

MIRA INFORM REPORT

Report No. :	524757
Report Date :	14.08.2018

IDENTIFICATION DETAILS

Name :	JORDANIAN DUTY FREE SHOPS CO (JDIFS)
Registered Office :	Al Qastel Warehouse, Jabal Amman, PO Box 941601, Amman 11194
Country :	Jordan
Financials (as on) :	31.12.2017
Date of Incorporation :	28.09.1996
Com. Reg. No.:	318, Amman
Legal Form :	Public Shareholding Company
Line of Business :	Subject is engaged in the establishing and operating of duty free shops. It currently operates 16 showrooms located throughout the country particularly at the country's land and sea border crossings, and the capital, Amman.
No. of Employees :	230

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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SUMMARY

Company Name	: JORDANIAN DUTY FREE SHOPS CO (JDIFS)
Country of Origin	: Jordan
Legal Form	: Public Shareholding Company
Registration Date	: 28 th September 1996
Commercial Registration Number	: 318, Amman
Issued Capital	: JD 22,500,000
Paid up Capital	: JD 22,500,000
Total Workforce	: 230
Activities	: Establishing and operating of duty free shops
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady

COMPANY NAME

JORDANIAN DUTY FREE SHOPS CO (JDIFS)

ADDRESS

Registered & Physical Address

Building : Al Qastel Warehouse
Area : Jabal Amman
PO Box : 941601
Town : Amman 11194
Country : Jordan
Telephone : (962-6) 5206666 / 5206166
Facsimile : (962-6) 5603571
Email : isatec@jdfshops.com / jdf@go.com.jo

Premises

Subject operates from a medium sized suite of offices that are owned and located in the Central Business Area of Amman.

Branch Office (s)

Subject operates 16 retail outlets located throughout the country, including Amman, Al Karama, Al Omari, Al Modawarah, Aqaba, Petra, Irbid and Al Ramtha.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
Mazen Al Saket	Chairman
Muhannad Boka	Vice Chairman
Haitham Al Majali	Director
Sa'd Abu Jaber	Director
Samir Haddad	Director
Rafiq Zaki	Director

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Mukhaimer Abu Jamous	Director
Ali Al Balawneh	Director
Reem Abzakh	Director
Majed Daaseen	Human Resources Manager
Adel Farraj	Finance Manager
Abeer Al Hunaiti	Supply Chain Manager
Haifa Al Majali	Legal Manager
Yousef Al Deeba	Auditing Manager
Tariq Al Daboubi	IT Manager

LEGAL FORM & OWNERS

Date of Establishment : 28th September 1996

Legal Form : Public Shareholding Company

Commercial Reg. No. : 318, Amman

Issued Capital : JD 22,500,000

Paid up Capital : JD 22,500,000

Name of Shareholder (s)	Percentage Holding
General Organisation for Social Security	56.493%
Jordan Joint Investment Company	13.840%
Jordan Investment Bank	9.398%
Jordan Enterprise Development Corporation	3.093%
Saad Walid Ismail Kurdi	2.461%
Omar Boulos Yousef Al Zamt	2.084%
Boulos Youssef Ayed Al Zamt	1.319%
Basil Abdel Rahim Mounib Jardaneh	1.084%

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Local businessmen and private investors 13.321%

Note to the Legal Form The limited liability company may be composed of two or more shareholders whether legal or natural persons, each responsible only for the liabilities of the company to the extent of their share participation in the capital of the company. The limited liability company may not offer its shares for public subscription or increase its capital or borrow by subscription. The minimum capital for foreign investments is fifty thousand Jordanian dinars (JOD 50,000) for each non-Jordanian Shareholder.

OPERATIONS

Activities: Engaged in the establishing and operating of duty free shops. It currently operates 16 showrooms located throughout the country particularly at the country's land and sea border crossings, and the capital, Amman.

They have a wide range of products, totally over 6,000 different items, covering the following major categories:

- Cigarettes, Cigars and Tobacco
- Spirits, Liqueurs, Wines, Beers
- Fragrances & Cosmetics
- Apparels, Accessories, Watches, Leather Products, Jewellery
- Toys & Games
- Touristic Books of Jordan and Traditional Products.
- Electrical & Electronic Equipment

Import Countries: Europe, the Far East and the United States of America

Operating Trend: Steady

Subject has a workforce of approximately 230 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Jordanian Dinar (JD)

Consolidated Balance Sheet

31/12/17

31/12/16

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Non - Current assets			
Property and equipment	3	7,290,345	4,912,894
Projects in progress	4	1,149,087	2,479,019
Intangible assets	5	1,466,667	1,866,667
Advances on land purchase	6	3,629,410	3,629,410
Financial assets at fair value through other comprehensive income	7	1,550	1,550
Total non – current assets		13,537,059	12,889,540
Current assets			
Trade receivables	8	260,298	250,034
Inventories	9	10,254,832	10,572,301
Other receivables	10	1,709,699	1,326,521
Cash in hand and at banks	11	39,909,377	31,900,766
		52,134,206	44,049,622
Total assets		65,671,265	56,939,162
<u>EQUITY AND LIABILITIES</u>			
Equity			
Paid in capital	1	22,500,000	7,500,000
Statutory reserve	12	7,500,000	7,500,000
Voluntary reserve	12	2,578,582	7,500,000
Fair value reserve	7	(4,150)	(4,150)
Retained earnings		28,161,600	29,469,203
Total Equities		60,736,032	51,965,053
<u>LIABILITIES</u>			
Non – Current liabilities			
Other commitments provision	13	668,463	801,079
Current liabilities			
Trade payables	14	1,393,243	2,312,442
Other payables	15	2,873,527	1,860,588
		4,266,770	4,173,030
Total liabilities		4,935,233	4,974,109
TOTAL EQUITY AND LIABILITIES		65,671,265	56,939,162

Consolidated Statement of Income

Sales	94,773,102	67,073,723
Less service fees	(9,929,108)	(6,004,196)
Net sales	84,843,994	61,069,527
Cost of sales	(49,999,388)	(35,261,141)
Gross profit	34,844,606	25,808,386
Other income	919,342	481,403
Interest income	1,194,472	931,798
Sales and distribution expenses	(5,149,490)	(4,287,148)

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Administrative expenses	(4,686,733)	(3,950,388)
Damaged goods expenses	(60,424)	(55,173)
Board of director's benefits	(45,000)	(45,000)
Depreciation and amortization	(1,230,951)	(1,024,851)
Profit before income tax	25,785,822	17,859,027
Income tax expenses	(391,837)	(257,907)
Profit for the year	25,393,985	17,601,120

Local sources consider subject's financial condition to be Good.

BANKERS

Arab Banking Corporation
Matalqa Centre Branch
11th August Street
PO Box: 926691
Amman 11110
Tel: (962-6) 4664183 / 4664185
Fax: (962-6) 4692713

PAYMENT HISTORY

Regular

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches
- Local Registry office

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

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COUNTRY OUTLOOK

GDP growth moderated during 2015 to an estimated 2.4 %, the slowest pace in four years, magnifying already-high unemployment. Security spill overs from regional conflict worsened, negatively impacting tourism, construction, investment and trade. However, growth in a number of sectors held up well through the third quarter of 2015, including in finance and insurance services, transport, storage and communications, electricity and water, and mining and quarrying. Unemployment rose to 13.0 % in 2015, an increase of 1.1 % age points relative to 2014. There was a mild deflation for most of 2015 due to further falls in global oil prices, a weakened Euro, a negative output gap, and easing of supply side pressures experienced in previous years (notably on housing prices, due to the large influx of refugees in 2012-13). Monetary policy remained expansionary with the central bank reducing the key policy lending rate by 125 basis points during the course of 2015. International reserves slightly rose to \$ 14.2 billion (7.5 months of imports) by end-2015.

The fiscal deficit was narrower in 2015 thanks to lower expenditures and lower transfers to the National Electric Power Company (NEPCO), which outweighed the fall in domestic revenues and grants. NEPCO resorted to borrowing from commercial banks instead of the government in 2015 providing a 7.0 % of GDP relief to the fiscal balance, without which the fiscal deficit would have widened. NEPCO's debt continues to be government guaranteed and combined with the fiscal deficit and slowing GDP growth contributed to pushing the gross debt to GDP ratio to an estimated 93 % at end-2015.

The current account deficit is expected to have widened in 2015, mainly due to lower public transfers and a 7.1 % fall in tourism receipts, and despite a narrowing trade deficit. The merchandise trade balance narrowed by 14 % on account of a 40.4 % fall in energy imports. These outweighed a 7.1 % contraction of direct exports (themselves buttressed by 10.9 % growth in phosphate exports) affected by land trade route closures with Syria and Iraq, traditionally Jordan's largest export partner. Remittances are slowing, growing by only 1.5 % during 2015.

Growth is expected to improve to 3.0 % in 2016, assuming no further worsening in the regional security situation and associated spill overs. This is driven by an expansion in mining and quarrying sector and positive base effect of tourism and construction sectors. Jordan is working towards an Extended Fund Facility (EFF) with the IMF. The EFF is anticipated to support further fiscal consolidation efforts in parallel with growth-enhancing and job-creating structural reforms. The baseline growth forecasts assume agreement on an EFF leading to a fiscal adjustment and a lower debt-to-GDP level. The balance of risks is on the downside. Managing repercussions from the regional security and political situation is a key risk in addition to the challenges of hosting a substantial number of Syrian refugees. Additionally, persistently low oil prices are a risk this year and in the medium term, given their potential impact on remittances, exports, FDI and grants from the GCC. Fiscal adjustment measures are likely to be difficult. Furthermore, the willingness and speed of reform implementation particularly to improve the business climate will be crucial to meet the country's investment aspirations.

Key Economic Indicators	2014	2015	2016*	2017*
Real GDP Growth (%)	3.1	2.4	3.0	3.3
Inflation Rate (%)	2.9	-0.9	1.3	2.7
Fiscal Balance (% of GDP)	-9.1	-3.4	-2.1	-1.3
Current Account Balance (% of GDP)	-1.0	-9.1	-6.6	-6.0

* Forecast

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.47
UK Pound	1	INR 88.63
Euro	1	INR 79.19
JOD	1	INR 98.49

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	TPT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)