



Ref: MG/F/18-2701  
May 13, 2018

To:  
**Jordan Security Commission,**  
Amman – Jordan

Dear Sirs,

**Subject: Afaq for Energy English Financial Statements Q1. 2018**

As per JSC regulations, you are pleased to find enclosed english financial statements quarter one as of 31/03/2018 for AFAQ Energy.

Sincerely,

AFAQ Energy



بورصة عمان  
الدائرة الإدارية والمالية  
المدير

١٢ أيار ٢٠١٨

2949

الرقم التسلسلي:

31286

رقم الملف:

١٦١٠٠١٨

الجهة المختصة:

- نسخة بورصة عمان

AFAQ FOR ENERGY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS(UNAUDITED)

31 MARCH 2018

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF  
AFAQ FOR ENERGY PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Afaq for Energy (a public shareholding Company) ("the Company") and its subsidiaries ("the Group") as at 31 March 2018, comprising the interim consolidated statement of financial position as at 31 March 2018 and the interim consolidated statements of comprehensive income and the interim consolidated statements of changes in equity and the interim consolidated statements of cash flows for the three-month period then ended and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated financial statements based on our review.

## **Scope of Review**

We conducted our review in accordance with the 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 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

## **Material uncertainty related to going concern**

The Group's current liabilities exceeded its current assets by JD 129,937,174 as of 31 March 2018. This indicates a material uncertainty of the Group's ability to continue as a going concern and to meet its short-term liabilities during the next 12 months. The Group's management is seeking additional financing from banks to reschedule its existing loans. Our conclusion is not qualified in respect of this matter.

Amman – Jordan  
30 April 2018



**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Notes	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<b>ASSETS-</b>			
<b>Non-current assets-</b>			
Lands, property and equipment	3	289,041,873	285,017,364
Projects in progress		5,025,686	7,849,547
Intangible assets		15,247,678	15,987,404
Strategic fuel inventory		5,091,215	5,205,900
Goodwill		2,879,234	2,879,234
		<u>317,285,686</u>	<u>316,939,449</u>
<b>Current Assets-</b>			
Inventories		21,619,102	44,493,201
Accounts receivable and cheques under collection		39,246,996	39,154,683
Due from related parties	5	26,662,163	20,334,431
Financial assets at fair value through profit or loss		1,128,595	994,936
Other current assets		15,855,670	4,174,032
Cash on hand and at banks	4	19,730,811	20,030,670
		<u>124,243,337</u>	<u>129,181,953</u>
<b>Total Assets</b>		<u><u>441,529,023</u></u>	<u><u>446,121,402</u></u>
<b>Equity and Liabilities</b>			
<b>Equity-</b>			
Paid in capital	1	110,000,000	110,000,000
Statutory reserve	11	14,302,827	14,302,827
Retained earnings		29,353,166	27,722,672
<b>Total shareholders' equity</b>		<u>153,655,993</u>	<u>152,025,499</u>
<b>Non- controlling interests</b>		<u>1,148,029</u>	<u>999,172</u>
<b>Total Equity</b>		<u>154,804,022</u>	<u>153,024,671</u>
<b>Non-current Liability-</b>			
Loans and Murabaha	7	32,544,490	33,801,890
		<u>32,544,490</u>	<u>33,801,890</u>
<b>Current Liabilities-</b>			
Due to banks	6	75,951,772	68,454,086
Loans and Murabaha- short term	7	96,629,356	91,550,194
Due to related parties	5	2,557,131	4,928,939
Post-dated cheques – short term		4,307,961	509,763
Income tax provision	9	3,971,052	4,576,898
Governmental deposits		39,776,212	41,397,637
Due to Jordan Petroleum Refinery Company Ltd.		12,041,871	14,948,527
Accounts payable and other current liabilities		18,945,156	32,928,797
		<u>254,180,511</u>	<u>259,294,841</u>
<b>Total Liabilities</b>		<u>286,725,001</u>	<u>293,096,731</u>
<b>Total Equity and Liabilities</b>		<u><u>441,529,023</u></u>	<u><u>446,121,402</u></u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report



**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)**

	<i>Notes</i>	31 March 2018 JD	31 March 2017 JD
Revenues		243,488,732	225,449,469
Cost of revenues		(235,399,776)	(216,161,827)
<b>Gross profit</b>		<b>8,088,956</b>	<b>9,287,642</b>
General and administrative expenses		(1,877,283)	(1,694,924)
Finance costs		(3,131,292)	(1,686,270)
Provision for doubtful debt		-	(150,000)
Change in fair value of financial assets through profit or loss		133,659	27,946
Gains from disposal of property , plant and equipment		35,491	264,634
Other income		310,966	132,156
<b>Profit for the period before tax</b>		<b>3,560,497</b>	<b>6,181,184</b>
Income tax expense for the period	9	(661,303)	(1,166,669)
<b>Profit for the period</b>		<b>2,899,194</b>	<b>5,014,515</b>
Add: other comprehensive income items		-	-
<b>Total comprehensive income for the period</b>		<b>2,899,194</b>	<b>5,014,515</b>
<b>Attributed to:</b>			
Shareholders		2,750,337	-
Non-controlling interests		148,857	-
		<b>2,899,194</b>	<b>-</b>
		(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share	8	0/025	0/046

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)**

	Paid in capital	Statutory reserve	Retained earnings	Total	Non- controlling interest	Total equity
	JD	JD	JD	JD	JD	JD
<b>Period ended 31 March 2018 -</b>						
<b>Balance at 1 January 2018</b>	110,000,000	14,302,827	27,722,672	152,025,499	999,172	153,024,671
Impact of adoption ECL approach under IFRS 9	-	-	(1,119,843)	(1,119,843)	-	(1,119,843)
<b>Balance at 1 January 2018 - restated</b>	110,000,000	14,302,827	26,602,829	150,905,656	999,172	151,904,828
Total comprehensive income for the period	-	-	2,750,337	2,750,337	148,857	2,899,194
<b>Balance at 31 March 2018</b>	110,000,000	14,302,827	29,353,166	153,655,993	1,148,029	154,804,022
<b>Period ended 31 March 2017 -</b>						
<b>Balance at 1 January 2017</b>	110,000,000	11,326,435	23,420,395	144,746,830	-	144,746,830
Total comprehensive income for the period	-	-	5,014,515	5,014,515	-	5,014,515
<b>Balance at 31 March 2017</b>	110,000,000	11,326,435	28,434,910	149,761,345	-	149,761,345

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report

**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)**

	<u>Note</u>	31 March 2018 JD	31 March 2017 JD
<b><u>Operating activities</u></b>			
Profit for the period before tax		3,560,497	6,181,184
<b>Adjustments for:</b>			
Depreciation and amortization		2,936,815	2,341,948
Provision for doubtful debts		-	150,000
Unrealized gain on financial assets at fair value through profit or loss		(133,659)	(27,946)
Finance costs		3,131,292	1,686,270
Gain from disposal of property and equipment		(35,491)	(264,634)
Strategic fuel inventory valuation loss (gain)		114,685	(651,509)
<b>Working capital adjustments</b>			
Accounts receivable and cheques under collection		(1,212,156)	(3,968,320)
Inventories		22,874,099	7,575
Other current assets		(11,681,638)	(681,360)
Due from related parties		(3,118,645)	(6,251,453)
Accounts payable and other current liabilities		(13,983,641)	5,955,151
Due to related parties		(2,371,808)	(8,995,582)
Governmental deposits		(1,621,425)	(1,359,543)
Post-dated cheques		3,798,198	(2,520,919)
<b>Net cash flows from (used in) operating activities before tax</b>		<u>2,257,123</u>	<u>(8,399,138)</u>
Income tax paid		(1,267,149)	(67,605)
<b>Net cash flows from (used in) operating activities</b>		<u>989,974</u>	<u>(8,466,743)</u>
<b><u>Investing activities</u></b>			
Purchase of property and equipment and projects in progress		(6,378,552)	(10,884,702)
Proceeds from sale of property and equipment		109,650	736,313
Purchase of financial assets at fair value through profit or loss		-	(902,843)
<b>Net cash flows used in investing activities</b>		<u>(6,268,902)</u>	<u>(11,051,232)</u>
<b><u>Financing activities</u></b>			
Loans		3,821,762	19,625,336
Due from related parties		(3,209,087)	(8,544,566)
Finance cost paid		(3,131,292)	(1,686,270)
<b>Net cash flows (used in) from financing activities</b>		<u>(2,518,617)</u>	<u>9,394,500</u>
Net decrease in cash and cash equivalents		(7,797,545)	(10,123,475)
<b>Cash and cash equivalents at beginning of the period</b>		<u>(48,423,416)</u>	<u>(34,181,523)</u>
<b>Cash and cash equivalents at ending of the period</b>	4	<u><u>(56,220,961)</u></u>	<u><u>(44,304,998)</u></u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and should be read with the interim review report



**(1) GENERAL INFORMATION**

Afaq for Energy was established as a public company on 5 August 2008 with an authorized and paid capital of JD 5,000,000, divided into 5,000,000 shares with a par value of JD 1 per share. The company has increased its capital several times over the years to become JD 110,000,000 divided into 110,000,000 shares with a par value of JD 1 per share.

The purpose of the Company is to invest in the capital of the companies that operate in the energy sector.

Jordan Modern Oil and Fuel Services Company (subsidiary) signed an agreement with the Ministry of Energy and Natural Resources on 20 November 2012 where company was granted the right of distributing and marketing the oil products in addition to any other oil services authorized in Jordan for a period of ten years from the commercial operations starting date. The commercial operations has started in May 2013.

The headquarter of the group is located on Queen Alia International Airport Road- Amman - Hashemite Kingdome of Jordan.

**(2) BASIS OF PREPARATION INTERIM FINANCIAL STATEMENTS**

**(2.1) Basis of preparation**

The interim condensed consolidated financial statements for the three months period ended 31 March 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated 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 Group's annual report as of 31 December 2017. In addition, results of the three months period ended 31 March 2018 do not necessarily indicative of the expected results for the financial year ending 31 December 2018.

**(2.2) Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new amendment 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 Group 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.

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 fundamentally changed the Group'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.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group's policy to calculate ECLs of debt instruments is for a period of 12 months.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets by JD 1,119,843. The increase in allowance resulted in adjustment of the opening retained earnings balance with the same amount.

### **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.

The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 has no impact on the Group's consolidated financial statements.

#### **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 Group's consolidated 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 Group's consolidated 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 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 Group's consolidated 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 Group's consolidated financial statements.

**(2.3) Basis of consolidation of financial statements**

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries where the Company holds control over the subsidiaries. The control exists when the Company controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Company and subsidiaries are eliminated. The subsidiaries included in the interim condensed consolidated financial statements are as follows:

Name of the company	Country of incorporation	Ownership percentage	Main activity
Jordan Modern Oil and fuel Services Company	Jordan	100%	Fuel distribution
Jordan Modern Importing and Exporting Company (Free Zone)	Jordan	100%	Oil and lubricants distribution
Jordan Modern Food Trading Company	Jordan	100%	Trading
Aqaba Bulk Chemical Co.	Jordan	55%	Warehousing Services

**(3) LANDS, PROPERTY AND EQUIPMENT**

The Group purchased property and equipment amounting to JD 6,378,552 during the three months period ended 31 March 2018 (31 March 2017: JD 10,884,702).

There are lands amounting to JD 160,743,393 owned by Jordan Modern Oil and Fuel Services (a subsidiary), that are mortgaged against the Group's credit facilities.



**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018**

**(4) CASH AND CASH EQUIVALENT**

	31 March 2018 JD (Unaudited)	31 March 2017 JD (Unaudited)
Cash on hand	2,377,365	2,125,061
Cheques with maturities less than one month	3,145,170	12,077,272
Cash at banks	14,208,276	2,463,308
	19,730,811	16,665,641
Less: due to banks	(75,951,772)	(60,970,639)
Cash and cash equivalents	(56,220,961)	(44,304,998)

**(5) RELATED PARTIES TRANSACTIONS**

The related parties represent the major shareholders and key management personnel of the Group and the companies in which they are the major shareholders. The prices and conditions of these transactions are determined by the Group's management.

Balances with related parties included in interim statement of financial position are as follows:

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<b>Due from related parties</b>		
Stone Castle Restaurant Company – Bayt Omar	1,587,748	1,410,452
Developed Crushers Company LTD (sister company)	8,215,528	8,163,865
United Iron and Steel Manufacturing Company PLC (sister company)	519,308	366,382
Advanced Transport and Land Shipping Services Company LTD (sister company)	9,117,317	6,962,789
Jordan Modern International Trade Company LTD (sister company)	12,598	4,637
Modern Cement and Mining Company LTD (sister company)	614,582	486,652
Mr. Muin Qadada (Vice Chairman)	6,851	18,973
Al Bunyan for Cement and Concrete Products Manufacturing Company LTD (sister company)	71,741	104,989
Jordan Modern Ready Mix Concrete Company LTD (sister company)	357,189	198,846
Al Manaseer Group for Commercial and Industrial Investments (Parent company)	3,209,087	-
Al-Balkan for Investment Properties Company (sister company)	3,811	-
Jordan Modern Advanced Chemical Industries Company LTD (sister company)	4,534	487
Arab Towers Contracting Company (sister company)	2,679,171	2,467,705
Magnisia Jordan limited shareholding company (sister company)	121,046	91,108
Jordan Modern Company for high Information Technology (sister company)	141,652	57,046
Al Manseer charity (sister company)	-	500
	26,662,163	20,334,431

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018**

	31 March 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
<b>Due to related parties</b>		
Jordan Modern Shipping and Clearance Company LTD (sister company)	33,967	85,498
Manaseer for Commercial Services (sister company)	122,098	4,521
Al Adiyat Al Sereea Machinery Trading Company (sister company)	146,610	109,909
Jordan Modern Food and Industries Company LTD (sister company)	26,610	29,041
Manaseer Group for Industrial and Commercial Investments Company LTD (Parent company)	-	2,472,124
Engineer Ziad Al Manaseer (Chairman)	127,847	127,847
Khalid Ahmad Al Jafali (partner in a subsidiary)	717,226	717,226
Suhail Ghaleb Shukri Al Farouqi (partner in a subsidiary)	717,226	717,226
Afaq Company for Importing and Storage (partner in a subsidiary)	665,547	665,547
	<u>2,557,131</u>	<u>4,928,939</u>

Transactions with related parties included in the interim consolidated statements of comprehensive income are as follows:

	31 March 2018	31 March 2017
	JD	JD
	(Unaudited)	(Unaudited)
Expenses charged by headquarter	106,841	43,773
Oil and fuel sales	<u>4,502,609</u>	<u>4,873,202</u>

**Property and equipment**

The Group purchased property and equipment and have projects with related parties amounting to JD 4,845,565 during the period ended 31 March 2018.

Below is the summary of compensation paid to key management personnel:

	31 March 2018	31 March 2017
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	<u>31,065</u>	<u>33,000</u>



**(6) DUE TO BANKS**

This item represents the utilized overdraft credit facilities granted to the Jordan Modern Company for Oil and Gas Services (subsidiary).

	Limit	31 March 2018	31 December 2017
	JD	JD (unaudited)	JD (audited)
Capital Bank	20,000,000	19,712,545	19,832,606
Societe Generale Bank	5,000,000	5,953,697	4,926,346
Arab Jordan Investment Bank	17,890,000	16,354,886	8,080,485
Jordan Kuwait Bank	13,000,000	12,954,733	12,903,842
Arab Bank	5,000,000	4,654,436	4,942,953
Bank Al Etihad	12,000,000	11,273,659	10,279,699
Housing Bank	5,000,000	5,047,816	7,488,155
		<u>75,951,772</u>	<u>68,454,086</u>

These facilities are guaranteed by a first class mortgage on the land of Jordan Modern Company for Oil and Gas Services (a subsidiary) in addition to the personal guarantee of the Chairman of the board of directors.

The interest rates on due to banks in JD ranges from 6.5% to 8%.

**(7) LOANS AND MURABAHA**

	31 March 2018		31 December 2017	
	Short term	Long term	Short term	Long term
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Capital Bank – JD	471,250	3,839,031	1,439,600	2,965,692
Societe Generale Bank – JD	1,618,929	2,751,881	1,474,762	3,252,441
Arab Jordan Investment Bank – JD	3,957,419	4,583,288	3,683,399	5,770,618
Jordan Kuwait Bank – JD	3,443,544	8,741,304	3,704,865	7,935,960
Standard Chartered Bank – USD	29,773,598	-	32,508,320	-
Islamic International Arab Bank – JD	2,208,904	-	1,432,374	1,029,167
Jordan Ahli Bank – JD	2,166,840	4,812,320	2,145,520	5,381,343
Bank of Jordan – JD	11,510,972	7,816,666	12,489,838	7,466,669
Bank Al Etihad – JD	41,477,900	-	32,671,516	-
	<u>96,629,356</u>	<u>32,544,490</u>	<u>91,550,194</u>	<u>33,801,890</u>

These loans are guaranteed by a first class mortgage on the lands owned by Jordan Modern Oil and Fuel Services Company (a subsidiary), as well as the personal guarantee of the Chairman of the board of directors.



**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018**

The aggregate amounts of annual principal maturities of long term loans and Murabaha are as follows:

Year	JD
2019	10,160,279
2018	12,316,394
2021 and after	10,067,817
	<u>32,544,490</u>

**(8) EARNINGS PER SHARE**

	31 March 2018 JD (Unaudited)	31 March 2017 JD (Unaudited)
Profit for the period (JD)	2,750,337	5,014,515
Weighted average number of shares (shares)	110,000,000	110,000,000
	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share	<u>0/025</u>	<u>0/046</u>

**(9) INCOME TAX**

Movement on income tax is as follows:

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Balance at the beginning of the period/ year	4,576,898	3,514,674
Income tax paid	(1,267,149)	(4,840,839)
Income tax charge for the period/ year *	<u>661,303</u>	<u>5,903,063</u>
Balance at the end of the period/ year	<u>3,971,052</u>	<u>4,576,898</u>

Income tax appearing in the interim condensed consolidated statements of comprehensive income represents the following:

	31 March 2018 JD (Unaudited)	31 March 2017 JD (Unaudited)
Income tax expense for the period	<u>661,303</u>	<u>1,166,669</u>

The income tax is calculated for the period ended 31 March 2018 and 2017 in accordance with the Income Tax Law No. (34) of 2014.

**Afaq For Energy:**

The Company reached a final settlement with the Income and Sales Tax Department for the year 2009. The Company has submitted its income tax declaration for the years 2010 to 2016 and has not been reviewed by the Income and Sales Tax Department up to the date of these interim condensed consolidated financial statements.

**Jordan Modern Oil and Fuel Services Company (subsidiary):**

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2014. The company submitted its income tax declaration for the years 2015 and 2016 but the final acceptance was not reached to the date of these consolidated financial statements.

The branch in Aqaba Special Economic Zone reached a final settlement with Income and Sales Tax Department up to 2014, and submitted the income tax declaration for the years 2015 and 2016. The Income and Sales Tax Department has not reviewed its records up to the date of these consolidated financial statements.

**Jordan Modern Food Trading Company/ Lumi (subsidiary):**

The company reached a final settlement with the Income Tax Department for the years 2012 and 2014 and the company submitted its income tax declaration for the years 2013, 2015 and 2016 and has not been reviewed by the Income Tax Department up to the date of these consolidated financial statements.

**Jordan Modern Importing and Exporting Company (Free Zone) (subsidiary):**

The company submitted its income tax declaration for the years 2012 to 2016 and has not been reviewed by the Income and Sales Tax Department up to the date of these consolidated financial statements.

**Aqaba Bank Chemical Company (subsidiary):**

The Company reached a final settlement with the Income and Sales Tax Department until year 2016.

**(10) DIVIDENDS**

The general assembly approved in its ordinary meeting held on 29 April 2018, the distribution of cash dividends to shareholders amounted to JD 16,500,000 equivalent to 15% of the paid in capital (2016: JD 16,500,000 equivalent to 15% of the paid in capital).

**(11) LEGAL RESERVES**

The Group has not apportioned statutory reserve according to the Jordanian Companies Law as these are interim financial statements.



**(12) CONTINGENT LIABILITIES**

**Bank Guarantees**

The Group contingent liabilities in the form by bank guarantees amounting to JD 8,807,401 as of 31 March 2018 (2017: JD 8,085,953), which include a guarantee issued in favor of the Ministry of Energy and Mineral Resources amounting to JD 4,601,000.

**Legal cases**

There is a number of legal cases raised against Jordan Modern Oil and Fuel Services Company (a subsidiary) in the normal course of business amounting to JD 409,711 as of 31 March 2018 (2017: JD 409,711). According to the Group's management and legal advisor, no material liability will arise as a result of these lawsuits.

**Capital expenditures**

The Group entered into projects with related parties for construction of gas stations. The expected remaining cost to complete these projects is JD 4,845,765 as of 31 March 2018 (31 December 2017: JD 7,849,547).

**(13) SEGMENT INFORMATION**

For management purposes, the Group is organized into three major business segments in accordance with the reports sent to chief operating decision maker:

- Oil and Fuel.
- Import and Export.
- Grocery trading

The revenues, profits, assets and liabilities of the business segments are as follows:

	Afaq JD	Oil and Fuel JD	Import and Export JD	Grocery Trading JD	Total JD (Unaudited)
<b>For the three month ended 31 March 2018</b>					
<b>Revenue-</b>					
Revenues	-	239,685,749	1,468,798	2,334,185	243,488,732
Cost of revenues	-	(232,349,633)	(1,230,166)	(1,819,977)	(235,399,776)
Gross profit	-	7,336,116	238,632	514,208	8,088,956
<b>Segments results-</b>					
Profit (loss) before tax	119,369	3,142,149	209,954	89,025	3,560,497
<b>Other segments information-</b>					
General and administrative expenses	(15,750)	(1,311,773)	(28,099)	(521,661)	(1,877,283)
Provision for doubtful debt	-	-	-	-	-
Finance cost	-	(3,130,737)	(451)	(104)	(3,131,292)
Change in fair value of financial assets through profit or loss	133,659	-	-	-	133,659
Gain from disposal of property and equipment	-	35,491	-	-	35,491
Other income (expense)	1,460	213,052	(128)	96,582	310,966



**AFAQ FOR ENERGY**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018**

Afaq	Oil and Fuel	Import and Export	Grocery Trading	Total
JD	JD	JD	JD	JD
				(Unaudited)

For the three month ended 31  
March 2017

**Revenue-**

Revenues	-	220,144,009	3,496,439	1,809,021	225,449,469
Cost of revenues	-	(211,687,820)	(3,056,188)	(1,417,819)	(216,161,827)
Gross profit	-	8,456,189	440,251	391,202	9,287,642

**Segments results-**

Profit (loss) before tax	(63,538)	5,760,856	411,376	72,490	6,181,184
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**Other segments information-**

General and administrative expenses	(91,484)	(1,178,367)	(27,133)	(397,940)	(1,694,924)
Provision for doubtful debt	-	(150,000)	-	-	(150,000)
Finance expenses	-	(1,683,203)	(1,742)	(1,325)	(1,686,270)
Change in fair value of financial assets through profit or loss	27,946	-	-	-	27,946
Gain from disposal of property and equipment	-	264,634	-	-	264,634
Other income	-	51,603	-	80,553	132,156

Afaq	Oil and Fuel	Import and Export	Grocery Trading	Eliminations	Total
JD	JD	JD	JD	JD	JD
					(Unaudited)

As of 31 March 2018

**Assets and liabilities-**

Segment assets	188,903,692	410,884,488	7,068,866	2,944,903	(168,272,926)	441,529,023
Segment liabilities	34,304,981	281,043,950	1,831,589	2,605,506	(33,061,025)	286,725,001

As of 31 December 2017

**Assets and liabilities**

Segment assets	181,155,103	416,056,915	9,018,215	2,726,300	(162,835,131)	446,121,402
Segment liabilities	29,455,585	287,173,072	3,990,891	2,475,726	(29,998,543)	293,096,731

(Audited)