Jordan National Shipping Lines Co. Ltd.



شركة النخطوط البحرية الوطنية الأردنية م.م

الرقم: ٥٢٩/٣/٣/٤

التاريخ: ٢٠٠٤/١٢/٢٤

Ref.

Date,

FS-SHIP-(English) - 6/6/2004

الجوهر + له حابه
١٢/١٢/٢٠٠٤

السادة هيئة الأوراق المالية المحترمون

عمان

تحية وبعد،

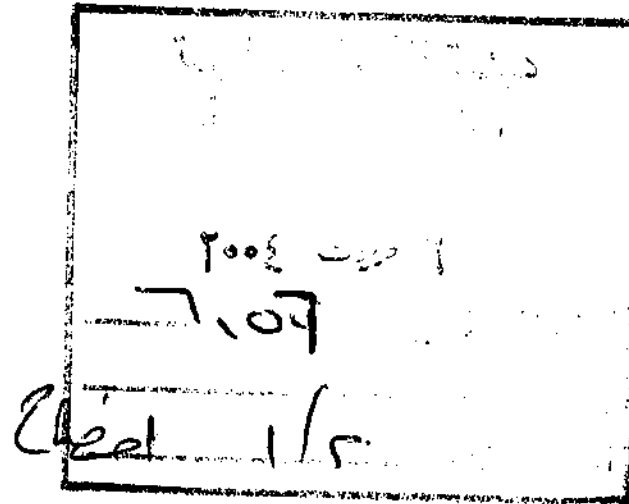
بالإشارة إلى البيانات المالية للشركة عن العام ٢٠٠٣ الخاصة بشركة النخطوط البحرية الوطنية الأردنية.

نرفق لكم صورة عن هذه البيانات مترجمة إلى اللغة الإنجليزية.

وتفضلوا بقبول فائق الاحترام

المدير المالي والإداري

فايز منصور

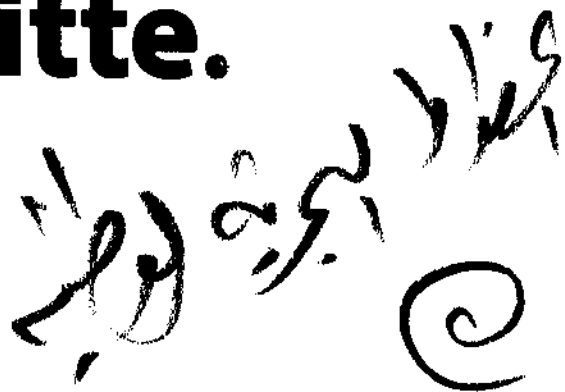


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Independent Auditor's Report

AM / 30626

To the General Assembly of Shareholders of
Jordan National Shipping Lines Company
P.O. Box 5406
Amman - Jordan

We have audited the accompanying consolidated balance sheet of Jordan National Shipping Lines Company (a public shareholding limited company) as of December 31, 2003 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit . Tax . Consulting . Financial Advisory .

Member of
Deloitte Touche Tohmatsu

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In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jordan National Shipping Lines Company as of December 31, 2003 and the results of its operations and its cash flows for the year then ended, in conformity with the Law and International Financial Reporting Standards, and we recommend that the General Assembly approves these financial statements.

The Company maintains proper accounting records, and the accompanying financial statements are in agreement therewith. Furthermore, the financial data presented by the Board of Directors are in agreement with these records.

Amman – Jordan
March 24, 2004

Saba & Co
Saba & Co.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN
CONSOLIDATED BALANCE SHEETS

	December 31,			December 31,	
	2003	2002		2003	2002
	JD	JD		JD	JD
ASSETS					
Current Assets:					
Cash on hand and at banks (Note 5)	3,455,716	2,003,264			
Accounts receivable and other debit balances (Note 6)	377,471	357,888			
Trading investment	675,890	-			
Due from related parties (Note 17)	79,084	101,267			
Warehouse materials (Note 7)	20,712	59,277			
Prepaid expenses (Note 8)	45,721	33,257			
Total Current Assets	4,654,594	2,554,953			
LIABILITIES					
Current Liabilities:					
Accounts payable and other credit balances (Note 12)			2,296,387	1,067,896	
Due to related parties (Note 17)			50,960	121,043	
Total Current Liabilities			2,347,347	1,188,939	
Minority interest (Note 19)			177,749	149,278	
SHAREHOLDERS' EQUITY					
Investments:					
Available-for-sale investments (Note 9)	104,000	90,000	1,200,000	1,200,000	
Investments in associated companies and joint ventures (Note 10)	360,245	458,807	2,387,200	2,387,200	
Total Investments	464,245	548,807	240,000	-	
			(58,500)	(22,500)	
			348,616	(202,734)	
			4,117,316	3,361,966	
Fixed Assets (Note 11):					
Fixed assets - at cost	5,004,025	5,273,881			
Less: Accumulated depreciation	2,332,577	2,484,537			
Provision for decline in value of ships	1,147,875	1,192,921			
Net Book Value of Fixed Assets	1,523,573	1,596,423			
TOTAL ASSETS	6,642,412	4,700,183			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
6,642,412 4,700,183					

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENTS OF INCOME

	For the year Ended December 31,	
	2001	2000
	JD	JD
Revenues:		
Revenue from leased ships (Note 17)	1,816,633	2,518,026
Tickets sales commissions	104,065	110,382
Marine agencies and other revenues	699,829	690,423
Total Revenues	<u>2,620,527</u>	<u>3,318,831</u>
Less: Operating Costs:		
Expenses of leased ships	2,121,148	3,871,757
Containers expenses	-	1,297
Total Operating Costs	<u>2,121,148</u>	<u>3,873,054</u>
Income (Loss) from Operations	499,379	(554,223)
Less: General and administrative expenses (Note 16)	(952,918)	(1,141,595)
Net (Loss) from Operations	(453,539)	(1,695,818)
Add: Net income from investments (Note 18)	4,080,360	852,503
Interest income	300,011	272,112
Other income (expenses) (Note 19)	62,272	(55,706)
Less: Capital lease interests and commissions (Note 20)	(49,011)	(130,865)
Provision for doubtful debts	(20,000)	(256,235)
Provision for decline in the value of ships (Note 21)	(750,904)	(1,394,509)
Add: Exchange gain from capital lease	90,115	-
Net Income (Loss) before Income tax	<u>3,259,304</u>	<u>(2,408,518)</u>
Less: Provision for income tax-subsidiary company	(48,000)	(36,877)
Provision for contingent liabilities-subsidiary company	(20,000)	(20,000)
Prior years income tax (Note 26)	-	(3,516)
Net Income (Loss) before Minority Interest	<u>3,191,304</u>	<u>(2,468,911)</u>
Minority interest share (Net 24)	(54,005)	(39,736)
Net Income (Loss) for the Year	<u>3,137,299</u>	<u>(2,508,647)</u>
Accumulated losses-beginning of the year	(3,906,734)	(1,398,087)
Amount transferred from reserve for purchase of ships (Note 25)	900,000	-
Amount transferred from voluntary reserve (Note 25)	2,430,508	-
Earnings Available for Appropriation	<u>2,561,073</u>	<u>(3,906,734)</u>
Scientific research and vocational training	31,373	-
Universities fees	31,373	-
Proposed dividends (Note 25)	2,496,445	-
Retained earnings (losses)	<u>1,882</u>	<u>(3,906,734)</u>
	<u>2,561,073</u>	<u>(3,906,734)</u>
Income (loss) per share-JD	0.444	(0.362)
Weighted average number of shares during the year-share	<u>6,934,570</u>	<u>6,934,570</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART
OF THESE STATEMENTS.

JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	Paid-up Capital	Statutory Reserve	Proposed Dividends	Cumulative Change in Fair Value	Retained Earnings (Accumulated Losses)	Total
	JD	JD	JD	JD	JD	JD
<u>Year 2003</u>						
Balance-beginning of the year 2003	1,200,000	2,387,200	-	.(22,500)	.(202,734)	3,361,966
Net income	-	-	-	-	791,350	791,350
Cumulative change in fair value	-	-	-	.(36,000)	-	.(36,000)
Proposed dividends	-	-	240,000	-	.(240,000)	-
Balance-End of the Year 2003	1,200,000	2,387,200	240,000	.(58,500)	348,616	4,117,316
<u>Year 2002</u>						
Balance-beginning of the year 2002	6,934,570	2,387,200	2,496,445	-	1,882	11,820,097
Proposed dividends paid	-	-	.(2,496,445)	-	-	.(2,496,445)
Net (loss)	-	-	-	-	.(204,616)	.(204,616)
Decrease in capital	(5,734,570)	-	-	-	-	.(5,734,570)
Cumulative change in fair value	-	-	-	.(22,500)	-	.(22,500)
Balance-End of the Year 2002	1,200,000	2,387,200	-	.(22,500)	.(202,734)	3,361,966

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS.

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JORDAN NATIONAL SHIPPING LINES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2003	2002
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) before minority interest and fees	940,505	.(148,363)
Adjustments for:		
Depreciation and provisions	191,200	169,844
Provision for decline in value of fixed assets	.(45,046)	-
(Gain) on sale of fixed assets	.(5,533)	-
(Profit) from investments in associated companies	.(136,344)	.(135,493)
(Income) on sale of investments	.(196,247)	-
Provision for doubtful debts	8,065	148,499
Cash Flows (Used in) from Operating Activities before Changes in Working Capital	756,600	34,487
(Increase) decrease in accounts receivable and other debit balances	.(34,350)	156,051
Decrease in accrued revenues	-	108,571
(Increase) decrease in prepaid expenses	.(12,464)	2,318
Decrease in due from related parties	22,183	17,067
Decrease (increase) in warehouse materials	38,565	.(3,025)
Acquisition of trading investments	.(479,643)	-
Increase in accounts payable and other credit balances	1,279,563	128,581
(Decrease) in due to related parties	.(70,083)	.(528,745)
(Decrease) increase in provision for dry-dock	.(98,905)	85,200
Net Cash Flows from Operating Activities before Income Tax	1,401,466	505
Income tax paid	.(27,850)	.(10,826)
Net Cash Flows from (used in) Operating Activities	1,373,616	.(10,321)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of available-for-sale investments	.(50,000)	-
Investments in associated companies and joint ventures	234,906	242,899
Acquisition of fixed assets	.(93,130)	.(46,974)
Sale of fixed assets	32,061	-
Sale of investments under settlement	-	4,016,262
Net Cash Flows from Investing Activities	123,837	4,212,187
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in minority interest	.(45,001)	.(58,742)
Decrease in capital	-	.(5,734,570)
Proposed dividends paid	-	.(2,496,445)
Net Cash Flows (used in) Financing Activities	.(45,001)	.(8,289,757)
Net Increase (Decrease) in Cash	1,452,452	.(4,087,891)
Cash on hand and at banks - beginning of the year	2,003,264	6,091,155
Cash on Hand and at Banks - End of the Year	3,455,716	2,003,264

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OF THESE STATEMENTS.