شركة مصفاة البترول الأردنية المساهمة المحدودة
عمـــان
المملكة الأردنية الهاشمية

Jordan Petroleum Refinery Co. Ltd.
Amman
Hashemite Kingdom of Jordan

الرقم: ٤/ 1/1/51/25/ ١١/ ٢/ ١٠٤١٣
Ref.:

التاريخ : 2019/11/3
Date:

معالي رئيس هيئة الأوراق المالية الأكرم

الموضوع : الإفصـــــاح.

تحيـــة طيبـــة وبعـــد ،،،

لاحقاً لكتابنا رقم 10073/3/11/2 تاريخ 2019/10/29 والمرفق نسخه منه ، وبالإشارة إلى تعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق لسنة 2004 يسرنا أن نرفق لمعاليكم القوائم المالية الموحدة الموجزة للتسعة أشهر المنتهية في 30 أيلول 2019 باللغة الإنجليزية.

وتفضلــوا بقبـــول فائـــق الإحتـــرام ،،،

المهندس عبد الكريم علاويــن

الرئـــيس الـــتنفـــيذي

هيئـــة الأوراق الماليـــة
الدائـــرة الإداريـــة / الديـــوان
٤ تشرين الثاني ٢٠١٩
الرقم المتسلسل ٣٦٠٧٣٧
الجهة المختصة

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تلفون: ٤٦٣٠١٥١ ، ٤٦٥٧٦٠٠ (٦) (٩٦٢)
فاكس: ٤٦٥٧٩٣٤ ، ٤٦٥٧٩٣٩ (٦) (٩٦٢)
ص.ب: ٣٣٩٦ عمان ١١١٨١ – الأردن
ص.ب: ١٠٧٩ عمان ١١١١٨ – الأردن

البريد الالكتروني:.E-mail:addewan@jopetrol.com.jo

Jordan Petroleum Refinery Co. Ltd.
Amman
Hashemite Kingdom of Jordan

شركة مصفاة البترول الأردنية المساهمة المحدودة
عمـــان
المملكة الأردنية الهاشمية

Ref.:
Date:

الرقــم : ١٠٠٧٣/٣/١١/٢
التاريخ : ٢٠١٩/١٠/٢٩

صادر الديـــوان المركـــزي			
م.ت. مصفاة		م. المشتريات	
م.ت. مالية/د.مالية		م. الزيوت	
م.ت. موارد بشرية		و. قانونية	
د. تسويق المنتجات		و. الرقابة	
د. نشاط الغاز		و. أنظمة المعلومات	
د. خدمة الطائرات		الشركة التسويقية	
د. مستودعات العقبة			
رقم الملف:			

معالي رئيس هيئة الأوراق المالية الأكرم

الموضوع: الإفصاح

تحية طيبة وبعد،،،

بالإشارة إلى تعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق يسرنا أن نرفق لمعاليكم القوائم المالية الموحدة الموجزة للتسعة أشهر المنتهية في ٣٠ أيلول ٢٠١٩ مع تقرير مدقق الحسابات المستقل باللغة العربية.

كما سيتم تزويدكم بالقوائم المالية باللغة الإنجليزية خلال الفترة القادمة.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

د م المهندس عبد الكريم علاوين

الرئيـــس التنفيـــذي

نسخة: مركز إيداع الأوراق المالية

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تلفون: ٤٦٣٠١٥١ ، ٤٦٥٧٦٠٠ (٦) (٩٦٢)
فاكس: ٤٦٥٧٩٣٤ ، ٤٦٥٧٩٣٩ (٦) (٩٦٢)
ص.ب: ٣٣٩٦ عمان ١١١٨١ – الأردن
ص.ب: ١٠٧٩ عمان ١١١١٨ – الأردن

البريد الالكتروني: E-mail:addewan@jopetrol.com.jo.

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2019
TOGETHER WITH REVIEW REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche (M.E.)
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Review Report

AM/ 000573

H.E. the Chairman and Members of the Board of Directors
Jordan Petroleum Refinery Company
(A Public Shareholding Limited Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed consolidated financial position of Jordan Petroleum Refinery Company "The Company" and its subsidiaries "The Group" as of September 30, 2019, and the related condensed consolidated statements of profit or loss and comprehensive income for the three months and nine months ended September 30, 2019, changes in owners' equity, and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

Except as explaineded in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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.

Basis for Qualified Conclusion

1. The Company did not receive a confirmation letter of balances and transactions as of April 30, 2018 (date of the end of the financial relationship with the Government) and December 31, 2018 from the Ministry of Finance, as stated in Note (19) to the consolidated financial information. Accordingly, we were unable to obtain sufficient appropriate supporting evidence about these balances and transactions as of those dates. Consequently, we were unable to determine whether any adjustments to these balances were necessary as of September 30, 2019.

2. As stated in Note (16) to the condensed consolidated interim financial information, the Company has deferred recognition of the losses related to the cost of imported Indian cylinders. If these losses had been booked but not deferred in the year 2016, the profit for the nine-month period ended September 30, 2019 would have increased by JD 1,371,753, and, as of that date, retained earnings would have decreased by JD 2,286,254, and Earnings per Share related to the Company's shareholders would have increased by 0.013%.

Deloitte.

3. The Company did not eliminate certain intragroup transactions between the Company and its subsidiaries in compliance with the agreement signed with the Government of Jordan. This does not conform to International Financial Reporting Standard No. (10) "Consolidated Financial Statements". Moreover, there is not impact on the net consolidated profit or loss for the period.

Qualified Conclusion

Based on our review above, with the exception of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) which is related to Interim Financial Reporting.

Emphasis of Matters

We draw attention to the following:

1. As stated in Note (17) to the condensed consolidated interim financial information, no final agreement has been reached up to this date with the Jordanian Government concerning the transfer of the Company's assets at net book value to Jordan Petroleum Products Marketing Company (subsidiary company).

2. As stated in Note (7/c) to the condensed consolidated interim financial information, and pursuant to the Council of Ministers' decisions, the Group has granted a quantity discount of JD 9,645,385 to Alia Company – Royal Jordanian Airlines for the period ended September 30, 2019. This discount has been directly charged to the Ministry of Finance through deducting part of the above-mentioned discount from the outstanding debt signed on March 6, 2016. The remaining balance was booked as a deposit to the favor of Alia Company.

3. As stated in Note (10/g) to the condensed consolidated interim financial information, negotiations are still going on between the Jordan Petroleum Products Marketing Company (subsidiary) and the Ministry of Finance regarding the entitlement rights to the petroleum products import pricing differences to the favor of the subsidiary company or to the Ministry of Finance for an amount of JD 7.8 million classified as accounts payable and other credit balances.

4. As stated in Notes (3 & 4) to the condensed consolidated interim financial information, the financial relationship between the Company and the Government of Jordan ended on April 30, 2018, and the Company commenced its operations on a commercial basis on May 1, 2018.

Our conclusion is not qualified in respect to the above matters.

Other Matter

The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements which are in the Arabic language and to which reference should be made.

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

Amman - Jordan
October 29, 2019

Deloitte & Touche (M.E.) – Jordan

JORDAN PETROLEUM REFINERY COMPANY
(A LIMITED PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Current Assets:			
Cash on hand and at banks		21,175,795	16,966,903
Receivables and other debit balances	7	1,042,296,707	932,850,727
Crude oil, finished oil products and supplies	8	408,436,753	268,126,688
Total Current Assets		**1,471,909,255**	**1,217,944,318**
Deferred tax assets		8,365,139	7,784,486
Financial assets at fair value through comprehensive income		2,228,414	2,007,369
Property investments - net		827,673	838,441
Right of use assets	6/a	57,093,128	-
Property and Equipment:			
Lands		44,876,780	55,856,109
Property and equipment		447,250,285	452,460,965
Less: Accumulated depreciation		(355,154,204)	(348,931,001)
Net book value of property and equipment		136,972,861	159,386,073
Projects under construction		40,876,897	25,944,153
Total Property and Equipment and Projects under construction		177,849,758	185,330,226
Intangible Assets		43,316,759	43,316,759
Less: Accumulated amortization		(19,393,954)	(17,000,000)
Net Intangible Assets		23,922,805	26,316,759
TOTAL ASSETS		**1,742,196,172**	**1,440,221,599**
Contra Accounts			
Death, end-of-service indemnity, and compensation fund	12	49,674,997	45,482,322

LIABILITIES	Note	September 30, 2019 (Reviewed) JD	December 31, 2018 (Audited) JD
Current Liabilities:			
Due to banks	9	930,233,438	770,945,016
Payables and other credit balances	10	468,433,457	378,586,267
Lease liability - current portion	6/a	4,287,300	2,112,322
Income tax provision	11/a	5,100,104	5,231,574
Commitments resulting from acquisition of a subsidiary		9,150,798	-
Total Current Liabilities		**1,417,205,097**	**1,156,875,179**
Long - Term Liabilities:			
Commitments resulting from acquisition of a subsidiary		-	8,350,205
Due to death, end-of-service indemnity, and compensation fund	12	40,893,396	36,553,358
End-of-service indemnity provision		226,434	184,356
Lease liability - non-current portion	6/a	48,252,626	8,349,300
Total Long-Term Liabilities		**89,372,456**	**53,437,219**
Total liabilities		**1,506,577,553**	**1,210,312,398**
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and fully paid-up capital (100,000,000 shares at JD 1 per share)	1	100,000,000	100,000,000
Statutory reserve		43,124,425	43,124,425
Voluntary reserve		19,329,899	16,143,555
Fourth expansion reserve		90,612	-
Financial assets valuation reserve - net		1,848,690	1,627,645
Difference resulting from purchasing of non-controlling interest		(86,472)	(368,400)
Retained earnings		29,968,294	58,245,250
Profit for the period		32,706,189	-
Total Shareholders' Equity		**226,981,637**	**218,772,475**
Non - controlling interests		8,636,982	11,136,726
Total Owners' Equity		**235,618,619**	**229,909,201**
TOTAL LIABILITIES AND OWNERS' EQUITY		**1,742,196,172**	**1,440,221,599**
Contra Accounts			
Provision for death, end-of-service indemnity, and compensation fund	12	49,674,997	45,482,322

Board of Directors Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION.

JORDAN PETROLEUM REFINERY COMPANY

(A LIMITED PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the Three Months Ended on September 30,		For the Nine Months Ended on September 30,									
		2019 (Reviewed)	2018 (Reviewed)	2019 (Reviewed)					2018 (Reviewed)				
	Note	Total	Total	Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Other	Total	Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Other	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net Sales	13	353,475,844	401,402,387	381,716,532	19,044,324	691,290,346	-	1,092,051,202	785,805,505	19,375,395	522,723,176	-	1,327,904,076
(Less): Cost of sales	14	(325,002,286)	(386,668,105)	(348,955,794)	(11,142,482)	(644,174,670)	-	(1,004,272,946)	(740,811,026)	(11,134,998)	(490,995,156)	-	(1,242,941,180)
Gross Income from Sales		28,473,558	14,734,282	32,760,738	7,901,842	47,115,676	-	87,778,256	44,994,479	8,240,397	31,728,020	-	84,962,896
Add: Operating income and other		5,258,593	4,552,072	13,441,306	13,571	2,760,607	-	16,215,484	11,503,685	42,237	290,742	-	11,836,664
Gross Income from Trading		33,732,151	19,286,354	46,202,044	7,915,413	49,876,283	-	103,993,740	56,498,164	8,282,634	32,018,762	-	96,799,560
(Less): Selling and distribution expenses		(12,179,160)	(8,053,921)	(25,276,289)	(1,306,808)	(16,820,213)	-	(43,403,310)	(28,689,176)	(1,261,353)	(12,216,937)	-	(42,167,468)
General and administrative expenses		(2,962,623)	(2,472,831)	(6,921,512)	(229,558)	(2,488,673)	-	(9,639,743)	(5,903,830)	(238,771)	(1,981,059)	-	(8,123,660)
Bank interest and commissions		(13,286,579)	(10,112,926)	(32,877,270)	-	(2,557,222)	65,028	(35,369,464)	(24,040,298)	-	(2,875,563)	63,465	(26,852,396)
Recovered from gas cylinders	10/d	-	-	-	-	-	-	-	5,000,000	-	-	-	5,000,000
Losses on Indian cylinders	16	(457,251)	(457,251)	(1,371,753)	-	-	-	(1,371,753)	(762,085)	-	-	-	(762,085)
Recovered from lawsuits provision		(1,500,154)	(642,844)	-	-	-	-	-	324,842	-	-	-	324,842
(Provision) expected credit losses	7/l	(1,041,627)	442,452	(185,813)	(41,794)	(2,277,397)	-	(2,505,004)	1,225,838	57,833	(2,586,760)	-	(1,303,089)
Settlement of targeted income with the Government - support	16	-	-	-	-	-	-	-	5,783,760	-	-	-	5,783,760
(Provision) for slow-moving and obsolete inventory	8	(561,227)	3,550,001	(1,128,082)	-	-	-	(1,128,082)	(5,437,757)	-	-	-	(5,437,757)
(Provision) for storage fees of logistic company	10/h	(1,262,400)	(2,209,200)	(3,787,200)	-	-	-	(3,787,200)	(11,948,684)	-	-	-	(11,948,684)
(Provision) recovered from employees' vacations		54,071	398,503	(171,045)	-	-	-	(171,045)	398,503	-	-	-	398,503
(Provision) for work injuries compensation		(151,445)	(220,353)	(226,337)	-	-	-	(226,337)	(220,353)	-	-	-	(220,353)
Income from storage of strategic inventory		2,853,975	3,894,306	10,613,679	-	-	-	10,613,679	6,930,571	-	-	-	6,930,571
Right-of-use assets depreciation	6/a	(941,298)	-	-	-	(2,616,755)	-	(2,616,755)	-	-	-	-	-
Interest income resulting from government's delay		10,155,335	7,369,319	28,571,870	-	-	-	28,571,870	12,318,415	-	-	-	12,318,415
Lease obligations interest	6/a	(32,450)	-	-	-	(647,792)	-	(647,792)	-	-	-	-	-
Interest resulting from acquisition of a subsidiary		(266,864)	-	-	-	(800,593)	-	(800,593)	-	-	-	-	-
Amortization of intangible assets		(797,984)	(750,000)	-	-	(2,393,954)	-	(2,393,954)	-	-	(2,250,000)	-	(2,250,000)
Profit for the period before Income Tax		11,354,470	10,021,609	13,442,292	6,337,253	19,273,684	65,028	39,118,257	11,477,908	6,840,343	10,108,443	63,465	28,490,159
Income tax expense for the period	11/b	(1,979,424)	(482,054)	(1,257,334)	(950,588)	(3,962,046)	-	(6,169,968)	(957,741)	(957,648)	(2,096,647)	-	(4,012,036)
Profit for the Period		9,375,046	9,539,555	12,184,958	5,386,665	15,311,638	65,028	32,948,289	10,520,167	5,882,695	8,011,796	63,465	24,478,123
Attributable to:													
Company's shareholders		9,250,836	9,470,616					32,706,189					24,275,648
Non - controlling interests		124,210	68,939					242,100					202,475
		9,375,046	9,539,555					32,948,289					24,478,123
Earnings per Share for the Period-Basic & Diluted	15	-/093	-/095					-/327					-/243

Board of Directors Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Profit for the period	32,948,289	24,478,123
Items that can not be reclassified subsequently to the condensed consolidated		
Statement of profit or loss:		
Change in financial assets valuation reserve - net	221,045	(353,692)
Total Comprehensive Income for the Period	33,169,334	24,124,431
Total Consolidated Comprehensive Income Attributable to:		
Company's shareholders	32,927,234	23,921,956
Non-controlling interests	242,100	202,475
	33,169,334	24,124,431

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid-up Capital	Statutory Reserve	Voluntary Reserve *	Fourth Expansion Reserve **	Financial Assets Valuation Reserve - Net	Difference due to Purchasing of Non-controlling Interest	Retained Earnings ***	Profit for the Period	Total Shareholders' Equity	Non-Controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Nine Months Ended September 30, 2019 (Reviewed)											
Balance - beginning of the period	100,000,000	43,124,425	16,143,555	-	1,627,645	(368,400)	58,245,250	-	218,772,475	11,136,726	229,909,201
Profit for the period	-	-	-	-	-	-	-	32,706,189	32,706,189	242,100	32,948,289
Change in valuation reserve for financial assets at fair value through comprehensive income	-	-	-	-	221,045	-	-	-	221,045	-	221,045
Total Comprehensive Income for the Period	-	-	-	-	221,045	-	-	32,706,189	32,927,234	242,100	33,169,334
Deductible for reserves	-	-	8,538,579	8,538,579	-	-	(17,077,158)	-	-	-	-
Transfer from voluntary reserve to fourth expansion reserve****	-	-	(5,352,235)	5,352,235	-	-	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	(13,800,202)	-	-	13,800,202	-	-	-	-
Dividends distributed to shareholders*****	-	-	-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	(2,741,844)	(2,741,844)
Purchasing of non-controlling interest difference	-	-	-	-	-	281,928	-	-	281,928	-	281,928
Balance - End of the Period (Reviewed)	100,000,000	43,124,425	19,329,899	90,612	1,848,690	(86,472)	29,968,294	32,706,189	226,981,637	8,636,982	235,618,619
For the Nine Months Ended September 30, 2019 (Reviewed)											
Balance - beginning of the period	100,000,000	41,706,721	14,584,909	2,652,918	2,080,854	-	43,433,771	-	204,459,173	9,678,017	214,137,190
IFRS (9) adoption impact - Net	-	-	-	-	-	-	(1,481,324)	-	(1,481,324)	-	(1,481,324)
Adjusted balance	100,000,000	41,706,721	14,584,909	2,652,918	2,080,854	-	41,952,447	-	202,977,849	9,678,017	212,655,866
Profit for the period	-	-	-	-	-	-	-	24,275,648	24,275,648	202,475	24,478,123
Change in valuation reserve for financial assets at fair value through comprehensive income	-	-	-	-	(353,692)	-	-	-	(353,692)	-	(353,692)
Total comprehensive income for the period	-	-	-	-	(353,692)	-	-	24,275,648	23,921,956	202,475	24,124,431
Deductible for reserves	-	-	7,836,292	7,836,292	-	-	(15,672,584)	-	-	-	-
Dividends distributed to shareholders****	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)	-	(20,000,000)
Transfer from fourth expansion reserve to retained earnings	-	-	-	(11,543,925)	-	-	11,543,925	-	-	-	-
Transfer from voluntary reserve to fourth expansion reserve	-	-	(1,054,715)	1,054,715	-	-	-	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	1,240,652	1,240,652
Balance - End of the Period	100,000,000	41,706,721	21,366,486	-	1,727,162	-	17,823,788	24,275,648	206,899,805	11,121,144	218,020,949

* In its ordinary meeting held on April 27, 2019, the General Assembly of Shareholders decided to allocate JD 8,538,579 to the voluntary reserve account from retained earnings.

** In its ordinary meeting held on April 27, 2019, the General Assembly of Shareholders decided to allocate JD 8,538,579 to the special reserve account from retained earnings for the fourth expansion project. Moreover, the Company paid an amount of JD 13,800,202 during the period ended September 30, 2019 from the special reserve for the purposes of the fourth expansion project, representing payments on the preliminary and detailed designs related to the project.

*** Profits for the period and retained earnings include an amount of JD 8,365,139 as of September 30, 2019, representing the value of deferred tax assets restricted under the Jordan Securities Commission's instructions.

**** The Company transferred an amount of JD 5,352,325 from the voluntary reserve to the fourth expansion project reserve during the period ended September 30, 2019 based on the General Assembly of Shareholders' prior approval dated April 27, 2019.

***** In its ordinary meeting held on April 27, 2019, the General Assembly of Shareholders decided to distribute cash dividends of 25% of paid-up capital, equivalent to JD 25 million (JD 20 million for the year 2017).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Nine Months Ended September 30, 2019 (Reviewed)	2018 (Reviewed)
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before income tax and interest		39,118,257	28,490,159
Adjustments for:			
Depreciation of property, equipment, and investment property		6,223,203	19,020,483
Amortization of intangible assets		2,393,954	2,250,000
Depreciation of right-of-use assets	6/a	2,616,755	-
Interest income on Government's delay		(28,571,870)	(12,318,415)
Interest resulting from acquisition of a subsidiary		800,593	-
(Recovered) from gas cylinders	10/d	-	(5,000,000)
Losses on Indian cylinders	16	1,371,753	762,085
Provision for slow-moving and obsolete inventory	8	1,128,082	5,437,757
Provision for expected credit losses	7/i	2,505,004	1,303,089
Provision for storage fees of logistics company	10/h	3,787,200	11,948,684
(Income) from storage of strategic inventory		(10,613,679)	(6,930,571)
(Recovered) from provision for lawsuits		-	(324,842)
Provision for (recovered) from employees' vacations		171,045	(398,503)
Provision for work injuries compensation		226,337	220,353
Settlement of targeted income with the Government - support	16	-	(5,783,760)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		21,156,634	38,676,519
(Increase) in accounts receivable and other debit balances		(111,950,984)	(71,840,708)
(Increase) in crude oil, finished oil products, and supplies		(141,438,147)	(8,771,607)
Increase in accounts payable and other credit balances		94,904,534	11,426,036
Increase (decrease) in death, end-of-service indemnity, and compensation fund System		4,340,038	(6,630,030)
Net Cash Flows (used in) Operating Activities before Payments of Income Tax		(132,987,925)	(37,139,790)
Income tax paid	11/a	(6,898,092)	(6,654,791)
Net Cash Flows (used in) Operating Activities		(139,886,017)	(43,794,581)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment, investment property, and projects under construction-Net		12,113,944	(28,203,095)
Paid from petroleum products marketing license		-	(4,280,000)
Increase in payments for purchasing investments after change in non-controlling interests		281,928	-
(Purchase) of financial assets at fair value through comprehensive income		-	(15,000)
Net Cash Flows from (used in) Investing Activities		12,395,872	(32,498,095)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		159,288,422	98,578,300
Increase in lease liability		-	1,143,949
Paid from lease liability	6/a	(2,589,385)	-
Dividends distributed to shareholders		(25,000,000)	(20,000,000)
Net Cash Flows from Financing Activities		131,699,037	79,722,249
Net Increase in Cash		4,208,892	3,429,573
Cash on hand and at banks - beginning of the year		16,966,903	11,087,752
Cash on Hand and at Banks - End of the Period		21,175,795	14,517,325

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION.

1. Incorporation and Activities

The Company was established on July 8, 1956, with a capital of JD 4 million, which was increased in stages, with the latest being on April 28, 2016. On this date, in their extraordinary meeting, the Company's General Assembly approved the capitalization of JD 25 million and distributed it to the shareholders. As a result, the Company's authorized and paid-up capital has amounted to JD 100 million.

In addition to the main units of refining, segregating, and converting the imported crude oil components to a set of petroleum products, the Company owns a factory for producing and filling lube-oils, Jordan Petroleum Products Marketing Company (JPPMC) (a subsidiary), and three liquefied gas-filling stations. Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of writing off the cylinders. Meanwhile, the interim condensed consolidated financial information include the operations of the main refining units, factories, and directly and indirectly owned subsidiaries.

Besides refining and producing hydrocarbon products, the Company transports and distributes these products to some customers, who receive supplies directly from the Company, as well as manufactures, blends, fills, and markets lube-oils. In addition, the Jordan Petroleum Products Marketing Company (a subsidiary) supplies its stations with petroleum products and maintains them kingdom-wide.

According to the settlement agreement with the Jordanian Government, dated February 25, 2008, concerning the termination of the concession, the Company should segregate some of its activities through establishing new companies which could be wholly or partially owned by the Jordan Petroleum Refinery Company after the expiry date of the concession agreement on March 2, 2008. During the year ended December 31, 2008, the Company established two subsidiary companies wholly owned by Jordan Petroleum Refinery Company (JPRC), namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, and Jordan Lube Oil Manufacturing Company, in order to split the activities of producing lube oil and filling gas. However, none of these companies has conducted any commercial activities yet, and JPRC is still in the process of segregating its other activities. Meanwhile, the stand - alone financial information for these two companies have been audited for the period from their establishment date up to the end of the financial year on December 31, 2015. During the year 2013, the Company established Jordan Petroleum Products Marketing Company, which is wholly owned by Jordan Petroleum Refinery Company. The expired concession settlement agreement between Jordan Petroleum Refinery Company and the Government, signed on February 25, 2008, stated that Jordan Petroleum Refinery Company shall keep part of the distribution activities (one of the licensed distribution companies with a share of not less than 25 % of the market) subject to all conditions and terms applied to other distribution companies. Furthermore, the agreement stated that the assets of this company shall include the gas stations owned by Jordan Petroleum Refinery Company, which has the right to split, own, and sell these stations to the distribution companies. The agreement also stated that Jordan Petroleum Refinery Company is the owner of the tanks and pumps and that it has the right to sell them to the distribution companies. Moreover, the agreement stipulated that the Government shall own some entities (storage and loading areas in Aqaba and properties within the Jordanian airports. Jordan Petroleum Refinery Company was involved as a partner, and then it has been agreed that the Government would be the sole owner of these assets according to the meeting held on September 2012), while Jordanian Petroleum Refinery Company shall keep the remaining ownership of the property, plant and equipment. The Company also established Jordan Petroleum Products Marketing Company that started its operations in May 2013. Accordingly, the distribution activities and the gas stations were transferred to this company. Meanwhile, the Council of Ministers' decision No. 7633, taken in its meeting held on April 30, 2018, mandated the Ministry of Finance to follow up on the procedures related to the calculation of the rental value of the assets transferred from the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company according to the percentage approved by the Land and Survey Department and an area of 8% of the land and buildings of JD 4.9 million. In this regard, the Company refuses this action for the aforementioned reasons, and the Company is still in the process of negotiating this matter with the Ministry of Finance.

2. The Concession Agreement

a. The signed concession agreement between the Company and the Government expired on March 2, 2008. Consequently, the Company signed a settlement agreement with the Jordanian Government on February 25, 2008, concerning the expiry of the concession, which was approved by the Company's General Assembly in its extraordinary meeting dated March 22, 2008. Meanwhile, no agreement was reached on the right to retain the balances of the provision for expected credit losses and the provision for idle and slow-moving inventory and sediments at the time. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669 dated August 29, 2019, which included its approval for the Company to clean its tanks from sediment and water at the Government's expense, write off the spare parts and supplies no longer needed, and transfer the surplus balance of the idle and slow- moving inventory and sediments to the Ministry of Finance. The said letter also included the Ministry of Finance's approval for the Company to retain the balance of the provision for expected credit losses, and in case the Company recovers any receivable within this provision, it shall credit the Ministry of Finance's account with the recovered amount.

According to Jordan Petroleum Refinery Company's Board of Directors' resolution No. 132/2009 dated November 15, 2009, His Excellency the Minister of Finance's Letter No. (18/4/25741), dated November 15, 2009, was approved for settlement of the outstanding financial issues between the Company and both the Ministry of Finance and Ministry of Energy and Mineral Resources on the following bases:

1. Through the petroleum derivatives pricing mechanism, annual profit from refining and distribution activities of JD 7.5 million after tax shall be achieved while maintaining the change in the Company's expenses at normal rates.

2. The Lube-Oil Factory income shall be excluded from the profit referred to in item (1) above provided that it is subject to income tax.

3. The Company shall be granted an amount of 10 cents/barrel from the surplus realized by the Government as an additional income from refining the Iraqi crude oil. This consideration is calculated based on the quantity of the barrels received by the Company provided that this income is subjected to income tax.

4. An agreement shall be made between the Government's representatives and the Chairman of the Audit Committee, ensuing from the Company's Board of Directors, concerning any new provisions or the increase in the outstanding provisions. These provisions shall be reviewed quarterly.

- According to the resolution of the Prime Ministry, in its meeting held on November 24, 2009, the above items have been approved for settling the financial relationship between the Government and Jordan Petroleum Refinery Company.

- According to the Prime Ministry's Letter No. 31/17/5/6014, dated March 24, 2010, and the Ministry of Energy and Mineral Resources' Letter No. 6/5/1/1439, dated March 29, 2010, it was approved to extend the above agreement until the year 2010.

b. The Company calculated the profit for the period ended April 30, 2018, and for the years 2012 until the end of the year 2017, according to the resolution of the Council of Ministers, in their meeting held on September 13, 2012, which was illustrated in the Prime Minister's Letter No. 31/17/5/24694, dated September 17, 2012, and approved by the Company's General Assembly, in their extraordinary meeting held on November 8, 2012. This includes the following:

1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax is to be achieved for Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses at normal rates. Otherwise, the Government should be consulted and coordinated with concerning any deviations from these rates.

2. The Government has the right to appoint an external auditor (certified public accountant) to audit the Company's records for the purposes determined by the Government.

3. Income from the marketing company owned by Jordan Petroleum Refinery Company, and any other income that arises in the future from the companies owned by it and operating according to the licenses issued by the Ministry of Energy and Mineral Resources or the industry legislator, shall be excluded from the profit mentioned above, provided that their financial statements or accounts are separated.

4. The Lube-Oil Factory income shall be excluded from the profit referred to above, provided that the Lube-Oil Factory is charged with the related fixed and variable costs whether directly or indirectly, as long as the financial statements or accounts are separated.

5. The liquefied gas income shall be excluded from the profit referred to above, provided that the financial statements or accounts are separated.

6. The profit granted to Jordan Petroleum Refinery Company of 10 cents/barrel from refining the Iraqi crude oil is also excluded from the above profit provided that this income is subject to income tax.

7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, expected credit losses, provision for writing off gas cylinders, provision for lawsuits raised against the Company, provision for idle and slow-moving inventory, provision for self-insurance, etc.), provided that these provisions and financial statements be audited by the Government.

8. All the above points apply to the year 2011, and up to the end of the transitional period of 5 years, starting from the commencement of operations date of the marketing companies on September 1, 2012. Moreover, Jordan Petroleum Products Marketing Company started its operations on May 1, 2013. The financial relationship between the Company and Government has terminated, according to the Prime Ministry's Decision No. 7633.

The profit difference calculated in accordance with this method, at the time of calculating the profit according to commercial bases, has been recorded in the Ministry of Finance's account for the period ending 30 April 2018, and for the years from 2012 to 2017, as prescribed by the provision on profit settlement with the Government. Meanwhile, the results of the Liquefied Natural Gas was not excluded from the profits mentioned in Item (5) above, notwithstanding the fact that the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2019 at JD 43 per ton sold. Furthermore, the investment return rate for LPG filling stations for the purpose of calculating the commission amount was set at 12% annually, due to the failure of the Oil Derivatives Pricing Committee to raise the filling commission from JD 25 per ton sold to JD 43 per ton sold in the sale of oil derivatives composition (IPP).

3. End of Relationship with the Government

According to the Company's future business meeting minutes signed on September 13, 2012, the financial relationship between the Jordan Petroleum Refinery Company and the Government of Jordan ended on April 30, 2018, pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018. Meanwhile, exclusion from applying the Jordanian specifications has been extended regarding the oil derivatives resulting from the refining process at the Jordan Petroleum Refinery Company throughout the implementation period of the Fourth Expansion Project as of May 1, 2018, provided that the project implementation stages shall be adhered to, and that production of the Jordan Petroleum Refinery Company shall not exceed 46% of the needs of the local market for non-conforming oil derivatives. The decision also requires the Ministry of Finance to follow up on implementing the procedures related to the points below and submit any related conclusions to the Council of Ministers:

1. The Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on 30 April 2018 and ensuring their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. 6399 was adopted at its meeting held on September 11, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018 in return for the issuance of pledges by the Ministry of Finance to the assigned banks on the repayment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount equivalent to JD 455,505,000 from the assigned banks after the Ministry of Finance had issued pledges to these banks to repay the loans installments and interest thereon (Note 7/e).

2. The Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the necessary materials. Moreover, the idle materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669 dated August 29, 2019, which included its approval for the Company to clean its tanks from sediment and water at the Government's expense, write off the spare parts and supplies no longer needed, and transfer the surplus balance of the idle and slow- moving inventory and sediments to the Ministry of Finance. (Note 8).

3. The Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the refundable deposits related to the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million, during the period ended April 30, 2018, which was reflected in the account of the Ministry of Finance, which approved this action under the Ministry of Finance letter No. 4/18/28669 dated August 29, 2019 (Note 10/d).

4. Jordan Petroleum Refinery Company has cancelled the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement be reached between the National Electricity Company and the Government. Moreover, the Company has removed these amounts from the consolidated statement of financial position based on the Ministry of Finance's Letter No. 18/73/33025 dated November 25, 2018 to the National Electricity Company, which states that the Ministry of Finance has recorded the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to write off the interest of JD 79.2 million on the National Electricity Company's borrowings under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019.

5. The tax situation of the Jordan Petroleum Refinery Company shall be rectified as a result of including the tax within the (IPP) Price Bulletin. In this regard, the current ex-refinery price does not include the public and special taxes. Instead, the said taxes are included afterwards, collected from the marketing companies, and forwarded to the State Treasury (Note 7/f).

6. The Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, since the Company is guaranteed profit after tax during that period (Note 7/f).

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the council of Ministries decision No. 6953. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363) related to exempting the Company's imports sold to the marketing companies. In this respect, the Law prescribes exempting the Jordan Petroleum Refinery Company from public and special taxes as of May 1, 2013 on the oil derivatives it produces for the quantities sold exclusively to petroleum products marketing companies, provided that the public and special taxes thereon have been paid by the marketing companies. The Law also prescribes resolving all pending issues with the Customs Department and completing all customs data, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expires. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordanian Customs Department, the Income and Sales Tax Department, and the Jordan Petroleum Refinery Company. During October 2019, the committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources (Note 7/f).

8. The Government's strategic stock, which has been quantified and valued, shall be transferred to the logistics company, provided that the value of this stock be settled later. Moreover, the Company started transferring the strategic inventory to the logistics company during April 2018. This action was approved by the Ministry of Finance, and the stock amount was settled under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic stock to the logistics company. In addition, financial matters related to the strategic stock amount have been settled (Note 18).

9. The Ministry of Finance shall maintain the provision for doubtful debts (expected credit losses provision). If any debt arising during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to the Jordan Petroleum Refinery Company. As a result of the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed to retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable within the provision, the recovered amount shall be credited to the Ministry of Finance's account under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019 (Note 7/I).

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission amount at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton, and any surplus or shortage amounts shall be treated concerning the increase or decrease in the rate of return on investment compared to the targeted commission amount of the filling stations for the following year. In addition, the said mechanism shall not increase the cylinder cost for citizens, nor require any subsidy by the Treasury /Ministry of Finance for this activity. The Company has provided the Energy Regulatory Authority with all the information and data of the gas activity to determine the amount of the commission for the year 2019 (Note 16).

11. The rental value shall be calculated regarding the assets transferred from the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company at the rate approved by the Land and Survey Department of (8%) on land and buildings valued at JD 4.9 million effective from the transfer date of these buildings up to date. However, the Company insists on rejecting the aforementioned, as the transferred assets are the property of the Jordan Petroleum Refinery Company under the end of Concession Settlement Agreement, which states that the stations are owned by the Jordan Petroleum Refinery Company and that they shall be transferred to the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company. From a legal perspective, the Company has the right to dispose of its assets in accordance with Article 236 of the Civil Code. Meanwhile, transfer of the assets at their net book value was carried out similar to the assets transferred at their net book value to other marketing companies in accordance with the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. In addition, the end of Concession Settlement Agreement stipulated that Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company be accorded the same treatment applied to other marketing companies (Note 6/b).

- Pursuant to the Council of Ministers' Resolution No. (11110) dated August 16, 2015, and the Company's General Assembly's decision dated November 8, 2012, a land swap was concluded between the Aqaba Special Economic Zone Authority and the Jordan Petroleum Refinery Company. In the swap, the Authority ceded plots of land it owned to the Jordan Petroleum Refinery Company of an area of (442) dunums, and in return, the Company ceded its land in Aqaba, plot no. (23), parcel (13), tract (13) of an area of approximately (88) dunums located within the southern port tract to the favor of the Aqaba Special Economic Authority.

4. <u>Commencing Operations on a Commercial Basis after the End of the Relationship with the Government</u>

   1. The Company recorded delay interest on the balances of the Ministry of Finance at the actual borrowing rate effective from May 1, 2018 under the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018 (Note 3).

   2. Effective May 1, 2018, the Company has also suspended the interest rate of 0.5% per annum on the debts of Alia - Royal Jordanian Airlines Company, and has applied the actual borrowing rate based on the debt repayment agreement signed between the two parties (Note 7/c).

   3. The Company has charged a storage fee on the Government-owned strategic stock of JD 3.5 per cubic meter according to the storage capacity for each material based on the Ministry of Finance's approval in its Letter No. 18/4/33072, dated November 25, 2018.

4. Profit settlement with the Government has been discontinued, and the balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, pursuant to the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, which terminated the relationship between the Company and the Government (Note 16).

5. As of September 30, 2019, the Company recorded an amount of JD 5,466,198 as revenue from the fee difference on filling the gas cylinders according to the Prime Minister's Decision No. (7633) dated April 30, 2018. This decision has set the commission amount for the period from May to December 2018 at JD 43 per ton. Accordingly, the Company recorded an amount of JD 18 per ton, representing the commission difference included in the (IPP), according to the aforementioned decision in consistency with the year 2018, as the Government has not amended the price Bulletin (IPP) up to date (Note 3).

5. Basis of Preparation

- The interim condensed consolidated financial information for the company and its subsidiaries for the nine months ended September 30, 2019 have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting).

- The interim condensed consolidated financial information are stated in Jordanian Dinar, which is the functional and presentation currency of the Company and its subsidiaries.

- The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2018. The results for the nine months ended September 30, 2019 are not necessarily indicative of the expected results for the financial year ended December 31, 2019.

Judgments, Estimates, and Risk Management

Preparation of the interim condensed consolidated financial information requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. The important judgments which have been taken by management in application of accounting policies for the company and the main resources for uncertainty is the same as that applied to the consolidated financial statements of the Company for the year ended December 31, 2018, except as stated in Note (6).

6. Significant Accounting Policies

The accounting policies adopted in preparing the interim condensed consolidated financial information are consistent with the accounting policies followed in preparing the consolidated financial statements for the year-ended December, 31 2018, except for the effect of the application of the new and revised international financial reporting standards which became effective for the financial periods beginning on or after the 1st of January 2019. The details are as follows:

a. **New and Amended Standards Adopted by the Company:**

Annual improvements to IFRSs issued between 2015 and 2017

Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12) "Income Taxes" and (23) "Borrowing Costs".

IFRIC (23) "Uncertainty on the Treatment of Income Tax"

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS (9) "Financial Instruments"
These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures"
These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS (19) "Employee Benefits"
These amendments relate to adjustments to plans, reductions, or settlements.

IFRS (16) "Leases"
The Company has adopted IFRS (16), "Leases", which replaces the existing guidelines on leases, including IAS (17) "Leases" , IFRIC (4) "Determining whether an arrangement contains a lease "and the interpretation of the previous Interpretations Committee (15)" Operational leases - incentives " and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

Change in Significant Accounting Judgments and Key Sources of Uncertain Estimates:

The significant judgments and estimates used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Company's consolidated financial statements for the year ended December 31, 2018 except for the changes described below:

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less, or the lease is for a low-value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs, which are amortized over the useful life.

The Company's leasing activities and its accounting treatment mechanism:
The Company leases real estates for its activities, usually for fixed periods ranging from one to thirty years, and some of these leases may include extension options. Moreover, the lease terms are negotiated on an individual basis, as each lease contract has its own terms and conditions. In addition, the lease contracts do not include any pledges, and, therefore, may not be used as collateral for the purposes of borrowing.

Up to the end of the financial year 2018, real estate leases were classified as either an operating lease or a financial lease, and the amounts paid for operating lease contracts were credited to the statement of profit or loss according to the straight-line method during the lease period.

Starting from the first of January 2019, leases as assets for use and the related obligations are recognized on the date when the asset is ready for use by the Company. Moreover, the value of each rental payment is distributed between the leasing obligations and the financing costs. Meanwhile, financing costs are credited to the statement of profit or loss during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period. In addition, the right-of-use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including built-in fixed payments) minus rental incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Rental payments are deducted using the implied lease interest rate or the tenant's additional borrowing price, if they are not available, which is the rate at which the lessee must pay to borrow the funds needed to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Company has used the following:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made by applying IAS (17) "Lease Contracts" and IFRIC (4) "Determining whether an Arrangement Contains a Lease".

Extension and termination options of lease contracts

Extension and termination options are included in a number of leases. These terms are used to increase the operational flexibility in terms of contract management. Furthermore, most of the retained extension and termination options are exercisable by both the Company and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed when there is an important event or a significant change in the circumstances that has an effect on this assessment, and in which it is within the control of the lessee.

Discounting lease payments
The lease payments are discounted (if any) using the Company's incremental borrowing rate "IBR". The management has applied judgements and estimates to determine the IBR at the commencement of lease.

The movement on the right-of-use assets and lease obligations during the period is as follows:

	Right-of-Use Assets	Lease Liability *
	JD	JD
Balance as of January 1, 2019	59,709,883	54,481,519
Interest during the period	-	647,792
Paid during the period	-	(2,589,385)
Depreciation during the period	(2,616,755)	-
Balance as of September 30, 2019	57,093,128	52,539,926

* The details of this item are as follows:

	September 30, 2019 (Reviewed)
	JD
Lease liability – current portion	4,287,300
Lease liability – non-current portion	48,252,626
	52,539,926

B. Basis of Consolidation of the Interim Condensed Consolidated Financial Information

- The interim condensed consolidated financial information include the financial information of the Company and its subsidiaries under its control. Moreover, control is achieved when the Company has authority over the investee, it is exposed to variable returns or holds rights for its participation in the investee company, and it is able to exercise its authority over the investee company affecting its returns.

- The company re-evaluates its control over the investee if the facts and circumstances indicate changes to the above control elements.

- The subsidiaries' interim condensed consolidated financial information are prepared for the same reporting year using the same accounting policies as those of the parent Company. If the subsidiaries adopt accounting policies that differ from those of the parent Company, the necessary adjustments are made to the financial information of the subsidiaries to conform to the accounting policies of the parent company.

- Control is achieved when the Company has the power to govern its subsidiaries' financial and operating policies in order to obtain benefits from their activities.

- The subsidiaries' results of operations are consolidated in the condensed consolidated statement of profit or loss from the date of their acquisition, which is the date on which effective control over the subsidiary takes place. The results of disposal of the subsidiaries are taken to the condensed consolidated statement of profit or loss up to the disposal date, which is the date on which the Company loses control over the subsidiary companies.

  Control is achieved when the Company:

- Has the ability to control the investee.
- Is exposed to variable returns or has the right to variable returns resulting from its association with the investee.
- Has the ability to use its power to influence the investee's returns.

The Company reassess whether it controls the investee companies, while the facts and circumstances indicate that there are changes to one or more control check points referred to above.

If its voting rights become less than those of the majority in any of the investee companies, the Company shall have control power when voting rights suffice to grant it the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Company takes into consideration all the facts and circumstances in assessing whether the Company has voting rights in the investee that enable it to exercise control or not. Among these facts and circumstances are the following:

- The size of the Company's holding of voting rights relative to the size and distribution of other voting rights.
- Potential voting rights held by the Company and any other voting rights or third parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Company loses control over any of its subsidiaries, the Company:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities.
- Derecognizes the carrying amount of any uncontrolled interest.
- Derecognizes the cumulative transfer differences recognized in equity.
- Derecognizes the fair value of the consideration received.
- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the statement of profit or loss.
- Reclassifies the Company's equity previously recognized in the condensed consolidated interim statement of comprehensive income to the condensed consolidated statement of profit or loss or retained earnings, as appropriate.

The Company owns directly and indirectly the following subsidiaries as of September 30, 2019:

Company's Name	Authorized Capital	Ownership	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,000	100	Amman	February 12, 2013	Performing
Hydron Energy LLC	5,000,000	100	Amman	April 29, 2003	Performing
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-performing
Jordan Lube - Oil Manufacturing Company (paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-performing
Nuzha and Istiklal Fuel and Oil Station Company	5,000	60	Amman	January 8, 2014	Performing
Al-Markzeya Fuel Trade Station Company	10,000	100	Amman	May 28, 2014	Performing
Al-Karak Central Fuel Station Company	5,000	60	Al Karak	November 26, 2014	Performing
Al-Khairat Fuel Station Company	5,000	100	Al Karak	November 11, 2014	Performing
Rawaby Al-Qwirah Fuel and Oil Station Company	5,000	60	Al Aqaba	June 22, 2015	Performing
Al-a'on for marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Performing
Jordanian German Gas stations Company	125,000	60	Amman	November 8, 2015	Performing
Qaws Al-Nasser managing Fuel Stations Company	3,000	100	Irbid	December 29, 2014	Performing
Al-Tariq Al-Da'ari for fuel Company	5,000	60	Amman	June 10, 2015	Performing
Al-Kamel for Fuel and Oil Company	5,000	60	Amman	February 26, 2017	Performing
Al-Wadi Al-A'abiad Gas station	5,000	60	Amman	August 4, 2015	Performing
Al-Muneirah Station for Fuel and Oil Company	5,000	100	Amman	November 6, 2014	Performing
Al-Tanmwieh Al-A'ola Gas Stations	5,000	60	Amman	November 19, 2015	Performing
Al-Qastal for Fuel and Oil Company (paid 50%)	5,000	60	Amman	June 19, 2017	Performing
Al-Ramah Modern Station Fuel Company	5,000	60	Amman	December 17, 2014	Non-performing under renovation
Taj Amoun for Fuel Company (paid 50%)	5,000	80	Amman	September 20, 2017	Non-performing under renovation
Al-Shera'a for Fuel and Oil Company (paid 50%)	5,000	95	Al Aqaba	February 19, 2017	Non-performing under renovation

- Jordan Petroleum Products Marketing Company was established on February 12, 2013 with total assets, along with its subsidiaries of JD 346,947,265, while its total liabilities and those of its subsidiaries amounted to JD 207,624,514 as of September 30, 2019. The Company's consolidated net income amounted to JD 15,311,638 with a non-controlling interest of JD 242,100 for the period ended September 30, 2019. Furthermore, the Company has started operating gradually since May 1, 2013, and part of the Jordan Petroleum Refinery Company's assets have been transferred to the Company at their net book value. Also, some employees were assigned from Jordan Petroleum Refinery Company to work at the Company. The task of providing consumers with oil derivatives has been transferred to the Jordan Petroleum Product Marketing Company until the end of September 30, 2019, except for multiple organizations such as part of the electricity company's governmental institutions, security agencies, and airlines agencies, which still obtain their supplies directly from Jordan Petroleum Refinery Company. The required legal procedures to conclude the transfer of the ownership of the assets to the new Company were completed as follows:

    1. Land and buildings: The value of land and buildings with a cost of JD 4,903,283 was transferred to Jordan Petroleum Products Marketing Company according to their net book value which amounted to JD 4,183,956 as of May 1, 2013 according to taxable and official invoices.

    2. Vehicles: The value of vehicles costing JD 5,483,410 was transferred to Jordan Petroleum Products Marketing Company according to their net book value which amounted to JD 109,881 as of May 1, 2013 according to taxable and official invoices, the Company also transferred part of the cars with a historical cost of JD 3,504,609 to the Jordan Petroleum Products Marketing Company with a net book value of JD 1,095,191 as of July 1, 2019 according to taxable and official invoices.

    3. Other property and equipment: Other property and equipment costing JD 4,460,927 were transferred to Jordan Petroleum Products Marketing Company at their net book value which amounted to JD 1,446,738 according to taxable and official invoices.

4. Employees and their benefits: The contracts of Jordan Petroleum Refinery Company's employees were transferred to Jordan Petroleum Products Marketing Company. In addition, the Jordan Petroleum Products Marketing Company is charged for the assigned employees' salaries and benefits.

5. Jordan Petroleum Products Marketing Company received a marketing commission of 12 fils per liter sold, plus a commission on the retail sale of petroleum products of 15 fils for each liter sold until August 31, 2018. It has been amended to 18 fils per liter sold from September 1, 2018, in addition to other commissions related to the evaporation and transportation fees and allowance, according to the oil derivatives sales price bulletin (IPP).

The expired concession settlement agreement between Jordan Petroleum Refinery Company and the Government, signed on February 25, 2008, stated that Jordan Petroleum Refinery Company shall keep part of the distribution activities (one of the licensed distribution companies with a share of not less than 25 % of the market) subject to all conditions and terms applied to other distribution companies. Furthermore, the agreement stated that the assets of this company shall include the gas stations owned by Jordan Petroleum Refinery Company, which has the right to split, own, and sell these stations to the distribution companies. The agreement also stated that Jordan Petroleum Refinery Company is the owner of the tanks and pumps and that it has the right to sell them to the distribution companies. Moreover, the agreement stipulated that the Government shall own some entities (storage and loading areas in Aqaba and properties within the Jordanian airports. Jordan Petroleum Refinery Company was involved as a partner, and then it has been agreed that the Government would be the sole owner of these assets according to the meeting held in September 2012), while Jordanian Petroleum Refinery Company shall keep the remaining ownership of the property, plant and equipment. The Company also established Jordan Petroleum Products Marketing Company that started its operations in May 2013. Accordingly, the distribution activities and the gas stations were transferred to this company. Meanwhile, the Council of Ministers' decision No. 7633, taken in its meeting held on April 30, 2018, mandated the Ministry of Finance to follow up on the procedures related to the calculation of the rental value of the assets transferred from the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company according to the percentage approved by the Land and Survey Department and an area of 8% of the land and buildings of JD 4.9 million. In this regard, the Company refuses this action for the aforementioned reasons, and the Company is still in the process of negotiating this matter with the Ministry of Finance.

<u>End of Relationship with the Government</u>

In accordance with the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submitting its conclusions thereon to the Council of Ministers concerning the calculation of the rental value of the assets transferred from the Refinery to the JPPMC at the approved percentage of (8 %) on land and buildings of JD 4.9 million from the transfer date of those buildings up to date. However, the Company insists on rejecting the aforementioned, as the transferred assets are the property of the Jordan Petroleum Refinery Company under the end of Concession Settlement Agreement, which states that the stations are owned by the Jordan Petroleum Refinery Company and that they shall be transferred to the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company. From a legal perspective, the Company has the right to dispose of its assets in accordance with Article 236 of the Civil Code. Meanwhile, transfer of the assets at their net book value was carried out similar to the assets transferred at their net book value to other marketing companies in accordance with the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. In addition, the Concession Settlement Agreement stipulated that Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company be accorded the same treatment applied to other marketing companies. According to the above decision, the lease amount is approximately JD 1.9 million.

C. Amendments that have had no material impact on the interim condensed consolidated financial information of the company:

Annual improvements to IFRSs issued between 2015 and 2017

Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12) "Income Taxes" and (23) "Borrowing Costs".

IFRIC (23) "Uncertainty on the Treatment of Income Tax"

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS (9) "Financial Instruments"

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures"

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS (19) "Employee Benefits"

These amendments relate to adjustments to plans, reductions, or settlements.

7. Receivables and Other Debit Balances

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Governmental institutions and departments, security agencies, and electricity companies - fuel (a)	460,310,783	431,780,345
Fuel clients and others (b)	68,343,136	81,732,199
Alia Company - Royal Jordanian Airlines (c)	23,772,195	33,996,379
Cheques under collection (d)	27,770,222	28,399,178
Total receivables	580,196,336	575,908,101
Ministry of Finance (e) - (Note 19)	341,095,854	247,085,929
General sales tax deposits (f)	114,335,580	98,903,802
Other debit balances (g)	8,002,542	6,142,062
Employees receivables	2,007,491	1,630,449
Advances against staff end-of-service indemnity	35,315	35,315
Letters of credit deposits and purchase orders - subsidiary company	1,960,510	3,500,410
Prepaid expenses (h)	11,846,557	14,323,133
	1,059,480,185	947,529,201
Less: Expected credit losses provision (i)	(17,183,478)	(14,678,474)
	1,042,296,707	932,850,727

The Company has adopted a policy of dealing with only creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The following table shows the aging of accounts receivable:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
1 day – 119 days	111,785,836	131,025,730
120 days – 179 days	24,548,230	17,022,952
180 days – 365 days	37,021,831	74,948,303
More than a year *	406,840,439	352,911,116
Total	580,196,336	575,908,101

- The Company studies the aging of the receivables and the sufficiency of the booked provision at the end of each financial period.

* This balance includes receivables from governmental parties or guaranteed by government due for more than a year with a total amount of JD 393,965,021. In our opinion, the Company has the ability to collect these receivables, and there is no need to book any provision against them. The balance also includes amounts due from the partners in the subsidiary companies of JD 4,002,407 due for more than one year. In the opinion of the Company's management, there is no need to book any additional provision against these receivables, as the Company has signed agreements with those partners to settle these receivables, which are guaranteed by property collaterals, and transfer the profits resulting from the operations of these subsidiary companies to the Company.

a. This item includes receivables against fuel withdrawals of the ministries, governmental departments, security agencies, and the National Electricity Company of JD 435,804,531 related to the refinery and gas activity; JD 6,826,996 related to oil activity; and JD 17,679,256 related to Jordan Petroleum Products Marketing Companies as of September 30, 2019.

- This item represents amounts due from the electricity and generating companies against fuel consumption of JD 72,227,778 as of September 30, 2019 (JD 76,458,909 as of December 31, 2018).

- Upon the request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, and approved on December 12, 2018, for offsetting the Public Security Directorate's debts against the Special Tax due from the Company, the Public Security Directorate's debts of JD 9,010,973 have been offset against part of the Special Tax due from the Company during the year 2018.

- Upon the request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, and approved on January 16, 2019, for offsetting the Public Security Directorate's debts against the Special Tax due from the Company, the Public Security Directorate's debts of JD 9,489,474 have been offset against part of the Special Tax due from the Company during the year 2019.

- Upon the request of the Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, and approved on March 27, 2019, for offsetting the Public Security Directorate's debts against the Special Tax due from the Company, the Public Security Directorate's debts of JD 5,373,483 have been offset against part of the special tax due from the Company during the year 2019.

- Upon the request of the Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, and approved on January 31, 2019, for offsetting the debts of the General Directorate of Civil Defense against the General Tax due from the Company, the debts of the General Directorate of Civil Defense of JD 4,644,685 have been offset against part of the General Tax due from the Company during the year 2019.

b. This item includes the accounts receivable of fuel customers and others related to the refining and gas activities of JD 29,974,607; JD 3,907,844 related to the oil activities; and JD 34,460,685 related to Jordan Petroleum Products Marketing Company as of September 30, 2019.

- The item "Fuel customers and other receivables" related to the refining and gas activities includes an amount of JD 16,456,566, representing the export of a shipment of fuel oil awarded to British Petroleum as of September 30, 2019 and due after a period of one month from the shipment date. Moreover, the balance was fully paid on October 7, 2019.

c. On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company – Royal Jordanian Airlines commits to paying the remaining amount in 60 installments, the first of which is due on March 31, 2016 and the last on February 28, 2021 at the actual borrowing average rate incurred by Jordan Petroleum Refinery Company. Moreover, Alia Company – Royal Jordanian Airlines undertakes to pay all the subsequent invoices on their due date. Accordingly, Jordan Petroleum Refinery Company has not booked any additional provisions as a result this settlement. Furthermore, the Ministry of Finance has informed Jordan Petroleum Refinery Company in Letter No. 18/4/15391, dated June 26, 2016, that the provision booked for Alia Company – Royal Jordanian Airlines should be reversed, since Alia Company – Royal Jordanian Airlines is committed to paying its payments, provided that Alia Company – Royal Jordanian Airlines continues to comply with the agreement signed with it on March 2016 and pay its monthly withdrawals on time. Accordingly, the Company has reversed the provision booked for Alia Company – Royal Jordanian Airlines of about JD 31 million in year 2016. In the event Alia Company – Royal Jordanian Airlines defaults on the payments, the expected credit losses provision shall be reconsidered to meet Alia Company – Royal Jordanian Airlines' debts.

- In accordance with the Prime Ministry's Decision No. (11131), taken in its meeting held on August 16, 2015, a quantity discount was granted to jet fuel consumers on the selling price of Jet fuel approved by the monthly Fuel Pricing Committee according to the consumption segments from August 1, 2015 to December 31, 2016, provided that the said discount be calculated annually. Moreover, the Prime Ministry issued Decision No. 293, taken in its meeting held on October 23, 2016, which stipulated amendment of the consumption of Jet fuel consumption segments for one year as of October 31, 2016. Additionally, in its meeting held on February 26, 2017, the Prime Ministry issued Decision No. (1958), which retroactively approved amendment of the implementation commencement date of the decision amending the discount segments under the Prime Ministry's Decision No. (293) effective from August 1, 2015 instead of October 31, 2016. Based on the aforementioned decisions, the discount due to Alia Company – Royal Jordanian Airlines for the period from August 1, 2015 to July 31, 2017 amounted to JD 29,947,993.

- Pursuant to the Company's Board of Directors' Decision No. 5/2/1, taken in its meeting No. 1/2018, dated March 12, 2018, the Company deducted the amount of JD 15,523,797 from Alia Company – Royal Jordanian Airlines' debt during the year 2017, provided that the remaining discount balance be deducted from the Company's monthly withdrawal invoices after deducting the outstanding and unpaid invoices from the date of signing a new agreement between the two companies until July 31, 2018. The discount due for the period from August 1, 2017 to the expiry of the specified discount under the Prime Ministry's decisions shall be calculated by deducting 40% of Alia Company – Royal Jordanian Airlines' debts, and 60% of the Company's monthly withdrawals. In case the relationship with the Government is terminated, the discount shall be calculated up to April 30, 2018 according to the same rates stated above. After this date, the Prime Ministry's decisions shall be applied independently from Jordan Petroleum Refinery Company. Pursuant to the Prime Ministry's Decision No. (4141), taken in its meeting held on August 20, 2017, the extension of the discount period granted to Alia Company – Royal Jordanian Airlines was approved for an additional year effective from October 31, 2017.

- Pursuant to the Prime Ministry's Decision No. 5614, taken in its meeting held on December 17, 2017, the interest rate, which was 4.4% on December 20, 2016 and charged on Alia Company – Royal Jordanian Airlines' debt due to Jordan Petroleum Refinery Company, which is currently 5.3%, was reduced to 0.5%. Moreover, interest income for the years 2015 and 2016 to date has been reversed in the form of a future balance, so that the resulting financial impact will be settled within the financial relationship between the Ministry of Finance and Jordan Petroleum Refinery Company. As of May 1, 2018, the Company has calculated the actual borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company – Royal Jordanian Airlines. Moreover, the above decision has been suspended by the Company.

- Pursuant to the Prime Ministry's Decision No. (1958), taken in its meeting held on February 26, 2017, it was approved to charge the discount granted to Alia Company to the Ministry of Finance account directly without reducing the discount from the Company's sales revenue.

- During the period ended April 30, 2018, the Company charged an amount of JD 11,659,699 to the Ministry of Finance account as a discount to Alia Company under the above-mentioned Prime Ministry's decisions. The amount of JD 4,663,880 has been deducted from the balance of the debt settlement agreement, and the amount of JD 6,995,819 was recorded as refundable deposits to Alia Company, pursuant to the Company's Board of Directors' Resolution No. 5/2/1. The Company did not calculate any discounts as of May 1, 2018.

- The Company sent Letter No. 2/25/51/1/1/6814, dated September 30, 2018 to Alia Company Royal Jordanian Airlines, stating that if Alia Company is willing to continue to implement the decisions of the Prime Ministry regarding the discount and reduce the interest rate through Jordan Petroleum Refinery Company, the Company shall be provided with a letter from the Ministry of Finance stating its approval to charge the amount of the discount and interest difference directly to the Ministry of Finance accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government pursuant to the Prime Ministry's Decision No. (7633), dated April 30, 2018.

- Alia Company – Royal Jordanian Airlines has invited licensed companies to bid for supplying Royal Jordanian aircrafts with jet fuel under the decision of the Ministry of Energy and Mineral Resources, which includes the decision for the licensed marketing companies to start the activity of supplying jet fuel. The tender was awarded to Jordan Petroleum Products Marketing Company –subsidiary. As a result, an agreement was signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company –subsidiary on November 1, 2018. Moreover, the direct supply activity to Alia Company – Royal Jordanian Airlines has been transferred from Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company – a subsidiary Company.

- In accordance with the Council of Ministers' Decision No. (2674), taken in its meeting held on January 9, 2019, the quantity discount granted to Royal Jordanian Airlines was increased for November and December of 2018.

- In accordance with the Council of Ministers' Decision No. (3874), taken in its meeting held on March 27, 2019, the quantity discount granted to Alia – Royal Jordanian Airlines was extended from January 1, 2019 to December 31, 2019, provided that the discount be settled against the financial relationship between the Government and Jordan Petroleum Refinery Company.

- Pursuant to the Ministry of Finance's Letter No. 18/4/20267, dated September 27, 2019, which included the request of the Ministry of Finance to charge the discount difference due to Alia-Royal Jordanian Airlines under the above-mentioned decisions to the financial relationship between the Government and JPRC until the end of the due discount, JPRC has recalculated the due discount up to July 31, 2018, but has not calculated the discount after this date, as the direct supply relationship between JPRC and Alia – Royal Jordanian ended on October 31, 2018. This resulted in recording an amount of JD 9,645,385 in the balance of the financial relationship between the Company and the Government; a decrease in Alia-Royal Jordanian Airlines' debt settlement agreement of JD 3,858,154; and the recording of an amount of JD 5,787,231 as discount deposits due to Alia –Royal Jordanian Airlines within accounts payable and other credit balances.

- This item includes accounts receivable due to refining and gas activity of JD 17,335,088; JD 23,512 for oil activity; and JD 6,413,595 for Jordan Petroleum Products Marketing Company as of September 30, 2019.

d. The maturity date of checks under collection for the refining and gas activities extends up to October 20, 2019, and these checks amounted to JD 1,299,200. Meanwhile, the maturity date of checks under collection of the oil factory extends up to January 31, 2020, and these checks amounted to JD 3,029,266. Moreover, the maturity date of checks under collection for Jordan Petroleum Products Marketing Company extends up to January 15, 2020, and these checks amounted to JD 23,441,756.

e. The Ministry of Finance's receivables due to the refining and gas activity include JD 338,285,154, and an amount of JD 2,810,700 related to Jordan Petroleum Products Marketing Company as of September 30, 2019.

- The Ministry of Finance's balances for Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2018 through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company's Letter No. 111/2/936, dated February 19, 2019. However, no confirmation letter was received regarding the balances as of September 30, 2019.

<u>End of Relationship with the Government</u>

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on 30 April 2018, the Ministry of Finance was mandated to calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018. Such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest rates of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on April 30, 2018 and ensuring their payment with interest at the actual cost borne by the Company during the above period at the rates stated above. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. 6399 was adopted at its meeting held on September 11, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance due to the Company from the Government until December 31, 2018 in return for the issuance of pledges by the Ministry of Finance to the assigned banks on the repayment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount equivalent to JD 455,505,000 from the assigned banks after the Ministry of Finance had issued pledges to these banks to repay the loans installments and interest thereon.

- The financial relationship balance with the Government as of April 30, 2018 is as follows:

	April 30, 2018
	JD
Amount due to the Company:	
Ministry of Finance account (relationship)	220,480,978
General sales tax deposits	101,792,998
Debts of the security agencies, governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	101,513,938
Royal Air Force	136,424,517
Public Security Directorate	45,627,576
General Directorate of Gendarmerie	9,553,718
Civil Defense	3,259,795
Departments, ministries, and governmental organizations and institutions	3,280,986
National Electricity Company	76,413,291
Total indebtedness of security agencies, government departments and institutions, and the National Electricity Company	376,073,821
Total amounts due to the Company	698,347,797
Less: Amounts due to the Government:	
Deposits differences pricing / Surplus derivatives pricing	43,746,064
Special sales taxes deposits	1,738,247
Deposits for constructing alternative fuel tanks	93,500,103
Fees, stamps, and allowances according to IPP	21,244,292
Total amount due to the Government	160,228,706
Balance owed by the Government to the Company	538,119,091

* According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Oil Factory) for the balances as of September 30, 2017, the Ministry of Finance has taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be made for the debts of Royal Jordanian Company, municipalities, governmental universities, and independent governmental managerial and financial institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.

- Moreover, the Council of Ministers' Resolution No. 6399, adopted at its meeting held on September 11, 2019, stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance due to the Company from the Government until December 31, 2018 in return for the issuance of pledges by the Ministry of Finance to the assigned banks on the repayment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount equivalent to JD 455,505,000 from the assigned banks after the Ministry of Finance had issued pledges to these banks to repay the loans installments and interest thereon.

- In accordance with the Council of Ministers' Resolution No. 5329 adopted at its meeting held on July 10, 2019, which included the approval to authorize the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for processing and transporting crude oil between the Government of the Republic of Iraq and the Government of the Hashemite Kingdom of Jordan, the Company signed the agreement and issued a letter of credit in favor of the Central Bank of Iraq to cover the value of 10,000 barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus USD 16 and the supply of the Iraqi oil quantities started at the end of August 2019.

f. The general sales tax deposits item includes an amount of JD 113,559,069, related to the refining and gas activities, and JD 776,511 related to the Jordan Petroleum Products Marketing Company.

<u>End of Relationship with the Government</u>
Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing and submitting any decisions reached to the Council of Ministers regarding correcting the tax situation of Jordan Petroleum Refinery Company as a result of the inclusion of the tax in the price bulletin (IPP), since the price of the refinery door does not currently include the general and special taxes. Instead, the taxes are included afterwards, collected from the marketing companies, and forwarded to the state treasury, provided that the Government bears any taxes, government fees, or tax differences during its relationship with the Company, as the Company is guaranteed taxable income during the period. Moreover, gasoline (95) used for the mixing process to produce gasoline (90) and gasoline (95) shall be exempted from the tax differences between import and sale in accordance with the council of Ministries decision No. 6953. The necessary procedures shall also be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363), related to exempting the Company's imports sold to the marketing companies. In this respect, the Law prescribes exempting the Jordan Petroleum Refinery Company from public and special taxes as of May 1, 2013 on the oil derivatives it produces for the quantities sold exclusively to petroleum products marketing companies, provided that the public and special taxes thereon have been paid by the marketing companies. The Law also prescribes resolving all pending issues with the Customs Department and completing all customs data, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the government expires. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordanian Customs Department, the Income and Sales Tax Department, and the Petroleum Refinery Company. During October 2019, the committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources.

- In accordance with the Prime Ministry's Decision No. 6953, taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) of (2,360,253) tons from the public and special sales tax for the period from May 1, 2013 until September 30, 2017. The resolution shall include any amount of gasoline (95) used in the mixing process for the production of gasoline (90 and 95) until the end of the financial relationship between the Government and the Jordan Petroleum Refinery Company.

- During the year 2010, the pricing mechanism of oil products, according to international prices, included the special sales tax on oil products at 6% of the refinery gate price excluding Fuel Oil, Afture, and Afkaz. Moreover, the special sales tax on gasoline (both types) was raised, as stated in the pricing mechanism of the oil products letter dated September 18, 2010, to be between 18% and 24%. In accordance with the amended Special Tax Law No.3 for the year 2018, the special tax on gasoline (95) was increased to 30%, and the special tax on gasoline (90) was increased to 10% effective from January 15, 2018.

- According to the resolution of the Prime Ministry, in its letter No. 12/11/4/2439, dated February 7, 2008, it was agreed to apply a general sales tax on unleaded gasoline as follows starting from February 8, 2008:

1. To adjust the exemption on unleaded gasoline (octane 90), according to Article (22/c) of the General Sales Tax Law No. (6) for the Year 1994 and its amendments, to 12% subject to a general sales tax rate of 4%. Pursuant to the Prime Ministry's decision, in its meeting held on January 4, 2018, the general sales tax on gasoline (90) was increased to 10%.

2. To cancel the exemption on unleaded gasoline (octane 95), according to Article (22/c) of the said General Sales Tax Law and subjected to a general tax at a rate of 16%.

- According to Law No. 107 of 2019, the Amended Special Tax Law, the general and special taxes and revenue stamp fees have been included in the price bulletin (IPP) under special taxes, and have been determined for each material as per the law described above.

- In its meeting held on May 24, 2017, and pursuant to Article no (149/C) of the Customs Law No. 20 for the year 1998, the Prime Ministry decided to exempt imported petroleum products from customs fees (unified fee) pertaining to the refinery activities, except for mineral oils, its inputs, and any oil factory-related materials starting from January 1, 2017 until May 1, 2018, pursuant to the Prime Ministry's Decision No. 3059 dated May 29, 2017. Moreover, the Prime Ministry decided, pursuant to Decision No. 7787, to extend the above-mentioned exemption for the period starting from May 1, 2018 until April 30, 2019. In its Decision No.5004, the Council of Ministers decided to extend the exemption described above for the period from May 1, 2019 until April 30, 2020.

- In accordance with the Council of Ministers' decision, taken in its meeting held on May 24, 2017, and based on the provisions of Article 149 / C of the Customs Law No. 20 of 1998, exempting imported petroleum products from customs duties (the common fee), excluding mineral oils and their inputs and any other materials related to the oil plant, the Company obtained the approval of the Ministry of Finance - Customs Department to waive the ratification of documents (invoice and certificate of origin) based on Article 2 / f of Instructions No. 2 of 1999 for imported petroleum materials except mineral oils and their inputs and any other materials related to the oil plant for the period from January 1, 2017 until May 1, 2018, under the Letter of the Ministry of Finance - Customs Department No. 108/7/20/32295 dated July 2, 2017. Meanwhile, the non-ratification of the documents (invoice and certificate of origin) was renewed as mentioned above for the period from May 1, 2018 to May 1, 2019, under the Letter of the Ministry of Finance - Customs Department No. 108/7/20/19243 dated September 3, 2018. Furthermore, the non-ratification of documents (invoice and certificate of origin) has been renewed as mentioned above for the period from May 1, 2019 until May 1, 2020.

- In its meeting held on 9 April 2017, the Council of Ministers decided to approve the inclusion of crude oil and oil derivatives in Schedule No. 2 annexed to the General Sales Tax Law on Goods and Services subject to the General Sales Tax at a percentage or for an amount of (Zero) as of February 12, 2017, except all types of gasoline.

- In accordance with the Council of Ministers' Decision No. 6544, adopted at its meeting held on September 23, 2019, all types of gasoline shall be included in Schedule No. 2 annexed to the General Sales Tax Law for goods and services subject to the general sales tax at a rate of (zero).

- In its meeting held on January 3, 2016, under Decision No. 13363, based on the recommendations of the Economic Development Committee in its session held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on imported quantities exclusively sold to the marketing companies, provided that the general and special sales tax thereon has been paid by those companies within the pricing structure of IPP.

g. This item consists mainly of the current account of the Refinery's employees' Housing Fund and deposits at the Jordanian Customs Department and deposits at the stations that are supplied by Jordan Petroleum Products Marketing Company (subsidiary company), including an amount of JD 1,644,644, for the refining and gas activity, and JD 6,357,898 related to Jordan Petroleum Products Marketing Company.

h. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for the establishment of stations, including an amount of JD 3,299,861 related to the refining and gas activity, and JD 8,546,696 related to Jordan Petroleum Products Marketing Company.

I. The provision expected credit losses includes an amount of JD 6,698,332 as of September 30, 2019 (JD 6,512,518 as of December 31, 2018) related to the refining and gas activity; JD 1,754,691 as of September 30, 2019 (JD 1,712,896 as of December 31, 2018) related to the oil factory; and JD 8,730,455 as of September 30, 2019 (JD 6,453,060 as of December 31, 2018) for Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the receivables guaranteed by the Ministry of Finance.

The movement on the provision for expected credit losses is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended on December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	14,678,474	12,993,853
IFRS (9) implementation impact	-	1,791,460
Adjusted balance for the period/year	14,678,474	14,785,313
Booked provision during the period/year – net	2,505,004	732,175
Written-off during the period/year *	-	(859,014)
Add: Provision for subsidiary acquired during the year	-	20,000
Balance - End of the Period/Year	17,183,478	14,678,474

The Company always measures the provision for loss on accounts receivable in an amount equal to the expected credit losses over the life of the receivables using the simplified approach. In this regard, the estimated credit losses on the receivables are measured using a provision matrix by reference to the past experience with the customer; an analysis of the debtor's current financial position adjusted according to the factors related to the debtors, general economic conditions, and field in which the debtors operate; and an assessment of the current trend, as well as the expected trend of the circumstances at the reporting date.

* During the year 2018, the Company wrote off the receivables on government and other entities in accordance with Resolutions Nos. 39, 40, 41 and 42 of the Company's Board of Directors, taken in its meeting No. 3/2018, held on April 15, 2018. The Company was obliged to write off these receivables, as it has been unable to collect them through court, and Article (452) of the Statute of Limitations applies thereto.

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached and prepare a report thereon to the Council of Ministers regarding the Ministry of Finance's retention of the provision for doubtful debts (provision for expected credit losses). If any debt arises during the relationship with the Government and is written off, the Ministry of Finance shall pay it to the Jordan Petroleum Refinery Company. As a result of the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed to retain the balance of the provision for doubtful debts (provision for expected credit losses) under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019.

8. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Finished petroleum products and lube oil	236,078,954	118,659,643
Crude oil and materials under process	60,502,759	59,043,833
Raw materials, spare parts, and other supplies	76,784,882	73,104,653
Goods in transit	53,660,810	36,195,985
Less: Provision for obsolete and slow-moving items	(18,590,652)	(18,877,426)
	408,436,753	268,126,688

- The movement on the provision for obsolete and slow-moving items is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	18,877,426	20,638,343
Provision booked during the period/year	1,128,082	4,272,106
Paid during the period/year	(1,409,887)	-
Less: Inventory written-off during period/year*	(4,969)	(6,033,023)
Balance - End of the Period/Year	18,590,652	18,877,426

* During the year 2018, the Company wrote off spare parts and supplies for the refinery units from the stock of idle and slow-moving inventory no needed and belonging to the Company's non-operational units, in accordance with Decision No. 37 of the Company's Board of Directors, taken in its meeting No. (3/2018) held on April 15, 2018.

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached and prepare a report thereon to the Council of Ministers in connection with the Jordan Petroleum Refinery Company's treatment of the sediment and water in the tanks and destruction of the materials that should be destructed. Moreover, the idle materials shall be evaluated on April 30, 2018, the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated, and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669 dated August 29, 2019, which included its approval for the Company to clean its tanks from sediment and water at the Government's expense, write off the spare parts and supplies no longer needed, and transfer the surplus balance of the idle and slow- moving inventory and sediments to the Ministry of Finance.

9. Due to Banks

This item represents an overdraft current account, granted by several local banks to finance the Company's activities, at interest rates ranging from 4.1% to 7.5% during the period ended September 30, 2019 against the Company's guarantee. This item includes an amount of JD 900,839,861 for the refinery and gas activity and JD 29,393,577 for Jordan Petroleum Products Marketing Company as of September 30, 2019.

10. Accounts Payable and Other Credit Balances

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Deposits of surplus and differences of oil derivatives pricing (a)	44,119,766	50,167,633
Special sales tax deposits on oil derivatives deposits (b)	53,608,646	12,083,914
Deposits for constructing alternative fuel tanks (c)	93,500,103	93,500,103
Suppliers and obligations drafts and purchase orders	132,258,608	101,809,796
Provision for replacing gas cylinders (d)	5,000,000	5,000,000
Stamp duties, fuel imports fees, jet fuel, strategic inventory fees and treasury support (e)	47,619,584	36,050,789
Provision for occupational accidents indemnity	3,952,931	3,726,594
Provision for lawsuits and other obligations - (17/b)	472,426	1,907,580
Advance payment from customers (f)	7,188,696	7,982,553
Shareholders' withholdings	12,032,336	10,037,296
Creditors and other credit balances	17,651,192	12,092,072
Retention deducted from contractors	940,874	928,975
Provision for employees' vacations	2,205,216	2,034,171
Import pricing differences / subsidiary companies (g)	7,763,881	8,870,024
Inventory storage provision (h)	9,027,419	7,090,219
Restricted balances against acquisition of subsidiary (i)	1,000,000	1,000,000
Alia – Royal Jordanian Airlines Company discount deposits – Note (7/c)	27,207,246	21,420,015
Alia – Royal Jordanian Airlines Company interest deposits – Note (7/c)	2,884,533	2,884,533
	468,433,457	378,586,267

a. This item includes amounts from gas cylinders pricing, and oil derivatives pricing differences between total cost-including taxes, fees, transportation charges, and actual selling prices-and the rounding-up of fractions differences effective from March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. 9/4/1/719, dated February 16, 2009, and the Ministry of Finance's Letter No. 18/4/9952, dated April 29, 2009. Consequently, the Company was obliged, effective from March, 2008, to record the results of the rounding-up of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008, according to the resolution of the Petroleum Derivatives Pricing Committee, in its meeting held on December 13, 2008, provided that the pricing surplus is recorded as a refundable deposit under liabilities within the consolidated financial statements of the Company.

Deposits of surplus and differences of oil derivatives pricing include an amount of JD 44,119,753 for the refining and gas activities, and JD 13 for the Jordan Petroleum Products Marketing Company as of September 30, 2019.

- The movement on the deposits of surplus and differences of oil derivatives pricing is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period / year	50,167,633	46,775,893
Pricing differences of oil derivatives during the period / year (Note 14)	3,168,205	3,391,740
Paid during the period / year	(9,216,072)	-
Balance – End of the Period/Year	44,119,766	50,167,633

b. During the year 2010, the pricing mechanism of oil derivatives, according to international prices, included special sales tax on oil derivatives at 6% of the refinery gate price excluding Fuel Oil, Afture, and Afkaz. Moreover, the special sales tax on unleaded gasoline (both types) was raised, as stated in the pricing mechanism of oil derivatives letter dated September 18, 2010, to between 18% and 24%. According to Law No. (3) of 2018, amending the special Tax Law, the special tax rate on gasoline (95) has been raised to 30%, and the general tax rate on gasoline (90) has been raised to 10% effective from January 15, 2018.

- Under Law No. 107 for the year 2019, the Special Tax Rate Law, the public and special taxes, fees and stamps contained in the oil derivatives sale price bulletin (IPP) were incorporated into the special tax line and specified for each item according to the above-mentioned law.

- This item includes an amount of JD 3,402,851 for the refining and gas activity, and an amount of JD 50,205,795 for Jordan Petroleum Products Marketing Company.

c. According to his Excellency the Prime Minister's Letter No. 58/11/1/5930, dated March 24, 2010, an amount of JD (34) per ton was added to the price of unleaded gasoline (both types) within the pricing mechanism of oil derivatives starting from April 16, 2010. Moreover, the related proceeds are recorded in a special account maintained by the Company for the Government, represented by the Ministry of Energy and Mineral Resources, to build tanks for the storage of crude oil and/ or fuel oil derivatives at an average of (70) thousand tons in Aqaba. Starting from December 1, 2016, the Company has stopped adding these fees according to the oil derivatives sales price bulletin (IPP).

- This balance represents deposits for constructing alternative fuel tanks fully due on the refinery activities. In this respect, the Jordan Petroleum Products Marketing Company settled the due amount in full during the year 2017. Moreover, this item has been discontinued starting from December 1, 2016 according to the oil derivatives sales price bulletin (IPP).

d. The movement on the provision for replacing gas cylinders is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period/year	5,000,000	10,000,000
Add: Provision booked during the period/year *	3,036,777	3,873,407
Less: Released during the period/year *	(3,036,777)	(8,873,407)
Balance – End of the period/year	5,000,000	5,000,000

* During the period ended September 30, 2019, a provision of JD 3,036,777 was booked for the disposal and repair of cylinders, in accordance with the oil derivatives sales price bulletin (IPP) amounting to JD 10 for each ton of gas sold. Moreover, an amount of JD 3,036,777 has been released, and the number of gas cylinders sold during the period was around 24.5 million cylinders.

In their meeting No. 1/2016, dated February 8, 2016, the Board of Directors approved reversing an amount of JD 19,370,614 for the year 2015, based on the Company's meeting with the Ministry of Finance, dated December 12, 2015, to settle the previous financial relationship. As such, it was agreed for the Company to keep a portion of the gas cylinders' replacement provision for an amount not exceeding JD 10 million.

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing decisions reached and prepare a report thereon to the Council of Ministers regarding the Jordan Petroleum Refinery Company's retention of JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer of the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the refundable deposits related to the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million during the period ended April 30, 2018 and recorded it in the Government of Jordan's account. Moreover, the Ministry of Finance approved this treatment as per the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019.

e. This item represents fuel import stamps fees, Jet fuel fees, the consideration for the Ministry of Finance's strategic stock, and the treasury support due to the Ministry of finance, which is included in the oil derivatives sales price bulletin (IPP), for the refinery and gas cylinders filling activity only. Under Law No. 107 for the year 2019, amending the Special Tax Law, the public and special taxes, fees, and stamps mentioned in the oil derivatives sales price bulletin (IPP) have been included in the special tax and specified for each item according to the aforementioned law.

The movement on this item is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period/year	36,050,789	13,401,290
Recorded on this item during the period/year	11,568,795	22,649,499
Balance – End of the period/year	47,619,584	36,050,789

f. This item represents advance payments from fuel and gas customers against the purchases of oil derivatives.

g. This item represents import pricing differences between the cost of imported oil derivatives during the years 2017 and 2018 and the period ended September 30, 2019, and the prices included in the oil derivatives sales price bulletin (IPP) related to the imports of Jordan Petroleum Products Marketing Company (subsidiary company). In this respect, the Company booked the difference between the actual incurred import price and the ex-refinery price in the (IPP) Bulletin in the export pricing difference account within accounts payable and other credit balances, as the Company is not sure whether this balance is the Company's right or that of the Ministry of Finance.

h. During the year, the Company booked a provision for storage fees to meet the logistics company's claim under its Letter No. 1/64/2018 dated April 30, 2018. The logistics company has demanded a storage charge of 3.5% and 1% at JD 3.5 per ton stored as of May 25, 2017. However, Jordan Petroleum Refinery Company objected to this claim. Based on this objection, a letter from the Regulatory Authority for the Energy and Metals Sector No. 2/20/408, dated January 3, 2019 was received. The letter specified the initial storage fees at JD 2 per month instead of JD 3.5 per ton. However, the fees shall be studied by the Energy and Metal Sector Regulatory Authority during the first half of the year 2019. Moreover, the claim shall be re-examined for the period from May 25, 2017 until the end of the financial relationship between the Company and the Government, together with the related impact on the Government. Meanwhile, the Jordan Petroleum Refinery Company still objects to the calculation of the fuel 1% storage costs, as this material was imported at the request of the Government to cover the deficit of the National Electricity Company under the interruption of Egyptian gas to cover the local market need, and as the Company is only committed to paying storage fees on fuel oil of 3.5% as of May 1, 2018, the date on which the relationship with the Government expires.

The movement on this item is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Balance – beginning of the period/year	7,090,219	-
Recorded on this item during the period/year	3,787,200	8,090,219
Paid during the period/year	(1,850,000)	(1,000,000)
Balance – End of the Period/Year	9,027,419	7,090,219

i. This item represents the amount retained by the Jordan Petroleum Products Marketing Company to meet any future liabilities that may arise on the Hydron Energy Company LLC in accordance with the agreement between both parties during the year 2018.

11. Provision for Income Tax

a. The movement on the provision for income tax is as follows:

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Year Ended December 31, 2018 (Audited)
	JD	JD
Provision for income tax – beginning of the period/year	5,231,574	4,870,028
Add: Income tax expense for the period/year	6,746,622	6,311,219
Less: Income tax paid during the period/year	(6,878,092)	(5,949,673)
Provision for Income Tax - End of the Period/Year	5,100,104	5,231,574

b. The details of the income tax expense for the period shown in the interim condensed consolidated financial information are as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Income tax for the period	6,746,622	5,029,023
Amortization of deferred tax asset for the period	-	-
Less: Deferred tax assets for the period	(576,654)	(1,016,987)
Income Tax Expense for the Period	6,169,968	4,012,036

- The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2014. Furthermore, the Company submitted its income tax declarations for the years 2015, 2016 and 2017, and the declared amount was settled. In this respect, the Income and Sales Tax Department has reviewed the Company's records, but has not issued its final decision yet. Meanwhile the income tax expense for the year 2018 has been calculated and paid, and the related tax return has been submitted. Moreover, the income tax expense for the period ended September 30, 2019 has been calculated according to the Jordanian Income Tax Law. In the opinion of the Company's management and the tax consultant, the provisions booked in the interim condensed consolidated financial information are sufficient to meet the tax obligations.

- Jordan Petroleum Products Marketing Company (subsidiary company) reached a final settlement with the Income and Sales Tax Department up to the end of the year 2014. Moreover, the tax declarations were submitted for the years 2015 and 2016, and the declared amount was settled. In this respect, the Income and Sales Tax Department has reviewed the Company's records but has not issued its final decision yet. In addition, the tax declarations for the year 2017 was submitted, and the declared tax was paid. However, the Income and Sales Tax Department has not reviewed the Company's accounts yet. Meanwhile, the income tax expense for the year 2018 and the period ended September 30, 2019 has been calculated according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax consultant, the provisions booked in the interim condensed consolidated financial information are sufficient to meet the tax obligations.

- The income tax declaration was submitted by all Subsidiary Companies of the Jordan Petroleum Products Marketing Company up to the year 2018, and the declared income tax was paid. However, the tax declarations have not been reviewed yet, except for Al Karak Gas Station, Central Gas Station, Al-Nuzha and Istiqlal Gas Station which have been audited. Moreover, the income tax expense has been calculated for Jordan Petroleum Products Marketing Company's subsidiaries for the year 2018 and the period ended September 30, 2019 according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax consultant, the provisions booked in the interim condensed consolidated financial information are sufficient to meet the tax obligations.

- The Income and Sales Tax Department has reviewed and issued its final decision for the years 2011, 2012 and 2013. On May 10, 2015, the Department informed the Company of the review, which resulted in extra tax of JD 15,618,205. Moreover, the Company has requested the Prime Minister to exempt the Company from income tax differences, and legal compensations and fines, as these taxes resulted from taking loans exceeding the accepted rate of loans to capital, as per the Income and Sales Tax Law. Such loans are taken to insure that the electricity-generating companies have sufficient quantities of diesel and fuel oil to compensate the shortage in the Egyptian gas. Furthermore, the Council of Ministers approved, in its meeting held on January 3, 2016, to exempt the Jordan Petroleum Refinery Company from income tax differences, legal compensations, and fines for the years 2011, 2012 and 2013. Consequently, the Company booked a provision for the income tax differences for the year 2014 only, as this year has not been included in the decision for exemption of JD 5,422,683, provision for legal compensation for the year 2014 of JD 4,338,146, and a provision for late payments (0.004) of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the Company's records for the year 2014. In this regard, the Income and Sales Tax Department conducted the final and irrevocable tax assessment for the year 2014. On July 2, 2017, the Company was informed of the result of the tax assessment on the Company, whereby additional taxes of JD 7,838,578 were imposed, and an amount of JD 6,270,866 was imposed as legal compensation on the above tax differences. Consequently, the Company increased the provision for tax differences to JD 7,838,578, the provision for legal compensation to JD 6,270,866, and the provision for late payments (0.004) to JD 2,743,502 for the period ended September 30, 2017. Meanwhile, the Company filed an objection at the Income and Sales Tax Department because these amounts resulted from the Company's borrowings in excess of its capital in accordance with the Income and Sales Tax Law, while the reason for borrowing was to fulfill the power- generating companies' needs from diesel and fuel oil in light of the discontinued supply of the Egyptian gas.

- The final decision was issued on November 6, 2017 through notification by the Ministry of Finance/Income and Sales Tax Department to reduce the tax differences to JD 6,531,687 and the legal compensation to JD 250,311. Under this decision, the Company paid these amounts plus a fine against the late tax payments of JD 2,286,090 at a rate of (.004), and recorded the difference of JD 2,590,680 as revenue to the government in the consolidated statement of profit or loss for the year ended December 31, 2017.

- For the refining and gas activities and oil factory, the income tax rate is 15%, and a national contribution of 1% is added, while for Jordan Petroleum Products Marketing Company and its subsidiaries, the income tax rate is 20 %, and a national contribution of 1% is added.

12. Death, End-of-Service Indemnity, and Compensation Fund
According to the Board of Directors' resolution to merge the death, disability, and indemnity fund with the staff end-of-service indemnity into one fund, namely the (death and end-of-service indemnity compensation fund), and according to the General Announcement No. 11/2012, issued by Jordan Petroleum Refinery Company, dated March 3, 2012, employees shall receive at the end of service 150% of their monthly gross salary based on the last salary received. However, this amount may not exceed JD 2,000 for every work year for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee shall be paid one monthly gross salary for every work year as an end-of-service compensation according to the last salary paid. The required provision shall be annually determined by the Board of Directors, in light of the amount of the contingent liability, to enable the Company to build the full provision within five years according to Instruction No. (5) of the new fund as mentioned above. Moreover, there is no shortage in the required provision balance as of September 30, 2019.

13. Net Sales
This item consists of the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Refinery and filling of gas cylinders sales	414,131,071	824,040,352
Lube-oil factory sales	19,044,324	19,375,395
Jordan Petroleum Products Marketing Company's sales	1,091,909,406	821,841,450
Less: fees, allowances, taxes related to (IPP)	(433,033,599)	(337,353,121)
	1,092,051,202	1,327,904,076

14. Cost of Sales
This item consists of the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Crude oil and materials under process - beginning of the period	59,043,833	46,311,935
Purchases of crude oil and raw materials used in production	660,199,055	719,611,263
Less: crude oil and materials under process - end of the period	(60,502,759)	(55,156,887)
Cost of Materials used in Production	658,740,129	710,766,311
Manufacturing Expenses	54,435,925	52,753,330
Total Production Cost	713,176,054	763,519,641
Add: Finished products - beginning of the period	118,659,643	149,867,399
Purchases of finished products	430,184,060	523,832,366
Less: Finished products - end of the period	(236,078,954)	(151,607,791)
Subsidy of crude oil derivatives charged to the Ministry of Finance account *	(24,836,062)	(44,844,404)
Add: Surplus in oil derivatives pricing to the Ministry of Finance account *	3,168,205	2,173,969
	1,004,272,946	1,242,941,180

- The average cost per crude oil barrel amounted to USD 66/71 for the nine months ended September 30, 2019 (USD 72/25 for the nine months ended September 30, 2018).

* This item represents the consumer's selling price difference over the monthly oil derivatives sales price bulletin (IPP) of JD 18,491,625 as support; JD 97,026 as a surplus from the sales of refining and gas activities, resulting in JD 6,344,437 as support; and JD 3,071,179 as a surplus from the sales of the Petroleum Products Marketing Company (subsidiary company)

15. Earnings per Share for the Period

This item consists of the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Income for the period attributable to shareholders	32,706,189	24,275,648
Weighted-average number of shares	100,000,000	100,000,000
Earnings per Share for the Period-Basic & Diluted	-/327	-/243

- The weighted-average number of shares for diluted earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the period ended September 30, 2019 and 2018 according to International Accounting Standard No. (33).

16. Income Settlement with the Government during the End of the Relationship with the Government

The calculated difference for reaching the targeted profit was recorded on a commercial basis in the Ministry of Finance's account. In this regard, the calculated loss difference for the period ended April 30, 2018 was recorded under the profit settlement with the Government which affected the amounts due from the Ministry of Finance as stated in receivables and other debit balances. Moreover, no profit settlement with the Government has been reached after April 30, 2018, the end of the relationship with the Government as of April 30, 2018. Moreover, the liquefied gas profit was not excluded from income for the period ended September 30, 2019, even though and pursuant to the Prime Minister's Decision No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on determining the investment return rate on LPG filling stations for the purpose of calculating the commission amount of 12%. The commission amount is also set for the period from May 1, 2018 to December 31, 2018 at JD 43 per ton to resolve any surpluses or shortages that arise from the increase or decrease in the investment return rate compared to the targeted value in calculating the commission amount of LPG filling stations for the following year, whether upward or downward. This is as such, provided that the above mechanism does not result in any increase in the cylinder cost to citizens or a subsidy by the Treasury / Ministry of Finance for this activity. In addition, the Oil Derivatives Pricing Committee emanating from the Government has not amended the commission on filling the gas cylinders from JD 25 per ton sold to JD 43 per ton sold up to date. Moreover, the Company has provided the Energy Regulatory Authority with all the required information and data on the gas activity to determine the commission amount for the year ended 2019 (Note 3).

	April 30, 2018
	JD
(Loss) for the period before tax and before profit settlement	427,523
The Company's targeted income after tax for the period *	4,390,332
Income tax for the period	965,905
Recorded in the Government's account to reach the targeted income	5,783,760

- The change in the selling price composition of oil derivatives between the years 2017 and 2018 and for the nine months ended September 30, 2019 through reducing the refinery gate price and increasing the amount of Governmental fees and taxes has had a financial impact on the net sales of the refining activity and the settlement of the financial relationship with the Government.

* In accordance with the Council of Ministers' Letter No. 31/17/5/21025, following the opinion of the Legislation and Opinion Bureau, the Jordan Petroleum Refinery Company is responsible for the costs of the cylinders rejected by the Jordan Institution for Standards and Metrology. Meanwhile, Jordan Petroleum Refinery Company sent Letter No. 2/25/25/7/1741, dated February 14, 2017, to his Excellency the Minister of Finance. The letter states that the cylinders' costs incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that their net realizable value amounted to JD 1,331,250. Therefore, the net losses amounted to JD 6,334,534. If the Company had booked these losses in 2016, this would have decreased the targeted/guaranteed profit by JD 5,067,628 as of the year ended December 31, 2016. This also would have negatively affected the Company's position in the financial market. Based on the above, the Council of Ministers approved, in its Letter No. 31/17/5/14/14153, dated March 28, 2017, to defer and amortize the net impairment loss of the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907 per year. This has been deducted from the Company's targeted profit of JD 15 million. Accordingly, the net targeted profit for the years 2016 and 2017 became JD 13,733,093 for each year. Moreover, an amount of JD 2,533,814 was amortized in the statement of profit or loss for the refining and gas filling activities and other activities during the years 2016 and 2017, and the amortization of the remaining amount of JD 3,800,720 was deferred and is to be amortized over the upcoming three years.

In accordance with Decision No. 48 of the Company's Board of Directors, in its meeting No. 4/2018 held on April 28, 2018, the Jordan Petroleum Refinery Company donated the Indian cylinders rejected by the Standards and Metrology Organization, in addition to their valves and 1,500 spare valves and their storage containers to the Arab International Construction and Contracting Company owned by the Jordanian Armed Forces / Arab Army. Accordingly, the actual cost of the cylinders, valves, and storage containers has become JD 8,020,825. In this respect, IFRSs require that the full amount be recognized when incurred without being deferred. The Company's records indicate that if the loss had been recorded when incurred during the year 2016, it would have decreased profit and retained earnings by JD 5,067,628, instead of a decrease by JD 1,266,907 as at December 31, 2016. This would have increased profit for the period ended September 30, 2019 by JD 1,371,753 and decreased retained earnings by JD 2,286,254. The following table illustrates the calculation of the Company's profit target:

	April 30, 2018
	JD
Actual cost of cylinders and valves	7,665,784
Cost of storage containers	355,041
Total cost of cylinders, valves, and containers	8,020,825
Amounts amortized in 2016 and 2017	(2,533,814)
Net remaining amount to be amortized over three years	5,487,011
Share for the period ended April 30, 2018 of the amount	(609,668)
Targeted profit for the period before amortization	5,000,000
Targeted profit for the Company after amortization	4,390,332

- The Company calculated the loss amortization cost of the Indian gas cylinders, valves, and containers as of September 30, 2019 and recorded an expense of JD 1,371,753 in the condensed consolidated statement of profit or loss.

17. Contingent Liabilities and Financial Commitments

a. As of the condensed consolidated statement of financial position date, the Company was contingently liable and financially committed as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Letters of credit and bills for collections*	464,707,486	545,692,197
Letters of guarantee	30,274,354	13,063,701
Contracts for projects under construction	14,384,603	14,685,021

* This item consists of Standby L/Cs amounting to JD 170 million, (equivalent to USD 240 million) in favor of Saudi Aramco Company as of September 30, 2019 and December 31, 2018.

b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 472 thousand as of September 30, 2019 (JD 1.9 million as of December 31, 2018). Moreover, some of the lawsuits relate to prior years and were filed against both the Government and the Company. Consequently, the contingent liabilities from unsettled lawsuits have been estimated, and the required provisions taken in accounts payable and other credit balances. In the opinion of the Company's management and its legal consultant, the booked provisions are sufficient to meet any future obligations.

- A lawsuit was raised against Jordan Petroleum Refinery Company on November 29, 2012 by the contractor Joint Venture Companies Christopher de Constantends (S.A), Whitermoon (S.A), and Engineering Group (K.Z.U) Limited, the executer of Tender No. (16/2006). In the lawsuit, the contractor claimed an amount of USD 7 million as compensation for work performed, representing invoices for additional work as well as compensation and interest for the delay of the work performed. On September 22, 2015, the Court issued its decision obligating the Company to pay JD 3,605,014 with interest of 9% starting from September 20, 2015. Moreover, the Court rejected all other claims and contra-claims, and the Company recorded a provision of JD 4 million for this lawsuit during the year 2015. The Execution notice was issued by Amman Execution Department No. (21943/2017/b) dated December 3, 2017, and it obligates the Jordan Petroleum Refinery Company to pay an amount of JD 3,605,014 with interest of JD 574,940. Meanwhile, the Company paid the full amount during the year 2017.

- During the year 2015, the Court of Cassation issued its Verdict No. 1663/2015 in favor of Jordan Petroleum Refinery Company, prohibiting the Supreme Regulations Council and the Hashemite Municipality from claiming JD 6,385,064 for regulating a land owned by the Company.

c. According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Oil Factory) for the balances as of September 30, 2017, it was agreed as follows:

1. To confirm the balance of the Ministry of Finance main account of JD 195,194,153, and the balance of the general sales tax deposits of JD 97,388,860, and the balance of special sales tax deposits of JD 937,034 as of September 30, 2017 as a right for Jordan Petroleum Refinery Company for the refining and gas activities. Moreover, the Ministry of Finance has also taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be booked for the debts of Royal Jordanian Company, municipalities, governmental universities, and independent governmental, managerial, and financial institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.

2. To confirm the deposits balances of overpricing differences of JD 43,488,857, and deposits for constructing alternative fuel tanks of JD 93,500,103, as well as stamps fees and fees of IPP Bulletin of JD 9,051,757 as of September 30, 2017 as a right for the Government.

3. The two parties have not reached an agreement on the value of the strategic inventory deposits, as the Government claims the amount of 2008 valuation of JD 156,787,303. In the meantime, Jordan Petroleum Refinery Company objects to this amount since these quantities are deposits booked by the Company and will be refunded as quantities in case the relationship with the Government is terminated.

4. The two parties have not reached an agreement as to who will maintain the write-off and repair of cylinders balance of JD 10 million.

5. The two parties have agreed that the provision for lawsuits and other liabilities balance of JD 6.3 million as of September 30, 2017 is the right of Jordan Petroleum Refinery Company. In this regard, any amount for a lawsuit won by the Company will be transferred to the Government. On the other hand, any judicial expense incurred by the Company during the period of its relationship with the Government will be borne by the Ministry except for the booked provision.

6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.

7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government, and it is to be transferred to the Income and Sales Tax Department on the due date in accordance with the Income and Sales Tax Law.

8. The two parties have agreed that the labor provisions balances (compensation for work injuries; provision for employees' vacation; provision for end- of- service indemnity; and provision for death, compensation, and end-of-service) as of September 30, 2017 are the right of Jordan Petroleum Refinery Company.

9. The two parties have not reached an agreement as to who will maintain the provision for doubtful debts (expected credit losses provision) balance of JD 10.5 million as of September 30, 2017.

10. The two parties have agreed that the provision for legal compensation balance of JD 6.27 million as of September 30, 2017 belongs to the Government. In this regard, the full amount has been paid before the end of 2017.

11. The two parties have agreed that the penalty and delay in payments provision balance of JD 2.74 million as of September 30, 2017 belongs to the Government. Meanwhile, the full amount has been paid before the end of 2017.

12. The two parties have not reached an agreement as to who will maintain the provision for obsolete and slow-moving inventory balance of JD 19.9 million as of September 30, 2017.

- Jordan Petroleum Products Marketing Company (a limited liability company) was established on February 12, 2013 and started its operations on May 1, 2013. Moreover, part of Jordan Petroleum Refinery Company's assets was transferred to the Company at the assets net book value. In addition, some of Jordan Petroleum Refinery Company's employees were seconded to work at this Company. The required legal procedures to transfer the title of some buildings and vehicles were completed during the subsequent periods. Furthermore, the Ministry of Finance sent Letter No.18/4/21247, dated August 24, 2015, to Jordan Petroleum Refinery Company inquiring about the transfer of part of Jordan Petroleum Refinery Company's assets to the Company at the assets net book value, instead of market value. In this regard, the Ministry demanded that these assets be revalued at market value and that the difference in those values be recorded to the favor of the Government. Consequently, Jordan Petroleum Refinery Company responded to the Ministry of Finance in a letter dated November 18, 2015, explaining that the decision to transfer assets at net book value was based on a precedent relating to the transfer of the assets of the stations to the three marketing companies. Moreover, the transfer is for restructuring the Company's activities upon the expiry of the concession period, which entailed such restructuring. The mission of providing consumers with petroleum products was transferred to the Jordan Petroleum Products Marketing Company until the period ended September 30, 2019, except for the asphalt and liquefied gas customers and fuel customers of security agencies.

- In accordance with the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submitting its conclusions thereon to the Council of Ministers concerning the calculation of the rental value of the assets transferred from the Refinery to the Jordan Petroleum Products Marketing Company at the approved percentage from the Land and Survey Department of (8 %) on land and buildings of JD 4.9 million from the transfer date of those buildings up to date. However, the Company insists on rejecting the aforementioned and sent a letter to the Ministry of Finance dated September 7, 2019, as the transferred assets are the property of the Jordan Petroleum Refinery Company under the Concession Settlement Agreement, which states that the stations are owned by the Jordan Petroleum Refinery Company and that they shall be transferred to the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company. From a legal perspective, the Company has the right to dispose of its assets in accordance with Article 236 of the Civil Code. Meanwhile, transfer of the assets at their net book value was carried out similar to the assets transferred at their net book value to other marketing companies in accordance with the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. In addition, the Concession Settlement Agreement stipulated that Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company be accorded the same treatment applied to other marketing companies. According to the above decision, the lease amount is approximately JD 1.9 million.

- According to the Company's future business meeting minutes signed on September 13, 2012, the financial relationship between the Jordan Petroleum Refinery Company and the Government of Jordan ended on April 30, 2018, pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018. Meanwhile, exclusion from applying the Jordanian specifications has been extended regarding the oil derivatives resulting from the refining process at the Jordan Petroleum Refinery Company throughout the implementation period of the Fourth Expansion Project as of May 1, 2018, provided that the project implementation stages shall be adhered to, and that production of the Jordan Petroleum Refinery Company shall not exceed 46% of the needs of the local market for non-conforming oil derivatives. The decision also requires the Ministry of Finance to follow up on implementing the procedures related to the points below and submit any related conclusions to the Council of Ministers:

1. The Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on 30 April 2018 and ensuring their payment with interest at the actual cost borne by the Company during the above period at the said rates. As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Resolution No. 6399 was adopted at its meeting held on September 11, 2019. The resolution stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to pay part of the balance of debts due to the Company from the Government until December 31, 2018 in return for the issuance of pledges by the Ministry of Finance to the assigned banks on the repayment of the loans and interest thereon. During the first half of October 2019, the Company withdrew an amount equivalent to JD 455,505,000 from the assigned banks after the Ministry of Finance had issued pledges to these banks to repay the loans installments and interest thereon (Note 7/e).

2. The Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the necessary materials. Moreover, the idle materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. 4/18/28669 dated August 29, 2019, which included its approval for the Company to clean its tanks from sediment and water at the Government's expense, write off the spare parts and supplies no longer needed, and transfer the surplus balance of the idle and slow- moving inventory and sediments to the Ministry of Finance. (Note 8).

3. The Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the refundable deposits related to the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million, during the period ended April 30, 2018, which was reflected in the account of the Ministry of Finance, which approved this action under the Ministry of Finance letter No. 4/18/28669 dated August 29, 2019 (Note 10/d).

4. Jordan Petroleum Refinery Company has cancelled the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement be reached between the National Electricity Company and the Government. Moreover, the Company has removed these amounts from the consolidated statement of financial position based on the Ministry of Finance's Letter No. 18/73/33025 dated November 25, 2018 to the National Electricity Company, which states that the Ministry of Finance has recorded the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to write off the interest of JD 79.2 million on the National Electricity Company's borrowings under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019.

5. The tax situation of the Jordan Petroleum Refinery Company shall be rectified as a result of including the tax within the (IPP) Price Bulletin. In this regard, the current ex-refinery price does not include the public and special taxes. Instead, the said taxes are included afterwards, collected from the marketing companies, and forwarded to the State Treasury (Note 7/f).

6. The Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, since the Company is guaranteed profit after tax during that period (Note 7/f).

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the council of Ministries decision No. 6953. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363) related to exempting the Company's imports sold to the marketing companies. In this respect, the Law prescribes exempting the Jordan Petroleum Refinery Company from public and special taxes as of May 1, 2013 on the oil derivatives it produces for the quantities sold exclusively to petroleum products marketing companies, provided that the public and special taxes thereon have been paid by the marketing companies. The Law also prescribes resolving all pending issues with the Customs Department and completing all customs data, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expires. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordanian Customs Department, the Income and Sales Tax Department, and the Jordan Petroleum Refinery Company. During October 2019, the committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources (Note 7/f).

8. The Government's strategic stock, which has been quantified and valued, shall be transferred to the logistics company, provided that the value of this stock be settled later. Moreover, the Company started transferring the strategic inventory to the logistics company during April 2018. This action was approved by the Ministry of Finance, and the stock amount was settled under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic stock to the logistics company. In addition, financial matters related to the strategic stock amount have been settled (Note 18).

9. The Ministry of Finance shall maintain the provision for doubtful debts (expected credit losses provision). If any debt arising during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to the Jordan Petroleum Refinery Company. As a result of the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed to retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable within the provision, the recovered amount shall be credited to the Ministry of Finance's account under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019 (Note 7/I).

10. The rate of return on investment shall be determined for LPG filling stations for the purpose of calculating the commission amount at (12%). Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton, and any surplus or shortage amounts shall be treated concerning the increase or decrease in the rate of return on investment compared to the targeted commission amount of the filling stations for the following year. In addition, the said mechanism shall not increase the cylinder cost for citizens, nor require any subsidy by the Treasury /Ministry of Finance for this activity. The Company has provided the Energy Regulatory Authority with all the information and data of the gas activity to determine the amount of the commission for the year 2019 (Note 16).

11. The rental value shall be calculated regarding the assets transferred from the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company at the rate approved by the Land and Survey Department of (8%) on land and buildings valued at JD 4.9 million effective from the transfer date of these buildings up to date. However, the Company insists on rejecting the aforementioned, as the transferred assets are the property of the Jordan Petroleum Refinery Company under the Concession Settlement Agreement, which states that the stations are owned by the Jordan Petroleum Refinery Company and that they shall be transferred to the Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company. From a legal perspective, the Company has the right to dispose of its assets in accordance with Article 236 of the Civil Code. Meanwhile, transfer of the assets at their net book value was carried out similar to the assets transferred at their net book value to other marketing companies in accordance with the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. In addition, the Concession Settlement Agreement stipulated that Jordan Petroleum Products Marketing Company owned by the Jordan Petroleum Refinery Company be accorded the same treatment applied to other marketing companies (Note 6/b).

18. Ministry of Finance - Funding of Strategic Inventory

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached to the Council of Ministers regarding the transfer of the Government's strategic inventory, which has been quantified and valued, to the logistics company, provided that the value of this inventory be settled later. Moreover, the Company started transferring the strategic inventory to the logistics company during April 2018. This action was approved by the Ministry of Finance, and the stock amount was settled under the Ministry of Finance's Letter No. 4/18/28669 dated August 29, 2019. The letter stated the Ministry of Finance's approval on transferring the quantities of the strategic stock to the logistics company. In addition, financial matters related to the strategic stock amount have been settled. The table below illustrates the strategic inventory quantity as of September 30, 2019 and December 31, 2018:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	Quantity/ Tons	Quantity/ Tons
Crude Oil	42,926	42,926
Liquid Petroleum Gas	15	1,831
Gasoline 90	232	35,494
Gasoline 95	17	9,525
Avftur	8,194	20,313
Kerosene	30,977	30,977
Diesel	7	12,837
Fuel Oil 3.5%	80,168	80,168
Isfilt	4,207	4,207
	166,743	238,278

19. Related Parties' Transactions and Balances

Related parties, as defined in International Accounting Standard No. 24 (Related Party Disclosures), include associate companies, major shareholders, directors, other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The balances and movements resulting from transactions with related parties are as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balances:		
Ministry of Finance debit (Note 7/e)	341,095,854	247,085,929
Ministry of Finance – deposits of surplus from differences of oil derivatives pricing (Note 10/a)	(44,119,766)	(50,167,633)
Ministry of Energy and Mineral Resources – Deposits for constructing alternative tanks (Note 10/c)	(93,500,103)	(93,500,103)

	For the Nine Months Ended September 30, 2019 (Reviewed)	For the Nine Months Ended September 30, 2018 (Reviewed)
	JD	JD
Transactions:		
Ministry of Finance – subsidy for crude oil derivatives charged to the Ministry of Finance – (Note 14)	24,836,062	44,844,404
Ministry of Finance – surplus from differences of oil derivatives pricing – (Note 14)	(3,168,205)	(2,173,969)
Ministry of Finance – settlement of targeted income – support (Note 16)	-	5,783,760

Executive management and members of the Board of Directors' salaries and remunerations and other benefits amounted to JD 1,057,108 for the period ended September 30, 2019 (JD 1,081,074 for the period ended September 30, 2018).

20. Sectorial and Geographical Distribution

The information relating to the Company's disclosed segments is set out below in accordance with IFRS 8. This standard requires identifying segments that can be reported based on the internal reports that are regularly reviewed by the Company's chief operating decision maker, and are used to allocate resources to segments and to assess their performance. In addition, the Company is engaged in various insurance activities. The majority of the Company's revenues, profits, and assets relate to its operations in the Hashemite Kingdom of Jordan. Inter-sectorial sales are recognized at normal selling prices.

- The Company is organized, for management purposes, into four major business sectors as following:

a. Refining: This sector separates the components of imported crude-oil into a set of varied oil products, and relies, as regards its major activities, on the license of the American UOP Company.

b. Distribution: Distribution links the production activity and refining activity inside the Company, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands for the Company's petroleum derivatives and gas.

c. Lube-oil Manufacturing: This sector includes the manufacturing and production of several types of oil required in the local and foreign market.

d. Liquefied Gas Manufacturing and Filling: This sector includes manufacturing, filling, repairing, and maintaining the gas cylinders in the three subsidiary gas stations of the Company.

- All of the Company's assets, liabilities, and operations are inside the Hashemite Kingdom of Jordan.

- The following are the Company's activities distributed according to activity type:

	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
For the period ended September 30, 2019 (Reviewed):					
Income for the period after tax	12,184,958	5,386,665	15,311,638	65,028	32,948,289
For the period ended September 30, 2018 (Reviewed):					
Income for the period after tax	10,520,167	5,882,695	8,011,769	63,465	24,478,123

	September 30, 2019 (Reviewed)				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
Other Information	JD	JD	JD	JD	JD
Total sector's assets	1,361,676,162	28,929,373	346,947,265	4,643,372	1,742,196,172
Total sector's liabilities	1,275,986,790	22,719,568	207,624,514	246,681	1,506,577,553

	September 30, 2018 (Reviewed)				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
Other Information	JD	JD	JD	JD	JD
Total sector's assets	1,239,983,245	29,524,258	203,186,843	4,537,756	1,477,232,102
Total sector's liabilities	1,107,518,799	25,821,222	125,543,875	327,257	1,259,211,153

21. Future Plan

As the most important matter for the Company's future is the Fourth Expansion Project, so far several important stages on this path have been completed. In this respect, the preliminary economic feasibility study has been completed. Moreover, the structure of the expansion facilities and the technology for this project have been selected. In addition, the basic designs of the project have been completed. Also, the Spanish Tecnicas Reunidas Company continues to implement the initial detailed engineering designs for the FEED project, which started on 1/7/2018 at an estimated cost of USD 31 million, and is expected to continue its operations at the end of July 2019. The Company, in coordination with the Refinery, is in contact with the project's potential financiers, including Export Credit Agencies, banks, and others. In turn, these potential financiers have provided initial letters of interest and funding proposals to participate in funding the project. In view of the necessity of having a financial advisor to arrange for the financing and negotiations with those interested in financing this project, the Company has contracted with Standard Chartered Bank as a financial advisor to the Company. In this regard, the Company is currently working on the contract terms with a specialized company for supervising and managing the implementation phase of the expansion project, as well as on appointing a global legal advisor to handle all contractual matters related to the project.

Significant progress has been made in the relationship between the Government and the Company, represented in resolving most of the outstanding issues in this regard. Furthermore, meetings continue between representatives of the Company and representatives of the Government to reach agreement on the remaining matters related to the financial relationship between them, following the end of the financial relationship between the Government and the Company as of May 1, 2018, and after the issuance of the Council of Ministers' Decision No. 7633 to postpone the application of the specification of oil derivatives until the completion of the Fourth Expansion Project, provided that adherence be made to a specific implementation plan.

As regards the refining activity, the Refinery started from last September to receive Iraqi crude oil for refining, according to an agreement between the Jordanian and Iraqi governments to provide the Kingdom with (10,000) barrels of Kirkuk oil daily.

As for the liquefied gas activity, the equipment for the new LPG filling unit, which has a capacity of (3,600) cylinders per hour, has been received and installed. This will enhance the Company's ability to cope with the high demand for gas during the winter months. The unit is expected to start its operations next November.

Jordan Petroleum Products Marketing Company (JPMC) continues its activities in connection with the construction of new petrol stations in various regions of the Kingdom. Moreover, the following stations have been opened: Al-Qastal Station via the Airport Road beside Royal University of Medical sciences, the Hashemite Charity Station via the Free Zone Road, and Hayasat Station down town Salt City.

Until the end of 2019, the Social Security Station / University Street; Al-Hneiti Station / Abu Alanda Area; Abdoun Station II / Abdoun Corridor; Taj Ammon Station / Istiqlal Street; and the Development Station 2 opposite the Ministry of Foreign Affairs Ministry will be opened.

The electronic inventory control system has been centrally operated for all stations owned and operated by Jopetrol, and work continues for the installation of an electronic inventory control system for all Hydron Company's stations until the end of the year.

All of the Company's stations owned and managed by Jopetrol have been automated, and so will be all the stations of Hydron Company. In addition, the price system will be activated centrally, and the prepaid card system and the vehicle Identification System (RFID) will also be activated at all Hydron Company's stations until the end of the year.

The main 24/7 Operations Control Room has been launched, including a television monitoring system for all stations and tanks through the vehicle tracking system. Until the end of the year, the Central Control Room and Main Communication Center will be launched to serve the customers of Jopetrol Company and Hydron Company around the clock.

The Company will continue to attract new stations established by their owners to sign supply contracts with the Company, and will also continue the strategy of increasing the number of stations owned by others to be managed by Jopetrol Company or Hydron Company.

With regard to the activity of mineral oils, the Company has made changes to the containers used in filling its mineral oil products in a move aimed at reducing the imitation of Jopetrol oil products.

In the light of the low consumption of mineral oils in the Kingdom, the fierce competition by many local manufacturers, and low-priced, low-quality items abounding in the local market, the Company's management continues to exert its efforts to reduce costs and to market the Company's products of various types of oils, within the Kingdom and abroad, while relying on the high quality of the Company's products. In this respect, the Company exports its products to Iraq, Chad, and others, and will also focus on new markets such as Palestine and Georgia, where exports have already started.

22. Approval on the Interim Condensed Consolidated Financial Information

These interim condensed consolidated financial information were approved by the Board of Directors and authorized for issue on October 27, 2019.

23. Subsequent Events

During October 2019, the Company withdrew an amount equivalent to JD 455,505,000 from the assigned banks after the Ministry of Finance issued pledges to these banks to repay the value of the loan installments and interest thereon according to the Council of Ministers' Decision No. 6399, adopted at its meeting held on September 11, 2019. The decision stipulated that the Company shall borrow an amount equivalent to about JD 457 million from banks to repay part of the balance of debts due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall issue pledges to the assigned banks in commitment for repayment of the amount of loans and interest thereon.

24. Fair Value Hierarchy

a. Financial Assets and Financial Liabilities of the Company Measured at Fair Value on a Recurring Basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs):

Financial Assets	Fair Value as at September 30, 2019 (Reviewed)	Fair Value as at December 31, 2018 (Audited)	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income:						
Companies shares	2,228,414	2,007,369	Level 1	Listed prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	2,228,414	2,007,369				

There were no transfers between level 1 and level 2 during the financial period.

b. Financial Assets and Financial Liabilities of the Company at Non-specific Fair Value on an Ongoing Basis:

We believe that the book value of financial assets and financial liabilities shown in the interim condensed consolidated financial information approximates their fair value. Moreover, property investments, representing part of the buildings erected on the lands related to the subsidiary companies, were evaluated upon acquiring the stations.