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

شركة مصفاة البترول الأردنية المساهمة المحدودة
عمـــان
المملكة الأردنية الهاشمية

Ref.: ....

Date: ....

الرقـم : 3561/1/1/51/25/2

التاريخ : 2019/4/14

معالي رئيس هيئة الأوراق المالية الأكرم

الموضوع : الإفصـــــاح.

تحيــة طيبــة وبعــد ،،،

لاحقاً لكتابنا رقم 3097/1/1/51/25/2 تاريخ 2019/3/31 وبالإشارة إلى تعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق يسرنا أن نرفق لمعاليكم القوائم المالية الموحدة للسنة المنتهية في 31 كانون الأول 2018 مع تقرير مدقق الحسابات المستقل باللغة الإنجليزية.

وتفضلــوا بقبـــول فائــــق الإحتــــرام ،،،

هيئـــة الأوراق الماليـــة
الدائـــرة الادارية / الديـــوان
١٤ نيسـان ٢٠١٩
الرقم المتسلسل ....
الجهة المختصة ....

ر/ المهندس عبد الكريم علاوين

الرئـــيس الـــتنفـــيذي

نسخة : مركز ايداع الأوراق المالية

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2018

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AM / 000573

To the Shareholders of
Jordan Petroleum Refinery Company
(A Public Shareholding Limited Company)
Amman - Jordan

Qualified Opinion

We have audited the consolidated financial statements of Jordan Petroleum Refinery Company ("Company") and its subsidiaries (collectively the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of income and other comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matters described in "Basis of Qualified Opinion" section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Qualified Opinion

1. The Company is in the process of negotiating with the Government of Jordan regarding the suspended matters and entitlement rights of provisions as stated in Note (3). We were unable to obtain sufficient appropriate evidence as of the end date of the financial relationship with the Government being April 30, 2018 and the date of the financial statements December 31, 2018 due to their unavailability. Consequently, we were unable to determine whether any adjustments to these balances and provisions were necessary.

2. The Company did not receive a confirmation letter of balances and transactions as of April 30, 2018 and December 31, 2018 from the Ministry of Finance, as stated in note (36) to the consolidated financial statements. Accordingly, we were unable to obtain sufficient appropriate audit evidence about these balances and transactions as of these dates. Consequently, we were unable to determine whether any adjustments to these balances were necessary.

3. As stated in note (30) to the consolidated financial statements, the Company deferred the recognition of losses related to the cost of the imported Indian cylinders. Had the management recognized this loss when incurred without its deferral during the year 2016, the net income for the year ending December 31, 2018 would have increased by JD 1,829,004 and retained earnings would have decreased by JD 3,658,007. Our opinion for prior year was also qualified in respect of this matter.

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4. The Company did not eliminate certain intercompany transactions between the Company and its subsidiaries in compliance with the signed agreement with the Government of Jordan and it constitutes a departure from IFRS 10 Consolidated Financial statements, noting that there is no impact on the consolidated net income for the year.

Emphasis of Matters
We draw attention to the following:

1- As stated in Note (34) to the consolidated financial statements, terms of transfer for Company's assets to its subsidiary (Jordan Petroleum Products Marketing Company) has not been agreed with the Government of Jordan to date and therefore they have been transferred at net book value.

2- As stated in Note (9/c) to the consolidated financial statements, the Group has approved discount amounting to JD 11,659,699 to the Alia Company – Royal Jordanian Airlines against transactions which occurred up to April 30, 2018. This discount has been directly charged to the Ministry of Finance account by decreasing part of this outstanding debt which was signed on March 6, 2016 and book the remaining balance as a deposit on behalf of Alia Company in accordance with the Prime Ministry decisions.

3- As stated in the Note (17/g) to the consolidated financial statements, there are negotiations between the Jordan Petroleum Products Marketing Company (subsidiary Company) and the Ministry of Finance regarding the entitlement rights of the petroleum products import pricing differences in an amount of JD 8.9 million classified as other credit balances.

4- As stated in Note (3) to the consolidated financial statements, the financial relationship between the Company and the Government of Jordan ended as of April 30, 2018 and the Company commenced its operations on a commercial basis commencing May 1, 2018.

Our Opinion is not modified in Respect of these Matters.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Jordan، and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Key audit matter

Implementation of IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" effective January 1st, 2018, this standard supersedes the requirements of IAS 39 "Financial instruments - recognition and measurement".

We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

The Company's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions, macro-economic factors and the study of historical trends relating to the Company's trade receivables collections experience.

As of December 31, 2018, the carrying value of trade receivables amounted to approximately JD 576 million and the provision for expected credit loss amounted to approximately JD 14.7 million.

How our audit addressed the key audit matter

We performed the following procedures in relation to the implementation of IFRS 9:

- Reviewed management's assessment of the impact of IFRS 9 in terms of the classification and measurement of its financial assets and liabilities, and understood the approach taken towards implementation.
- Reviewed the expected credit losses model developed by management to that required by IFRS 9 and reviewed the reasonable of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model;
- Tested key assumptions, used by management, by comparing to historical data. We also considered the incorporation of forward looking factors (predominantly economic) to reflect the impact of future events on expected credit losses;
- Review a sample of the receivables aging provided to us by the Company's management.
- Involved our accounting subject matter specialists to review the methodology used in the expected credit losses model; and compared this against accepted best practice.

The important accounting policies and accounting estimates are presented in Notes (5), (6), and (7) in the consolidated financial statements.

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Inventory	Scope of Audit to Address the Risk
The inventory of the Company is considered a key audit matter. The inventory consists of fuel derivatives, lube oil and spare parts and the inventory should be recorded according to International Financial Reporting Standards at cost or net realizable value whichever is lower. The Company's core operations requires the existence of many types of inventory such as crude oil, fuel derivatives and spare parts in order maintain the continuity of the Company operations, the inventory recording process using the cost or net realizable value whichever is lower required assessing the selling value to be comparing with original cost and recognize any losses immediately, in addition to the calculating the provision for slow-moving and obsolete inventories which requires to use a key accounting estimates prepared by specialized staff according to related annual technical studies.	Our audit procedures included understanding inventory, testing the effectiveness of the company's internal controls, regarding purchases, costing storage and measuring the inventory net realizable value compare it to original costs in addition to the internal controls for calculating the provision. We studied and understood the followed procedures in calculating the provision / pricing and net realizable value. We evaluated the factors that would affect the calculation process and discussed them with Executive Management, we also discussed with the management the sufficiency of the recorded provision related to the slow moving and obsolete inventory and tested a sample.

Other Matter

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

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performers of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Company maintains proper accounting records which are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements taking into consideration the effects of what is mentioned in paragraphs (1-4) in the "Basis of Qualified Opinion" paragraphs, and the emphasis of matters paragraphs as mentioned above.

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

Amman – Jordan
March 31, 2019

Deloitte & Touche (Middle East) – Jordan

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2018	December 31, 2017
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	8	16,966,903	11,087,752
Receivables and other debit balances	9	932,850,727	862,856,717
Crude oil, finished oil products and supplies	10	268,126,688	316,869,338
Total Current Assets		1,217,944,318	1,190,813,807
Deferred tax assets	11	7,784,486	6,983,411
Financial assets at fair value through comprehensive income	12	2,007,369	2,445,578
Investment property - net	13	838,441	856,385
Property and Equipment:			
Land		55,856,109	47,387,006
Property and equipment		452,460,965	413,904,713
Less: Accumulated depreciation		(348,931,001)	(321,089,073)
Net book value of property and equipment		159,386,073	140,202,646
Projects under construction		25,944,153	10,028,337
Total Property and Equipment and Projects under construction	14	185,330,226	150,230,983
Intangible Assets		43,316,759	30,960,000
Less: Accumulated amortization		(17,000,000)	(14,000,000)
Total Intangible Assets	15	26,316,759	16,960,000
TOTAL ASSETS		1,440,221,599	1,368,290,164
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	35	45,482,322	51,898,759

	Note	December 31, 2018	December 31, 2017
LIABILITIES		JD	JD
Current Liabilities:			
Due to banks	16	770,945,016	603,786,235
Payables and other credit balances	17	378,586,267	488,686,557
Fees due to the Ministry of Energy for the license of the Petroleum Products Marketing Company - current portion	18	-	4,280,000
Finance lease obligation - current portion	19	2,112,322	1,657,779
Provision for income tax	20	5,231,574	4,870,028
Total Current Liabilities		1,156,875,179	1,103,280,599
Non-Current Liabilities:			
Commitments resulting from acquisition of a subsidiary	33	8,350,205	-
Due to death, compensation, and end-of-service indemnity fund	35	36,553,358	42,783,222
Finance lease obligation - non-current portion	19	8,349,300	8,001,279
Provision for end-of-service indemnity	21	184,356	87,874
Total Non-Current Liabilities		53,437,219	50,872,375
Total liabilities		1,210,312,398	1,154,152,974
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	A/22	100,000,000	100,000,000
Statutory reserve	B/22	43,124,425	41,706,720
Voluntary reserve	C/22	16,143,555	14,584,910
Fourth expansion project reserve	D/22	-	2,652,918
Financial assets at fair value reserve - net	23	1,627,645	2,080,854
Difference resulting from purchasing of non-controlling interest		(368,400)	-
Retained earnings	24	58,245,250	43,433,771
Total Shareholders' Equity		218,772,475	204,459,173
Non - controlling interests		11,136,726	9,678,017
Total Owners' Equity		229,909,201	214,137,190
TOTAL LIABILITIES AND OWNERS' EQUITY		1,440,221,599	1,368,290,164
Contra Accounts			
Death, compensation, and end-of-service indemnity fund	35	45,482,322	51,898,759

Board of Directors Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2018					For the Year Ended December 31, 2017				
		Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Others	Total	Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Others	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Sales-Net	25	966,875,446	26,223,997	739,276,814	-	1,732,376,257	1,143,795,291	28,613,664	605,849,334	-	1,778,258,289
Less: Cost of sales	26	(912,502,064)	(14,875,857)	(697,695,833)	-	(1,625,073,754)	(1,003,081,089)	(14,643,295)	(571,216,251)	-	(1,588,940,635)
Gross Income from Sales		54,373,382	11,348,140	41,580,981	-	107,302,503	140,714,202	13,970,369	34,633,083	-	189,317,654
Add: Operating income and others	27	15,107,117	44,736	2,033,211	-	17,185,064	16,772,363	107,835	1,318,569	-	18,198,767
Gross Income from Trading		69,480,499	11,392,876	43,614,192	-	124,487,567	157,486,565	14,078,204	35,951,652	-	207,516,421
Less: Selling and distribution expenses	28	(39,080,263)	(1,800,199)	(17,019,579)	-	(57,900,041)	(35,467,228)	(1,978,584)	(13,448,615)	-	(50,894,427)
General and administrative expenses	29	(7,553,348)	(299,631)	(3,314,072)	-	(11,167,051)	(8,614,980)	(488,671)	(3,384,581)	-	(12,488,232)
Bank interest and commissions		(34,517,567)	(6,128)	(3,933,918)	84,881	(38,372,732)	(18,678,736)	(6,603)	(2,583,920)	78,977	(21,190,282)
Recovered from gas cylinders provision	D/17	5,000,000	-	-	-	5,000,000	-	-	-	-	-
(Provision) expected credit losses	J/9	1,248,444	188,951	(2,169,570)	-	(732,175)	1,081,434	(199,719)	(1,827,470)	-	(945,755)
Settlement of targeted income with the Government - support	30	5,783,760	-	-	-	5,783,760	(81,194,195)	-	-	-	(81,194,195)
(Provision) for slow-moving and obsolete inventory	10	(4,272,106)	-	-	-	(4,272,106)	(660,724)	-	-	-	(660,724)
Amortization of intangible assets	15	-	-	(3,000,000)	-	(3,000,000)	-	-	(3,000,000)	-	(3,000,000)
Recovered from lawsuits provision	17	542,085	-	-	-	542,085	-	-	-	-	-
(Provision) for legal compensation	20	-	-	-	-	-	2,590,680	-	-	-	2,590,680
Losses of Indian cylinders	30	(1,219,336)	-	-	-	(1,219,336)	-	-	-	-	-
(Provision) for storage fees	H/17	(7,090,219)	-	-	-	(7,090,219)	-	-	-	-	-
Income from Storage of strategic inventory	4	9,369,753	-	-	-	9,369,753	-	-	-	-	-
Interest income resulting from government's delay	4	21,232,033	-	-	-	21,232,033	-	-	-	-	-
(Provision) from other provisions		-	-	-	-	-	(46,192)	-	-	-	(46,192)
(Provision) for work injuries compensation provision	17	(243,321)	-	-	-	(243,321)	(264,682)	-	-	-	(264,682)
Recovered from (provision) for employees' vacations provision	17	274,679	-	-	-	274,679	(241,152)	-	-	-	(241,152)
Profit for the Year before Income Tax		18,955,093	9,475,869	14,177,053	84,881	42,692,896	15,990,790	11,404,627	11,707,066	78,977	39,181,460
Income tax for the year	20	(1,665,337)	(1,300,168)	(2,854,843)	-	(5,820,348)	(2,336,674)	(1,596,647)	(2,320,842)	-	(6,254,163)
Profit for the Year		17,289,756	8,175,701	11,322,210	84,881	36,872,548	13,654,116	9,807,980	9,386,224	78,977	32,927,297

	Note	2018 Total	2017 Total
Attributable to :			
Company's shareholders		36,616,235	32,654,771
Non - controlling interests	32	256,313	272,526
		36,872,548	32,927,297
Earnings per Share for the Year-Basic	31	-/366	-/326
Earnings per Share for the Year-Diluted	31	-/366	-/326

Board of Directors Chairman

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2018	2017
	JD	JD
Profit for the year	36,872,548	32,927,297
Items that can not be reclassified subsequently to the consolidated statement of income:		
Change in financial assets at fair value valuation reserve - net	(453,209)	(454,664)
Total Comprehensive Income for the Year	36,419,339	32,472,633
Total Consolidated Comprehensive Income Attributable to:		
Company's shareholders	36,163,026	32,200,107
Non -controlling interests	256,313	272,526
	36,419,339	32,472,633

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Note	Paid-up Capital	Statutory Reserve	Voluntary Reserve ***	Financial Assets at Fair Value Reserve - net	Fourth Expansion Project Reserve**	Difference due to Purchasing Non-controlling Interests	Retained Earnings *	Total Shareholders Equity	Non-Controlling Interests	Owners' Equity Total
For the year 2018		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year		100,000,000	41,706,720	14,584,910	2,080,854	2,652,918	-	43,433,771	204,459,173	9,678,017	214,137,190
Impact of IFRS (9) - net after tax	6/B	-	-	-	-	-	-	(1,481,324)	(1,481,324)	-	(1,481,324)
Adjusted Balance		100,000,000	41,706,720	14,584,910	2,080,854	2,652,918	-	41,952,447	202,977,849	9,678,017	212,655,866
Profit for the year		-	-	-	-	-	-	36,616,235	36,616,235	256,313	36,872,548
Change in financial assets at fair value through OCI valuation reserve - net		-	-	-	(453,209)	-	-	-	(453,209)	-	(453,209)
Total Comprehensive Income for the Year		-	-	-	(453,209)	-	-	36,616,235	36,163,026	256,313	36,419,339
Deducted from reserves		-	1,417,705	7,836,292	-	7,836,292	-	(17,090,289)	-	-	-
Transfer from voluntary reserve to fourth expansion project reserve		-	-	(6,277,647)	-	6,277,647	-	-	-	-	-
Transfer from fourth expansion project reserve to retained earnings		-	-	-	-	(16,766,857)	-	16,766,857	-	-	-
Dividends paid to shareholders****		-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Change in non - controlling interests		-	-	-	-	-	-	-	-	1,202,396	1,202,396
Difference due to purchasing of on-controlling interests *****		-	-	-	-	-	(368,400)	-	(368,400)	-	(368,400)
Balance at the end of the year		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
For the year 2017											
Balance at the beginning of the year		100,000,000	40,505,663	7,266,204	2,535,518	-	-	41,951,681	192,259,066	4,812,004	197,071,070
Profit for the year		-	-	-	-	-	-	32,654,771	32,654,771	272,526	32,927,297
Change in financial assets at fair value through OCI valuation reserve - net		-	-	-	(454,664)	-	-	-	(454,664)	-	(454,664)
Total Comprehensive Income for the Year		-	-	-	(454,664)	-	-	32,654,771	32,200,107	272,526	32,472,633
Deducted from reserves		-	1,201,057	7,318,706	-	7,318,706	-	(15,838,469)	-	-	-
Transfer from fourth expansion project reserve to retained earnings		-	-	-	-	(4,665,788)	-	4,665,788	-	-	-
Dividends paid to shareholders****		-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Change in non - controlling interests		-	-	-	-	-	-	-	-	4,593,487	4,593,487
Balance at the end of the year		100,000,000	41,706,720	14,584,910	2,080,854	2,652,918	-	43,433,771	204,459,173	9,678,017	214,137,190

* The retained earnings include an amount of JD 7,784,486 as of December 31, 2018 which represents a deferred tax assets restricted as per the instructions of Jordan Securities Commission.

** In its ordinary meeting held on April 30, 2018, the General Assembly decided to allocate JD 7,836,292 for a special reserve for the purpose of the fourth expansion project from the retained earnings account, as the Company transferred JD 16,766,857 during the year 2018 from the special reserve for the purpose of the fourth expansion project which represents the payments of the basic and detailed design works related to the project.

*** At its ordinary meeting held on 30 April 2018, the General Assembly decided to allocate an amount of JD 7,836,292 for the voluntary reserve account from the retained earnings account and use the accumulated reserve balance for the purposes of the fourth expansion project.

*** At its ordinary meeting held on 30 April 2018, the General Assembly decided to approve the distribution of cash dividends of 20% of the paid up capital, which is equivalent to JD 20 million.

***** During the period, the Company purchased the remaining non-controlling interests in Al-Markaziya and Al-Khairat Fuel Companies. The Company's contribution in the subsidiaries companies became 100% as at the date of the consolidated financial statements instead of 89% and 60% respectively, the differences between the payment amount and the portion of these shares from the net assets that were purchased directly from owners' equity were booked, to be in compliance with IFRS (3) "Business Combinations".

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended Ended December 31, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		42,692,896	39,181,460
Adjustments for:			
Depreciation of property and equipment and Investment property	14 &13	25,278,716	21,664,142
Amortization of intangible assets	15	3,000,000	3,000,000
Settlement of profits with the government - surplus	30	(5,783,760)	81,194,195
(Recovered from) gas cylinders provision	17/D	(5,000,000)	-
(Recovered from) employee vacations - net	17	(274,679)	(25,166)
Provision for end of service indemnity	21	96,482	25,241
(Recovered from) lawsuits provision and other liabilities	17	(542,085)	-
(Recovered from) legal compensation provision		-	(2,590,680)
Booked on various provisions		-	46,192
Provision for work injuries compensation	17	243,321	264,682
Slow moving items provision	10	4,272,106	660,724
Provision for storing of strategic inventory	17/H	8,090,219	-
Losses on Indian cylinders	30	1,219,336	-
Interest income resulting from Government's delay	4	(21,232,033)	-
Income from storage of strategic inventory	4	(9,369,753)	-
Provision for expexted credit losses	9/J	732,175	945,755
Net cash flows from operating activities before changes in working capital items		43,422,941	144,366,545
(Increase) in receivable and other debit balances		(62,457,237)	(13,658,861)
Decrease (increase) in crude oil and petroleum products ready and supplies		47,396,158	(97,408,460)
(Decrease) in due to death, compensation, and end-of-service indemnity fund		(6,229,864)	(395,203)
(Decrease) in creditors and other credit balances		(124,022,740)	(80,990,015)
Net Cash Flows (used in) Operations before Payments of Tax and Provisions		(101,890,742)	(48,085,994)
Income tax paid	20	(5,949,673)	(8,663,595)
Paid from storage rent provision	17/H	(1,000,000)	-
Net Cash Flows (used in) Operating Activities		(108,840,415)	(56,749,589)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of property, equipment and investment properties - net		(24,394,636)	(41,004,541)
Paid to the Ministry of Energy for a marketing license	18	(4,280,000)	(4,280,000)
Projects under construction - net		(14,738,612)	(3,757,896)
(Purchase) of financial assets at fair value through statement of comprehensive income	12	(15,000)	(1,283)
Payment to acquire a subsidiary	33	(5,500,000)	-
Payments to purchase investments net of changes in non-controlling interests		-	4,866,013
Net Cash Flows (used in) Investment Activities		(48,928,248)	(44,177,707)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		182,845,250	108,626,290
Increase in obligations against finance lease		802,564	8,583,293
Dividends distributed to shareholder's	24	(20,000,000)	(20,000,000)
Net Cash Flows from Financing Activities		163,647,814	97,209,583
Net Increase (Decrease) in Cash		5,879,151	(3,717,713)
Cash on hand and at banks - beginning of the year		11,087,752	14,805,465
Cash on Hand and at Banks - End of the Year	8	16,966,903	11,087,752

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

1. General

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, the date on which it was approved, in the Company's extraordinary meeting, to capitalize JD 25 million and distribute it to the shareholders. As a result, the Company's authorized and paid-up capital has reached JD 100 million.

In addition to the main units of refining and producing hydrocarbon petroleum products, the Company owns two subsidiary factories for the production of lube-oils and asphalt drums in addition to Jordan Petroleum Products Marketing Company (JPPMC). Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of writing off the cylinders. Furthermore, the accompanying consolidated financial statements include the operations of the main refining units, factories, and directly and indirectly owned subsidiaries.

Besides the refining and production of Petroleum derivatives, the Company transports and distributes these products to some customers, who receive supplies directly from the Company, as well as markets lube-oils. In addition, JPPMC 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 has to segregate some of its activities through establishing new companies it wholly or partially owns - after the expiry date of the concession agreement on March 2, 2008. During the year ended December 31, 2008, the Company established two subsidiaries 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. Furthermore, the stand - alone financial statements of these two companies have been audited since their establishment date up to the end of the financial year ended December 31, 2015.

During 2013, the Company established Jordan Petroleum Products Marketing Company (JPPMC), which is wholly owned by JPRC.

The settlement agreement related to the expiry of JPRC's concession agreement signed between the Company and the Government on February 25, 2008 stated that the 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 the other distribution companies. Moreover, the agreement stated that the assets of this Company shall include the gas stations owned by Jordan Petroleum Refinery, which has the right to split, own, and sell these stations to the distributing companies. In addition, the Jordan Petroleum Refinery Company (JPRC) is the owner of the tanks and the pumps and has the right to sell them to the distribution companies. The agreement also stated that the Government shall own some entities within the company (storage area and loading in Aqaba and properties within the Jordanian airports). At the beginning, JPRC was involved as a partner, and subsequently, it was wholly owned by the Government according to the minutes of the meeting held in September 2012 regarding the Company's future. Meanwhile, the Company shall keep the remaining property, plant, and equipment, including maintaining JPRC's ownership of the loading and distribution of oil derivatives.

At the same time, the Company established JPPMC, which started its operations in May 2013 and transferred the distribution activities to this Company. Based on the aforementioned, the distribution activities and the gas stations were transferred to this Company.

During the year 2018, the Company acquired all the shares of Hydron Energy LLC (Note 33).

The Company's consolidated financial statements were approved by the Board of Directors, in its meeting held on March 27, 2019, and are subject to the General Assembly of Shareholders' approval.

2. The Concession Agreement

a. The 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. Moreover, the financial effect of some items in this agreement has not been determined nor reflected in the consolidated financial statements. Additionally, a final settlement has not been reached regarding the provision for doubtful debts and provision for slow-moving and spoiled inventory. The recoveries from these two provisions' balances outstanding as of the concession expiry date should be credited to the Government.

According to JPRC'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 the 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 JPRC.

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 through 2017 were calculated according to the resolution of the Council of Ministers, in its meeting held on September 13, 2012, which was stated in the Prime Minister's Letter No. 31/17/5/24694 dated September 17, 2012, and approved by the Company's General Assembly, in its 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 shall be achieved for JPRC while keeping the changes in the Company's expenses at normal rates. Otherwise, the Government should be consulted concerning any deviations from these rates.

2- The Government has the right to appoint an external auditor (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 from other future companies owned by it and operating according to 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 be separated.

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

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

6- The profit granted to JPRC of 10 cents/barrel from refining the Iraqi crude oil shall also be excluded from the above profit provided that this income be 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, provision for doubtful debts, provision for replacing gas cylinders, provision for lawsuits raised against the Company, provision for slow-moving and spoiled inventory, provision for self-insurance, etc.), provided that these provisions and financial statements be audited by the Government.

8- The above applies to the year 2011 until the end of the transitional period of (5) years, starting from the commencement date of the marketing companies expected work as of the beginning of September 2012. Moreover, the marketing and sale of Jordanian petroleum products companies began operations as of 1 May 2013. The financial relationship between the Company and the Government was terminated, and the above decision was suspended on April 30, 2018 under 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, 2018 at JD 43 per ton sold.

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 the Relationship with the Government

According to the meeting minutes on the Company's future signed on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Government of Jordan ended on April 30, 2018. In its meeting held on 30 April 2018, the Prime Ministry issued its Decision No. (7633) on extending the exemption of oil derivatives from Jordan Petroleum Refinery Company's refining activity from implementing the Jordanian specifications throughout the period of implementation of the Fourth Expansion Project as of May 1, 2018, provided that commitment be made regarding the project implementation stages and that JPRC's production not exceed 46% of the local market's needs for non-conforming oil derivatives. The Decision also mandated the Ministry of Finance to follow up on the implementation of procedures concerning the following points, and submit any related observations to the Council of Ministers:

1- The Ministry of Finance shall calculate the amounts due to JPRC until April 30, 2018. These amounts shall be paid in installments during the years 2018, 2019 and 2020 plus interest thereon at the rates of (30%, 40% and 30%), after the 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 2020. Meanwhile, the Ministry of Finance shall submit a letter to JPRC stating the amounts due to the Refinery as of April 30, 2018 and guaranteeing their repayment plus interest at the actual cost incurred by the Company during the above period at the percentage mentioned in (Note 9 / d).

2- JPRC shall treat the sediment and water in the tanks and destroy the necessary materials. The stagnant materials shall be evaluated on April 30, 2018, and the cost of the sediment and water shall be calculated and disposed of. In the meantime, the surplus shall be transferred to the Ministry of Finance. In this regard, the Ministry of Finance is negotiating the eligibility of maintaining the provision of stagnant, slow-moving, and sedimentary materials (Note 10).

3- JPRC shall retain JD 5 million as provisions for the write-off, repair and replacement of the 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 that amount, the difference shall be transferred from the refundable deposit related to the Ministry of Finance. On the other hand, if the actual value is lower, the difference shall be transferred to the Ministry of Finance provided that this matter shall be dealt with in the future through the pricing mechanism. Accordingly, the Company has released JD5 million during the period ending April 30, 2018 and reversed it to the Ministry of Finance (Note 17 / d).

4- JPRC shall cancel the interest on the borrowings of the National Electricity Company of JD 79.2 million, 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 letter of the Ministry of Finance to the National Electricity Company No. 18/73/33025 dated November 25, 2018, 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 (Note 9 / e).

5- JPRC's tax status shall be rectified as regards the inclusion of tax in the price bulletin (IPP), since the current ex-refinery price does not include general and special taxes. Instead, taxes are included afterwards, collected from the marketing companies, and forwarded to the State Treasury (Note 9 /g).

6- The Government shall bear any taxes, government fees, or tax differentials during its relationship with the Company, since the Company is guaranteed profit after tax during that period (Note 9 /g).

7- Gasoline (95) used in the mixing process to produce Gasoline (90) and (95) shall be exempted from the tax differences between import and sale. Moreover, the necessary procedures shall be facilitated regarding the implementation of the Council of Ministers' Decision No. 13363 on exempting the Company's imports which were sold to the marketing companies. The law prescribes exempting JPRC from the general and special taxes as of May 1, 2013 on the oil derivatives produced as per the quantities sold exclusively to companies marketing petroleum products, provided that the general and special taxes be paid by the marketing companies. At the same time, all pending issues with the Customs Department shall be resolved, and all customs statements shall be completed, whether the pending issues relate to the Customs Department or the Standards and Metrology Institution, before the expiry of the relationship with the Government (Note 9 / g).

8- The Government-owned strategic stock, which was quantified and valued, shall be transferred to the logistics company, provided that the value of this stock be settled later. In this regard, JPRC started transferring the strategic stock to the Jordanian logistics company during April 2018 (Note 37).

9- The Ministry of Finance shall retain the provision for doubtful debts (provision for expected credit losses). In the event of the execution of any debts arising during the relationship with the Government, the Ministry of Finance shall pay them to the Refinery. The Company is negotiating with the Ministry of Finance the right to maintain the doubtful debts (provision for expected credit losses) (Note 9 j).

10- The investment return rate for LPG filling stations shall be determined 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. As such, any surpluses or shortages arising from the increase/decrease in the investment return rate compared to the targeted value in the calculation of the commission amount in the filling stations for the following year shall be treated downwards or upwards. In this regard, the mechanism shall not lead to any increase in the cost of the cylinder to citizens or to a subsidy by the Treasury / Ministry of Finance for this activity (Note 30).

11- The rental value of the assets transferred from the Refinery to JPPMC shall be calculated according to the Department of Land and Surveying's approved percentage of (8 %) on the land and buildings valued at JD 4.9 million from the date of the transfer of these buildings up to date. Moreover, the Company is negotiating this matter with the Ministry of Finance (Note 5).

4. Commencing Operations on Commercial basis after End of Relationship with the Government

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- From May 1, 2018, the Company has suspended the granting of a discount on the sales to Alia Royal Jordan Airlines Company - Royal Jordanian until a letter is received from the Ministry of Finance approving charging the discount amount to the Ministry of Finance in line with prior years. Moreover, 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 9 / h).

3- The Company has charged a storage fee on the Government-owned strategic stock 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 (Note 17/h).

4- Profit settlement with the Government has been discontinued, and the balance has been recognized in the consolidated statement of income 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 30).

5- As of May 1, 2018, the Company recorded an amount of JD 4,071,398 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) price according to the aforementioned decision (Note 3).

5. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations.

- The consolidated financial statements are stated in Jordanian Dinar.

- The consolidated financial statements have been prepared in accordance with the historical cost principle except for financial assets and financial liabilities, which are stated at fair value at the date of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2017, except for the effect of the adoption of the new and modified standards mentioned in Note (6.b).

The following are the most significant accounting policies:

a. Basis of Consolidation of the Financial Statements

- The consolidated financial statements include the financial statements 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. In addition, the transactions, balances, income and expenses between the Company and its subsidiaries are eliminated except for the financial effect on the settlement of profits with the Government.

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

- The subsidiaries' financial statements 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 statements of the subsidiaries to confirm with 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. Transactions, balances, income and expenses exchanged during the year are eliminated between the Company and its subsidiaries, except for the financial effect on the settlement of profits with the Government.

- The subsidiaries' results of operations are consolidated in the consolidated statement of income 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 consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Company loses control over the subsidiaries.

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; and
- 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. 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:

- 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; and
- 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 income; and
- Reclassifies the Company's equity previously recognized in the consolidated statement of comprehensive income to the consolidated income statement or retained earnings as appropriate.

As of December 31, 2018, the Company owned the following subsidiaries, either directly or indirectly:

Company's Name	Authorized Capital	Ownership	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,000	100	Amman	February 12, 2013	Operating
Hydron Energy LLC*	1,300,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Petroleum Gas Manufacturing and Filling Company (paid 50%)	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company (paid 50%)	3,000,000	100	Amman	May 28, 2008	Non-operating
Nuzha and Istiklal Fuel and Oil Station Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Fuel Trade Station Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Fuel Station Company	5,000	60	Al Karak	November 26, 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German Gas stations Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations management Company	3,000	60	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari for fuel Company	5,000	60	Amman	June 10, 2015	Operating
Al-Muneirah Station for Fuel and Oil Company	5,000	60	Amman	November 6, 2014	Operating
Al-Ramah Modern Station Fuel Company	5,000	60	Amman	December 17, 2014	Non-operating - under renovation
Al-Wadi Al-A'abiad Gas station	5,000	60	Amman	August 4, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al Qastal Gas Station for Oil and Fuel Company (paid 50%)	5,000	60	Amman	June 19, 2017	Non-operating - under renovation
Al Shira' Gas Station for fuel and Oil Company (Paid 50%)	5,000	95	Amman	February 19, 2017	Non-operating - under renovation
Taj Amon Gas Station for Fuel Company (paid 50%)	5,000	60	Amman	September 20, 2017	Non-operating - under renovation
Al-Tanmwieh Al-A'ola Gas Stations	5,000	60	Amman	November 19, 2014	Operating

* The subsidiary (Jordan Petroleum Products Marketing Company), which is wholly owned by Jordan Petroleum Refinery Company, has acquired all the shares of Hydron Energy Company LLC on December 26, 2018 (Notes 33).

(1) Jordan Petroleum Products Marketing Company was established on February 12, 2013 with total assets of its own and of its subsidiaries of JD 249,303,607, while its total liabilities and those of its subsidiaries amounted to JD 158,907,193 as of December 31, 2018. The Company's consolidated net income amounted to JD 11,322,210 with non-controlling interest of JD 265,313 for the year-ended December 31, 2018. Furthermore, the Company has started operating gradually since May 1, 2013, and part of JPRC's assets have been transferred to the Company at their net book value. Also, some of JPRC's employees were assigned to work at the Company.

The task of providing consumers with oil derivatives had been transferred to Jordan Petroleum Products Marketing Company until the end of the period ended December 31, 2018, except for electricity companies, governmental institutions, security agencies, some airline agencies, stations and airports which still obtain their supplies directly from JPRC. The required legal procedures to conclude the assets ownership transfer to Jordan Petroleum Products Marketing Company were completed as follows:

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

2. Vehicles: The value of vehicles with a historical cost of JD 5,483,410 was transferred to Jordan Petroleum Products Marketing Company according to their net book value of JD 109,881 as of May 1, 2013.

3. Other property and equipment: Other property and equipment with a historical cost of JD 4,460,927 were transferred to Jordan Petroleum Products Marketing Company at their net book value of JD 1,446,738 according to official tax invoices.

4. Employees and their benefits: Most of the employees' contracts were transferred from JPRC to Jordan Petroleum Products Marketing Company. Moreover, Jordan Petroleum Products Marketing Company has also been charged with the cost and benefits of the employees assigned to work in this company

5. On June 27, 2018, JPRC increased JPPMC's authorized and paid-up capital to JD 65 million and completed the related procedures with the official authorities.

6. Jordan Petroleum Products Marketing Company received a marketing commission of 12 fils per liter sold and a sale commission of 15 fils per liter sold until August 31, 2018. The sale commission has been amended to 18 fils per liter sold as of September 1, 2018. Jordan Petroleum Products Marketing Company receives other commissions, representing an evaporation allowance and transport fees in accordance with the agreement signed with the Ministry of Energy and Mineral Resources.

The settlement agreement related to the expiry of JPRC concession agreement signed between JPRC and the Government on February 25, 2008 stated that JPRC 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 the other distribution companies. Moreover, the agreement stated that the assets of this Company shall include the gas stations owned by Jordan Petroleum Refinery which has the right to split, own, and sell these stations to the distributing companies. In addition, JPRC is the owner of the tanks and pumps and has the right to sell them to the distribution companies. The agreement also stated that the Government shall own some entities within JPRC (storage area and loading in Aqaba and properties within the Jordanian airports). At the beginning, JPRC was involved as a partner, and subsequently, it was wholly owned by the Government according to the minutes of the meeting held in September 2012 regarding the Company's future. Meanwhile, JPRC shall keep the remaining property, plant, and equipment, including maintaining JPRC's ownership of the loading and distribution of oil derivatives.

At the same time, JPRC established JPPMC, which started its operations in May 2013 and transferred the distribution activities to JPPMC. Based on the aforementioned, the distribution activities and the gas stations were transferred to JPPMC.

End of the Relationship with the Government

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, JPRC objects to this for the reasons stated above, and because these assets are JPRC's right under the Concession Termination Agreement, and therefore belong to JPRC from a legal perspective. Moreover, JPRC's relationship with the Government, which guaranteed profit of JD 15 million, is limited to refining and filling liquefied gas. In the opinion of JPRC's Management, the International Accounting Standards do not require the Company to transfer the said assets to the subsidiary at market value.

b. The following are the significant accounting policies adopted:

Inventory

The value of the goods is determined at market value or cost, whichever is lower. Moreover, cost is determined according to the weighted average method. A provision is taken for stagnant and slow-moving goods, sediments and water in the Company's tanks, and the cost of removing them.

Financial Assets at Fair Value through the Other Comprehensive Income

- These financial assets represent investments in equity instruments for the purpose of retaining them over the long term.

- These are stated at fair value plus acquisition costs on acquisition and subsequently revalued at fair value. The change in fair value is reflected in the consolidated statement of comprehensive income and in equity, including the changes in fair value arising from translation differences on non-monetary items in foreign currencies. In case of the sale of these assets or part thereof, the resulting gain or loss is taken to the consolidated statement of comprehensive income and to the consolidated equity. The fair value reserve of the financial assets sold is transferred directly to retained earnings and losses and not through the consolidated statement of income.

- Dividend income is recognized in the consolidated statement of income.

Fair Value

The closing price (purchase of assets / sale of liabilities) at the date of the financial statements in active markets represents the fair value of the financial instruments and derivatives that have market prices.

In case declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the present market value of a very similar financial instrument.

- Analysis of future cash flows and expected discounted cash flows at a rate used for a similar financial instrument.

- Adoption of options pricing models.

- The long-term non-interest bearing assets and liabilities are evaluated according to discounted cash flows at the effective interest rate. Moreover, the discounted interest revenue is recorded under received interest income in the consolidated statement of income.

The evaluation methods aim at obtaining a fair value that reflects market expectations and considers market factors and any expected risks or benefits upon valuing financial instruments.

Financial Instruments
Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company is a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities or, where appropriate, deducted therefrom at initial recognition.

Financial Assets
Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of financial assets or financial liabilities or deducted therefrom, where appropriate, at initial recognition.

All recognized financial assets are subsequently measured either at amortized cost or at fair value based on the classification of the financial assets.

Classification of Financial Assets
Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- The asset is acquired in a business model intended to hold assets to collect contractual cash flows; and

- The contractual terms of the instrument on specific dates will result in cash flows that are only payments of principal and interest on the principal of the outstanding amount.

All other financial assets are measured at fair value.

Amortized Cost and Effective Interest Method
An effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the period in question.

The effective interest rate is the rate that exactly discounts the expected future cash payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums, or other discounts), except for expected credit losses over the expected life of the instrument or, if appropriate, over a shorter period, to net book value at initial recognition. With respect to financial assets acquired or impaired, the effective interest income is determined by discounting cash payments for future, including the provision for expected credit losses, on the amortized cost of financial assets at initial recognition.

Foreign Exchange Gains and Losses
The carrying amount of financial assets recorded in foreign currency is determined and translated at the rate prevailing at the end of each reporting period. For financial assets measured at amortized cost that are not part of a specific hedging relationship, currency differences are recognized in the statement of income.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses on trade receivables and updates the expected credit losses on each reporting date to reflect changes in creditworthiness since the initial recognition of the related financial instrument.

The Company constantly records the expected credit losses over their lifetime for trade receivables. Moreover, credit losses are estimated using an allowance matrix based on the Group's past credit loss experience, and adjusted in line with the factors relating to the debtors and general economic conditions. Moreover, both the current and future trends are assessed on the reporting date, including the time value of money, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since the initial recognition. The expected credit loss over their lifetime represents the expected credit losses that will arise from all probable defaults over the expected lifetime of the financial instrument.

Provision for Expected Credit Losses

The Company has adopted a simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant component of financing have been classified as part of the second phase with the recognition of expected credit losses over their lifetime.

An allowance for the expected credit loss should be recorded over the life of the financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition, and the expected credit loss is a probable weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for the credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Write-off of Financial Assets

The company derecognizes financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor is placed under liquidation or is in bankruptcy proceedings, or when trade receivables are overdue for more than 24 months, trade receivables are examined on a customer-by-customer basis, whichever is earlier. The Company may continue to subject written-off financial assets in an endeavor to recover receivables, taking into account legal advice, where appropriate. Any recoveries are recognized in the statement of income.

Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of income.

Classification as Debt or Equity Instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of the financial instrument, and the equity instrument.

Equity Instruments

Equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

The re-acquisition of the Company's equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the income statement when purchasing, selling, issuing, or canceling the Company's equity instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through the statement of income.

Financial liabilities that are not (1) those that are acquired in a business combination, (2) held for trading, or (3) designated at fair value through the income statement, are subsequently measured at amortized cost using the effective interest method.

Trade and other payables classified as "financial liabilities" are measured initially at fair value less transaction costs, and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized on an effective yield basis.

The effective interest method is the method of calculating the amortized cost of a financial liability and allocating interest expense over the period in question. The effective interest rate is the rate that exactly discounts expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when they are discharged from their obligations or when such obligations are canceled or expired. The difference between the carrying amount of the canceled financial instrument and the consideration paid or payable is recognized in the statement of income.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and other impairments, and are depreciated (except for land) when ready for use, according to the straight-line method over their expected useful lives at annual rates as follows:

	%
Buildings	2 - 10
Machinery and production equipment	35
Machinery and support services equipment	35
Tanks and pipelines	10
Electrical supplies and equipment	20
Products loading units	20
Vehicles	15
Office furniture and fixtures	5-20
Library and training equipment	20
Distribution stations assets	20
Property and other equipment	20
Computers	35

When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the consolidated statement of income.

The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.

Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

Intangible assets are stated at cost and classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful lives are amortized over their estimated lives at an annual rate of 10%, and any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any amendments are made in the subsequent period.

Any indications to impairment in intangible assets are reviewed at the financial statements date. Furthermore, any indications of impairment in the value of intangible assets as of the financial statements date are reviewed, and so are ageing estimates of these assets. Meanwhile, any related impairment is taken to the statement of income.

No intangible assets from the Company's operations are capitalized. Instead, they are recorded as an expense in the statement of income for the year.

Goodwill

- Goodwill is recognized at cost, which represents the excess amount paid to acquire or purchase cash-generating units owned by other companies over the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of these units at the acquisition date.

- Goodwill is recognized as an intangible asset at cost, and subsequently, reduced by any impairment losses.

- Goodwill is distributed over the cash-generating unit(s) for the purpose of testing the impairment in its value.

- In case the cash-generating units are sold, goodwill value is considered upon determining the amount of profit or loss resulting from the selling transaction.

Trademark

Is a special mark or indicator used by the Company to indicate that the products or services provided to the consumer which the trademark appears on are originating from a single source and to distinguish its products or services from the products and services of others.

Operating Leases

Operating lease contracts are recognized at the value that the Company will incur in order to replace the stations of the acquired companies whose fixed assets have been purchased through operating lease contracts.

Investment Property

Investment property is stated at cost less accumulated depreciation (except for land), and any impairment loss is recognized in the consolidated statement of income. The operating income or expenses of these investments are recognized in the consolidated statement of income and depreciated (except for land) using the straight-line method at annual rates ranging from 2% - 20%.

Taxes
A provision for income tax is taken through estimating the expected tax liabilities. Moreover, the realized differences in income tax are recorded in the consolidated statement of income when paid upon reaching a final settlement with the Income Tax Department.

Deferred taxes are expected to be paid or recovered due to temporary timing differences between the value of the assets or liabilities in the consolidated financial statements and the value on the basis of which tax is calculated. Furthermore, deferred taxes are calculated using the liability method in the consolidated statement of financial position according to the tax rates expected to be applied at the time of tax liability settlement or the recognition of the deferred tax assets.

On the consolidated financial statements date, the balance of deferred tax assets and liabilities is reviewed and reduced in case it is expected that the Company would not benefit, in whole or in part, from the deferred tax assets, or the tax liability is settled or no longer needed.

Financing Leases
The lease that results in full transfer of all the risks and rewards of ownership is classified under finance leases. Assets held under finance leases are recognized as assets of the Company at fair value at the beginning of the lease or at the present value of the minimum lease payments. The lease is allocated to the lessor in the statement of financial position as a liability under the finance leases. The lease payments are allocated between finance expenses and the remaining amount of the liability, resulting in a periodic discount rate on the remaining balance of the liability. Financing expenses are charged to the consolidated statement of income. The finance leases result in depreciation and financing expenses for each accounting period, and the depreciation rate for leased assets is set at the same depreciation rates of the assets owned.

Revenue Recognition
The Company recognizes revenues mainly from the sale of ready-made petroleum derivatives and mineral oils.

Revenue is measured at the fair value of the consideration received or receivable (net of returns and discounts) of the contract with the customer, and the amounts collected on behalf of others are eliminated. Revenue is recognized when the Company transfers control of a product to the customer when the goods are shipped to a certain location (delivery). Moreover, the customer has full discretion to distribute and fix the sale price of the goods, and bears the main responsibility when selling the goods, as well as bears the risk of obsolescence and loss in respect of the goods. Receivables are recognized by the Company when the goods are delivered to the customer, representing the point at which the right to consideration becomes unconditional. The passage of time is only required before the payment becomes due.

Interest Income and Expenses
Interest income and expense for all financial instruments are recognized in the consolidated statement of income using the effective interest method. The effective interest rate represents the rate at which the estimated future cash flows of a financial instrument are discounted over the life expectancy of the financial instrument or, where appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liability. Future cash flows are also estimated to take into account all contractual terms of the instrument.

Provisions
Provisions are recognized when the Company has obligations on the consolidated statement of financial position date arising from past events or payment of contingent liabilities which can be reliably measured.

6. Application of New and Revised International Financial Reporting Standards

a) Amendments not having a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2018 or thereafter in the preparation of the Company's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and Revised Standards	Amendments to the New and Revised International and Standards
Annual improvements to IFRSs issued between 2014 and 2016.	Improvements include amendments to IFRS 1, *"Application of International Standards for the First Time"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*. The amendments clarify that the option of investment and other similar enterprises to measure investments in associates and joint ventures at fair value through the income statement is available separately for each associate or joint venture and that the selection should be made at initial recognition. As for the option of an entity which is not an investment property, the fair value measurement applied by the associate and the joint venture that are an investment property shall be maintained when applying the equity method. The amendments provide a similar clarification that this option is available to each associate of an investment nature or a joint venture with an investment nature.
IFRIC 22: *"Foreign currency transactions and prepayments "*.	This interpretation deals with how to determine the "date of the transaction" for the purpose of determining the exchange rate to be used at the initial recognition of the asset, expense, or income when it is taken into account that this is paid or received in advance by a foreign operation that results in the recognition of non-monetary assets or non-monetary liabilities. The interpretation determines that the transaction date is the date on which the non-monetary assets or non-monetary liabilities arising from the payment or receipt of payments are recognized in advance. If multiple payments or receipts are received in advance, the interpretation requires the Company to determine the transaction date for each payment or receipt of the cash consideration in advance.

New and Revised Standards	Amendments to the New and Revised International and Standards
	This Interpretation relates to transactions made in foreign currency or parts of such transactions in the event that: • A consideration in foreign currency or priced in foreign currency exists; • An entity recognizes an asset that has been paid in advance or deferred income liabilities related to that consideration on a date prior to the recognition of the relevant assets, income, or expenses; and • Prepaid assets or deferred income liabilities are not cash.
Amendments to IAS 40: *"Investment properties"*.	The amendments indicate that transfers to or from real estate investments require an assessment of whether the properties meet or no longer meet the definition of real estate investments and are backed up by observable evidence of a change in use. The amendments also indicate that the cases included in the standard are not comprehensive and that a change in use can be made with respect to the properties under construction (i.e. the change in use is not limited to completed properties)
Amendments to IFRS 2 *"Share-based payment"*.	These amendments relate to the classification and measurement of share-based payment transactions. These amendments clarify the following: 1. When estimating the fair value of a payment on the basis of shares paid in cash, accounting for the effects of the accrual and non-accrual provisions should be accounted for based on the same method used for share-based payments. 2. If the tax law/ laws require the Company to keep a certain number of equity instruments equal to the monetary value of the employee's tax liability to meet his tax obligations and then transfer it to the tax authority (usually cash), i.e. the share-based payment arrangement has a *"net settlement feature"*, this entire arrangement should be classified as a payment from equity, provided that the share-based payment may be classified as payment from equity even if the settlement feature was not included in the net.

New and Revised Standards	Amendments to the New and Revised International and Standards
	3. The share-based payment adjustment should be accounted for to modify the transaction from a cash payment to a share-based payment as follows: a. Abrogation of the original obligation; b. Recognition of the share-based payment at the date of adjusting the fair value of the granted equity instrument to the extent that the services have been performed up to the date of the adjustment; and c. Recognition of any difference between the present value of the liability at the date of the adjustment and the amount recognized in equity in the statement of income
Amendments to IFRS 4: *"Insurance contracts".*	These amendments relate to the difference between the effective date of IFRS 9 and the new standard for insurance contracts.
IFRS 15 *"Revenue from Contracts with Customers".*	IFRS 15 was issued in May 2014, which established a comprehensive model for enterprises to be used in accounting for revenue generated from contracts with customers. This standard will replace the current income recognition guidance, including IAS 18 *"Revenue"*, IAS 11 *"Construction Contracts and related Interpretations"* that an entity should recognize revenue to indicate the transfer of goods or services to the customer in an amount that reflects the consideration that the entity expects to receive for such goods or services. In particular, the standard provides a five-step approach to revenue recognition: Step 1: Determining the contract (s) signed with the client. Step 2: Defining performance obligations in the contract. Step 3: Determining the selling price. Step 4: Assigning a sale price to the performance obligations in the contract. Step 5: Recognizing revenue when the entity meets (or fulfills) an obligation to perform. Under this Standard, an entity recognizes revenue when (or at the time) it fulfills its performance obligation, that is, when control over the goods or services underlying the performance obligation is transferred to the customer. More mandatory guidelines have been added to the Standard to deal with specific scenarios. In addition, the standard requires comprehensive disclosures.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to IFRS 15 *"Revenue from Contracts with Customers".*	These amendments relate to the clarification of three aspects of the standard (determination of performance obligations, client versus agent considerations, and licensing) and some transitional exemption for modified contracts and completed contracts.

b. Amendments to the Company's Consolidated Financial Statements:

IFRS 9 *"Financial Instruments"*

IFRS 9 was issued in November 2009, and new requirements for the classification and measurement of financial assets were introduced. Subsequently, the Standard was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and the derecognition of financial liabilities. The Standard was amended in November 2013 to include new requirements for general hedge accounting. An amended version of the Standard was issued in July 2014 to include: (a) the requirements for impairment of financial assets; and (b) limited adjustments to the classification and measurement requirements by introducing the *"fair value through other comprehensive income" category of some simple debt instruments".*

IFRS 9 *"Financial Instruments"* issued by the International Accounting Standards Board (IASB) was adopted in July 2014. The initial date of implementation of this standard was December 1, 2018. The application of IFRS 9 led to changes in the accounting policies and amendments to the previously recognized amounts in the financial statements. Moreover, the Company has adopted IFRS 9 (first phase) of 2009 early, regarding the classification and measurement of financial assets since the beginning of 2010.

As required by the transitional provisions of IFRS 9, the Company has not restated the comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities have been recognized on the date of transition in the opening balances of retained earnings and non-controlling interests for the current period. The Company has also chosen to continue to apply the accounting requirements of IAS 39 *"Financial Instruments: Recognition and Measurement"*, concerning the application of IFRS 9.

IFRS 9 has resulted in changes in the accounting policies for the identification, classification, and measurement of financial assets and liabilities and the impairment in value of financial assets. IFRS 9 also modifies other standards that address financial instruments such as IFRS 7 *"Financial Instruments: Disclosures"*.

The final version of IFRS 9 includes the accounting requirements for financial instruments and supersedes IAS 39 *"Recognition and Measurement"*. The new version of the standard includes the following requirements:

Classification and Measurement:

Financial assets are classified based on the business model and contractual cash flow characteristics. The 2014 version provides a new classification of certain debt instruments that could be classified as *"financial assets at fair value through other comprehensive income"*. The financial liabilities are classified similarly to IAS 39, but there are differences in the requirements applied to the measurement of credit risk relating to the entity.

Impairment:
The 2014 version provided the *"expected credit loss"* model to measure the impairment loss of financial assets, and therefore, it is not necessary to increase the credit risk before recognizing the credit loss.

Hedge accounting:
The 2014 version provided a new model for hedge accounting designed to be more appropriate with how an entity manages risk when exposed to financial and non-financial hedging risks.

The Company and its subsidiaries have adopted IFRS 9 to measure the expected credit losses effective January 1, 2018.

The impact on the consolidated financial statements is as follows:

January1, 2018	**Balance before Adjustment**	**Effect of Applying the Standard**	**Adjusted Balance**
	JD	**JD**	**JD**
Owners' Equity			
Retained earnings	43,433,771	(1,481,324)	41,952,447
Assets			
Receivables-net	862,856,717	(1,791,460)	861,065,257
Deferred tax assets	6,983,411	310,136	7,293,547

C. **New and revised International Financial Reporting Standards issued and not yet effective:**

The Company has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the consolidated financial statements, and their details as follows:

New and Revised Standards	Amendments to New and Revised IFRSs	Effective for Annual Periods Beginning on or after
Annual improvements to IFRSs issued between 2015 and 2017	Improvements include amendments to IFRS 3 *"Business Combinations"*, (11) *"Joint Arrangements"*, and IAS 12 "Income Taxes" and IAS 23 *"Borrowing Costs"*.	**January 1, 2019**
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 the taxable profit (tax loss), tax bases, unused tax losses, unused tax breaks, and tax rates; and • The impact of changes in facts and circumstances.	**January 1, 2019**
IFRS 16 *"Leases"*	IFRS 16 defines how the reporting entity can recognize, measure, present, and disclose lease contracts. The Standard also provides a separate accounting model for lessees that requires the lessee to recognize the assets and liabilities of all lease contracts unless the lease is 12 months or less or the asset is of low value. Lessors continue to classify leases as operating or financing leases. IAS 16's on lessor accounting has not changed significantly compared to IAS 17.	**January 1, 2019**
Amendments to IFRS 9 *"Financial Instruments"*	These amendments relate to the benefits of prepayment with negative compensation, where the current requirements of IFRS 9 regarding the end-of-service rights have been amended to allow for the measurement at amortized cost (or based on the business model at fair value through other comprehensive income) even in the negative compensation payments.	**January 1, 2019**

New and Revised Standards	Amendments to New and Revised IFRSs	Effective for Annual Periods Beginning on or after
Amendments to IAS 28 *"Investment in Associates and Joint Ventures"*	These amendments relate to long-term shares in associates 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	**January 1, 2019**
Amendments to IAS 19 *"Employee Benefits"*	These relate to amendments to the plans, reductions, or settlements.	**January 1, 2019**
Amendments to IAS 1 *"Presentation of the Financial Statements"*	These amendments relate to the definition of materiality	**January 1, 2019**
Amendments to IFRS 3 *"Business Combinations"*	These amendments clarify the definition of business, as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes the revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which include amendments to IFRS 2, 3, 6 and 14; IAS 1, 34, 37 and 38; IFRIC 12, 19, 20, and 22 ; and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.	**January 1, 2019**
IFRS 17 *"Insurance Contracts"*	This provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance Contracts". IFRS 17 requires measurement of insurance liabilities at the present value of payment.	**January 1, 2019**

New and Revised Standards	Amendments to New and Revised IFRSs	Effective for Annual Periods Beginning on or after
Amendments to IFRS 10 *"Consolidated Financial Statements"* and IAS 28 *"Investments in Associates and Joint Ventures (2011)"*	These amendments relate to the treatment of the sale or contribution of the investor's assets in the associate or joint venture.	**The date of entry into force has been postponed indefinitely, and the application is still permitted.**

Management expects to apply these new standards, interpretations, and amendments to the Company's consolidated financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's consolidated financial statements in the initial application period except for the effect of the adoption of IFRS 16, as shown below:

Effect of applying IFRS 16 "*Leases*"

The Standard provides a comprehensive model for determining and treating lease arrangements in the consolidated financial statements of both lessors and lessees. It will also replace IAS 17 *"Leases"* and related interpretations when it becomes effective for the financial periods beginning on or after January 1, 2019.

As permitted by the transitional provisions of IFRS 16, the Company will not restate the comparative figures. Any changes in the carrying amount of assets and liabilities at the date of transition are recognized in the opening balances of the related balances.

There is no material difference between the accounting treatment in the lessor's books between IFRS 16 and IAS 17.

The change in the definition of the lease relates mainly to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the use of a specific asset and the control is present if the customer has:

- The right to a substantial degree of all economic benefits arising from the use of specific assets; and
- The right to direct the use of this asset.

Effect on the Accounting Treatment in the Lessee's Records
Operating Leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

a. Recognition of "right to use" assets and lease commitments in the statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.

b. Recognition of the depreciation of "right to use" assets and interest on lease commitments in the statement of income.

c. Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize lease expenses on a straight-line basis as permitted by the IFRS 16. The Company's management believes that the impact of the adoption of IFRS 16 is immaterial and will not be reflected in the financial statements of the Company, as all leases are short term and are automatically renewed on an annual basis.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognised, and the amount will be calculated in the measurement of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance Leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessee to the lessor. IFRS 16 requires recognition as part of its lease obligation only the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. Upon initial request, the Company will state the equipment previously included in property, plant, and equipment under "right to use" assets and lease commitments, previously stated under borrowings, under a separate line item of the lease liabilities.

Based on the analysis of the Company's finance leases as at December 31, 2018 on the basis of the facts and circumstances prevailing at that date, this change was not considered to affect the amounts recognized in the Company's consolidated financial statements.

Effect on the Accounting Treatment in the Lessor's Records

Under IFRS 16, the lessor continues to classify leases as either financial leases or operating leases and account for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets.

Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

The intermediate lessor should classify the sub-lease as operating or financial lease by reference to the original "right to use" arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).

Because of this change, the Company will classify some of its sub-lease agreements as financial leases. As required by IFRS 9, an allowance for credit losses recognized in the financial lease receivable will be recognized, and the leased assets and receivables from the finance lease will be derecognised. This change in accounting will result in a change in the timing of recognition of the related revenue.

Management expects to apply IFRS 16 in the consolidated financial statements of the Company for the period beginning January 1, 2019.

7. Use of Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

We believe that the estimates within the financial statements are reasonable. The details are as follows:

- The Company's management is required to make significant judgments and estimates to estimate the amounts and timing of future cash flows and the risks of an increase in the credit risk of financial assets after initial recognition and future measurement information of expected credit losses.

- The expected credit loss is measured as an expected credit loss provision over the life of the asset.

  When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic engines and how these affect each other.

  The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

  Loss Given Default (LGD) is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account the cash flows from collateral and the integrated credit adjustments.

- The Company's management uses significant estimates and assumptions to determine the amount and timing of the recognition of revenue under IFRS 15, *"Revenue from contracts with customers"*.

- The fiscal year is charged with the income tax expense in accordance with the International Financial Reporting Standards, Regulations, and laws.

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of income.

- A provision is made for the cylinders that are expected to be written off, replaced and repaired in the future, based on the bases and assumptions as per the approved price bulletin of the prices of oil derivatives in Jordan (IPP).

- A provision is made to meet the legal and contractual obligations for end-of-service indemnity; and compensation for disability, death, employees' vacations, and work injuries under the applicable regulations and instructions of the Company.

- A provision is made for the legal cases against the Company, based on a legal study prepared by the Company's legal advisors, under which potential future risks are identified. This study is reviewed periodically.

- A provision is made for idle and slow-moving inventory, sediments and water stored in the Company's tanks, and the cost of removing them based on technical studies by the competent authorities and the reports of the examiners.

- Fair value hierarchy: The level of the fair value hierarchy in which the complete fair value measurements are classified is determined. Moreover, the fair value measurements are determined and disclosed in accordance with the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements is an assessment of whether information or inputs are observable and the extent of information that is not observable, which requires careful judgment and analysis of inputs used to measure fair value including consideration of all factors that concern the principal or liability.

8. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Cash on hand	1,524,316	847,803
Current accounts at banks	15,442,587	10,239,949
	16,966,903	11,087,752

9. Accounts Receivable and Other Debit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Governmental institutions and departments and Security agencies and electricity companies - fuel (a)	431,780,345	369,726,882
Fuel clients and others (b)	81,732,199	76,756,053
Alia Company - Royal Jordanian Airlines (c)	33,996,379	46,850,302
Checks under collection (f)	28,399,178	30,312,078
Total receivables	575,908,101	523,645,315
Ministry of Finance (d) - (Note 36)	247,085,929	158,819,906
National Electric Power Company- Borrowing cost (e) - (Note 17)	-	79,200,000
General sales tax deposits (g)	98,903,802	99,966,658
Other debit balances (h)	5,828,591	2,803,302
Employees receivables	1,630,449	1,415,003
Advances against staff end-of-service indemnity	35,315	22,215
Letters of credit deposits and purchase orders - Subsidiary Company	3,500,410	595,839
Refundable deposits - Subsidiary Company	313,471	-
Prepaid expenses (i)	14,323,133	9,382,332
	947,529,201	875,850,570
Less: Provision for expected credit loss (j)	(14,678,474)	(12,993,853)
	932,850,727	862,856,717

The Company adopts a policy of dealing with creditworthy counterparties in order to mitigate the risk of financial losses arising from non-fulfillment of obligations. The aging of accounts receivables is as follows:

	December 31,	
	2018	2017
	JD	JD
1 day – 119 days	131,025,730	164,477,766
120 days – 179 days	17,022,952	12,284,506
180 days – 365 days	74,948,303	28,968,999
More than a year *	352,911,116	317,914,044
Total	575,908,101	523,645,315

- The Company reviews the aging of the receivables and the adequacy of the provisions to be booked at the end of each financial period.

* This item includes receivables from Governmental entities or guaranteed by the Government exceeding the maturity of more than one year of JD 331,712,965. The Company's management believes that it has the ability to collect these receivables, and there is no need to book any provisions against these receivables. The receivables include amounts required from partners in subsidiaries amounting to JD 1,319,048 past due for over one year. The Company's management believes that, there is no need to book additional provisions. Moreover, agreements have been signed with these partners for them to repay these receivables against real estate mortgages along with the transfer of profits resulting from the subsidiaries operations to the Company.

a. This item includes receivables for fuel withdrawals from the ministries, departments, governmental and security agencies, and the National Electricity Company for the refining and gas activities of JD 393,979,707, the amount of JD 5,417,296 for the oil activity, and the amount of JD 32,383,342 for the Jordan Petroleum Products Marketing Company as of December 31, 2018.

- This item includes the receivables of the electricity and generation Companies against the fuels withdrawals of JD 76,458,909 as of December 31, 2018 and JD 42,398,388 as of December 31, 2017.

- Upon Jordan Petroleum Products Marketing Company request submitted to the Ministry of Finance, and approved on 12 January 2018, for offsetting the Public Security Directorate's debts and 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 Jordan Petroleum Products Marketing Company request submitted to the Ministry of Finance, and approved on 16 January 2019, for offsetting the Public Security Directorate's debts and 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 Jordan Petroleum Products Marketing Company request submitted to the Ministry of Finance, and approved on 31 January 2019, for offsetting the debts of the General Directorate of Civil Defense and 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 46,577,606 and JD 2,610,170 related to the oil activities, and JD 32,544,423 related to Jordan Petroleum Products Marketing Company as of December 31, 2018.

- Customers' receivable and others item related to refining and gas activities includes an amount of JD 20,369,623, representing the export of a shipment of fuel oil awarded to Vitol as of December 31, 2018 and due after a period of one month from the shipment date.

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, Jordan Petroleum Refinery Company has reversed the provision booked for Alia Company – Royal Jordanian Airlines of about JD 31 million in 2016. In the event Alia Company – Royal Jordanian Airlines defaults on the payments, the 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 5.73%, 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 have calculated the actual borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company – Royal Jordanian Airlines.

- 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 June 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 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.

- This item includes accounts payable due to refining and gas activity of JD 27,309,147 and JD 30,423 for oil activity and JD 6,656,809 for Jordan Petroleum Products Marketing Company – subsidiary as of December 31, 2018.

d. The Ministry of Finance's receivables due to the refining and gas activity include JD 267,790,407 and a credit amount of JD (20,704,478) related Jordan Petroleum Products Marketing Company – subsidiary as of December 31, 2018.

- The Ministry of Finance's balances for Jordan Petroleum Products Marketing Company – subsidiary activity were confirmed as of December 31, 2018 through the Ministry of Finance's approval of Jordan Petroleum Products Marketing Company – subsidiary Company. Letter No. 936/2/111 dated February 19, 2019.

End of the Relationship with the Government

- Pursuant to the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, which should be paid in installments during the years 2018, 2019 and year 2020, with the arising interests as a result of the installments at the rates of (30%, 40% and 30%). These amounts shall be paid after the 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 2020. Meanwhile, the Ministry of Finance shall provide Jordan Petroleum Refinery Company with a letter, stating the amounts due to the Refinery as of April 30, 2018 and guaranteeing their repayment with the interest thereon at the actual cost incurred by Jordan Petroleum Refinery Company during the above period at the rates mentioned above.

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

	April 30, 2018
Amounts due to the Company:	**JD**
Ministry of Finance main account (relationship)	220,480,978
General sales tax deposits	101,792,998
Debts of 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
Directorate of General Security	45,627,576
Directorate General of the Gendarmerie	9,553,718
Civil Defense	3,259,795
Departments, ministries, and governmental bodies and institutions	3,280,986
National Electricity Company	76,413,291
Total Debts of Security Agencies, Governmental Departments and Institutions, and the National Electricity Company	376,073,821
Total Amounts Owed to the Company	698,347,797
Less: Amount due to the Government:	
Price differences deposits/Derivatives pricing surplus	43,746,064
Special sales tax deposits	1,738,247
Deposits for setting up alternative tanks - Ministry of Energy	93,500,103
Fees, stamps, and allowances according to IPP	21,244,292
Total amounts due to the Government	160,228,706
Balance owed by the Government to the Company	538,119,091

* In accordance with the minutes of the Company's meetings with the Ministry of Finance held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relationship between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Products Marketing Company and the Oil Factory) are determined for the balances as at September 30, 2017, the Ministry of Finance takes it upon itself to repay the debts of the Armed Forces, the Royal Air Force, the General Security Directorate, the General Directorate of the Gendarmerie, the other security agencies, and the Governmental Departments within the budget and the indebtedness of the National Electricity Company for the refining and gas activities of JD 319,468,856 as of September 30, 2017. Moreover, the two parties have agreed that no provision shall be booked for the debts of Royal Jordanian, the municipalities, the governmental universities, and financially or administratively independent Governmental institutions during the period of the relationship, provided that if these amounts are not collected through the court and the Company is obliged to write off some of them, the Ministry of Finance shall undertake to pay these debts and the related incurred costs.

e. Pursuant to the Council of Ministers' Decision No. (15605), taken in its meeting held on May 29, 2016, the Company recorded an amount of JD 79.2 million on behalf of the National Electricity Company instead of the interest expense incurred by the Company, as a result of borrowing to supply the electricity Companies against Jordan Petroleum Refinery Company commitment to remit the amount upon receiving it from the National Electricity Company to the Ministry of Finance according to the minutes of the meeting of the Financial Relations Committee with the Refinery on August 18, 2016. Recording of the amount of JD 79.2 million was confirmed, and it represents a part of the actual interest incurred by the Company as a result of the actual borrowings in a separate account under accounts payable and other credit balances as refundable deposits. The same amount is shown as due from the National Electricity Company within accounts receivable and other debit balances, and this amount shall be transferred to the Ministry of Finance when it is paid by the National Electricity Company without affecting the financial relationship with the Government.

- 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 the cancellation of the borrowing interests of the National Electricity Company of JD 79.2 million, provided settlement between the National Electricity Company and the Government be made.

- The Company eliminated the borrowing interests from the consolidated statement of financial position based on the Ministry of Finance's letter to the National Electricity Company No. 18/73/33025, dated November 25, 2018, which stipulates that the Ministry of Finance shall charge the amount of interest payable to the National Electricity Company to the favor of the Government at the Ministry Finance until full repayment.

f. The maturity of checks under collection shall extend up to January 4, 2019 regarding the refining and gas activities of JD 745,555. Meanwhile, the maturity of the oil factory checks of JD 2,979,703 extends up to April 30, 2019, whereas the maturity of Jordan Petroleum Products Marketing Company checks of JD 24,673,920 extends up to May 1, 2020.

g. The general sales tax refundable deposits relating to the refining and gas activity include an amount of JD 106,334,261 and JD (7,430,459) belonging to Jordan Petroleum Products Marketing Company.

End of the Relationship with the Government

Pursuant to 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 implementation the procedures and submitting its conclusions to the Council of Ministers regarding the correction of Jordan Petroleum Refinery Company tax situation arising from including tax within the price bulletin (IPP), as the current refinery gate price does not include the general and special taxes. Instead, taxes are included afterwards, collected from the marketing companies, and remitted to the State's treasury. In addition, the Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, as the Company after-tax profit is guaranteed during the period. The said decision also stipulated exempting gasoline (95), used for the mixing process to produce gasoline (90) and gasoline (95), from any tax differences between selling and importing. At the same time, the Ministry of Finance's mandate included facilitating the implementation of the Council of Ministers' Decision No. (13363), regarding the exemption of the Company's imports sold to marketing companies. In this respect, the law prescribed exempting Jordan Petroleum Refinery Company from the general and special taxes, effective from May 1, 2013, on the oil derivatives it produces for the quantities exclusively sold to the marketing Companies, provided that the general and special taxes be paid by the marketing companies, all pending issues with the Customs Department be resolved, all customs statements be completed, irrespective of whether the pending issues relate to the Customs Department or the Standards and Metrology Institution before the end of the financial relationship with the Government.

- In accordance with the Prime Ministry's Decision No. (6953), taken in its meeting held on March 19, 2018, approval was granted on exempting a quantity of (2,360,253) tons of gasoline (95) used in producing gasoline (90) of the general and special sales tax for the period from May 1, 2013 to September 30, 2017. The decision applies as well to any quantity of gasoline (95) used in the mixing process for producing gasoline (90) and gasoline (95) until the end of the financial relationship between the Government and Jordan Petroleum Refinery Company.

- In 2010, the pricing mechanisms of oil derivatives, according to international prices, included a special sales tax on petroleum derivatives at a rate of 6%, excluding fuel oil, jet fuel, and Afkaz. Moreover, the special sales tax rate on the two gasoline products has also been raised as stated in the pricing mechanism of oil derivatives letter dated June 18, 2010 to become from 18% to 24%. Under Law No. 3 of 2018, amending the Special Tax Law, the special tax on gasoline (95) was raised to 30%, while the special tax on gasoline (90) was raised to 10% as of January 15, 2018.

- Pursuant to the Prime Ministry's Decision No. 12/11/4/2439 dated February 7, 2008, approval has been granted to impose general sales tax on unleaded gasoline as set forth below effective from February 8, 2008:

1- The exemption rate shall be amended on unleaded gasoline (Octane No. 90), as stipulated in the provisions of Article (22 / C) of the General Sales Tax Law No. (6) of 1994 and its amendments, to 12%, provided that gasoline (Octane No. 90) be subjected to a general sales tax of 4%. Pursuant to the Prime Ministry's decision, taken in its meeting held on January 4, 2018, the general sales tax rate on gasoline (90) has been increased to 10%.

2. The exemption rate shall be cancelled on unleaded gasoline (Octane No. 95), granted as prescribed by the provisions of Article (22 / C) of the General Sales Tax Law mentioned above, provided that gasoline (Octane No. 95) be subjected to the general sales tax at a rate of 16%

3. Pursuant to the Council of Ministers' Decision, in its meeting held on May 24, 2017, based on the provisions of Article 149 / C of the Customs Law No. 20 of 1998, the imported petroleum materials shall be exempted from customs duties (the unified fee) relating to the refining activity, except for mineral oils and their inputs, and any other materials related to oil factory for the period from January 1, 2017 to May 1, 2018 under the Prime Minister's Decision No. 3059 dated May 29, 2017. Moreover, the Prime Ministry has also decided, in its Decision No. 7787, to extend the aforementioned exemption for the period from May 1, 2018 to April 30, 2019.

4. Under the Prime Ministry's Decision taken in its meeting held on May 24, 2017, and pursuant to the provisions of Article 149 / C of the Customs Law No. 20 of 1998, the imported petroleum materials shall be exempted from customs duties (the unified fee), excluding mineral oils and their inputs and any other materials related to oil factory. Moreover, the Company has obtained approval from the Ministry of Finance - Customs Department to waive the ratification of the 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 oil factory for the period from January 1, 2017 until May 1, 2018, under the Ministry of Finance - Customs Department Letter No. 108/7/20/32295, dated July 2, 2017. In addition, the non-ratification of documents (invoice and certificate of origin) was also renewed as mentioned above for the period from May 1, 2018 to May 1, 2019, under the Ministry of Finance / Customs Department's Letter No. DG 108/7/20/19243, dated June 3, 2018.

5. In its meeting held on April 9, 2017, the Council of Ministers decided to approve the inclusion of crude oil and oil derivatives in Schedule No. 2 attached to the

General Sales Tax Law for the goods and services subject to the general sales tax at a rate of (zero) as of February 12, 2017, except for the two types of gasoline.

6. In its meeting held on January 3, 2016, the Council of Ministers decided, pursuant to Decision No. (13363), and upon the recommendation of the Economic Development Committee, issued in its meeting held on December 22, 2015, to approve the exemption of Jordan Petroleum Refinery Company from the general and special tax effective from May 1, 2013, on its imports regarding the quantities exclusively sold to the petroleum products marketing Companies, provided that the general and special taxes due thereon be paid by these Companies within the price structure for the petroleum derivatives (IPP).

H. This item consists mainly of the current account of the Employees' Housing Fund and deposits to the Jordanian Customs Department and other receivables, including an amount of JD 3,521,187, for the refining and gas activity, and JD 2,307,404 related to Jordan Petroleum Products Marketing Company.

I. 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 station paid in advance. Moreover, the amount of JD 3,641,218 related to the refining and gas activity, and the amount of JD 10,681,915 belongs to Jordan Petroleum Products Marketing Company.

J. The movement on the provision for expected credit loss is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	12,993,853	13,170,449
Add: Provision for subsidiary acquired during the year	20,000	-
IFRS (9) implementation impact – (Note 6-b)	1,791,460	-
Adjusted balance	14,805,313	13,170,449
Booked provision during the year – Net	732,175	945,755
Written-off during the year*	(859,014)	(1,122,351)
Balance - End of the Year	14,678,474	12,993,853

* During the year, the Company wrote off the receivables due from Government institutions and other entities in accordance with the Company's Board of Directors' Resolutions Nos. 39, 40, 41 and 42, taken in its meeting No. (3/2018) held on April 15, 2018. The Company had to write off these receivables because it is unable to collect them through the courts, the statute of limitations in Article 452 applies thereto.

- The provision for the expected credit losses includes an amount of JD 6,512,518 as of December 31, 2018 (JD 8,619,977 as of December 31, 2017) related to the refining and gas activity, and JD 1,712,896 as of December 31, 2018 (JD 1,100,384 as of December 31, 2017) related to the oil factory, and JD 6,453,060 as of December 31, 2018 (JD 3,273,492 as of December 31, 2017) for Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the accounts guaranteed by the Ministry of Finance.

End of the Relationship with the Government
Pursuant to 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 the implementation procedures and submit its conclusions to the Council of Ministers regarding the Ministry of Finance right to maintain the provision for doubtful debts (provision for expected credit losses). Moreover, In case any arising debt during the relationship with the Government was written off, the Ministry of finance undertakes to pay it to the Refinery. Meanwhile, the Company did not agree with the Ministry of Finance regarding the right to maintain the provision for doubtful debts (provision for credit losses expected).

10. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Finished petroleum products and lube oil	118,659,643	149,945,817
Crude oil and materials under process	59,043,833	46,233,517
Raw materials, spare parts, and other supplies	73,104,653	73,953,762
Goods in transit	36,195,985	67,374,585
Provision for obsolete and slow-moving items*	(18,877,426)	(20,638,343)
	268,126,688	316,869,338

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

	2018	2017
	JD	JD
Balance - beginning of the year	20,638,343	20,297,901
Booked provision during the year – Net	4,272,106	660,724
Less: inventory written-off *	(6,033,023)	(320,282)
Balance - End of the Year	18,877,426	20,638,343

* During the year ended December 31, 2018, the Company wrote off spare parts and supplies for the Refinery Units within the Company's obsolete and slow-moving inventory that is no longer needed which belongs to non-operating units within the Company pursuant to the Company's Board of Directors' Decision no. 37, taken in its meeting no. (3/2018) held on April 15, 2018.

End of the Relationship with the Government

Pursuant to 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 submit any conclusions to the Council of Ministers regarding Jordan Petroleum Refinery Company treatment of the sediments and water in the tanks and destruction of the related necessary materials. Moreover, the idle materials shall be evaluated on April 30, 2018. In addition, the cost of the sediment and water and disposal costs thereof shall be calculated, and the surplus shall be transferred to the Ministry of Finance. In this respect, the Company has not reached an agreement with the Ministry of Finance regarding the right to maintain the provision for idle, slow-moving, and sedimentary materials.

11. Deferred Tax Assets

This item consists of the following:

Description	Balance - Beginning of the Year	IFRS 9 Effect - Note 6/b	Added Due to Subsidiary Acquisition	Adjusted Balance	Additions	Amounts Released	Balance - End of the Year	Deferred Taxes	Transferred to the Statement of Income During the Year - Net	Deferred Tax Assets as of December 31, 2017
	For the Year Ended December 31, 2018									
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Provision for expected credit losses	12,993,853	1,791,460	20,000	14,805,313	2,175,570	(2,302,409)	14,678,474	2,520,423	504,874	2,015,549
Gas cylinders replacement provision	10,000,000	-	-	10,000,000	3,873,407	(8,873,407)	5,000,000	750,000	(650,000)	1,400,000
Provision for employees vacations	2,308,850	-	-	2,308,850	-	(274,679)	2,034,171	305,126	(18,113)	323,239
Provision for staff end-of-service indemnity	87,874	-	-	87,874	96,482	-	184,356	27,653	15,351	12,302
Provision for slow-moving and spoiled items	20,638,343	-	-	20,638,343	-	(1,760,917)	18,877,426	2,831,614	(57,754)	2,889,368
Provision for storage fees	-	-	-	-	8,090,219	(1,000,000)	7,090,219	1,063,533	1,063,533	-
Provision for lawsuits and other liabilities	2,449,665	-	-	2,449,665	-	(542,085)	1,907,580	286,137	(56,816)	342,953
	48,478,585	1,791,460	20,000	50,290,045	14,235,678	(14,753,497)	49,772,226	7,784,486	801,075	6,983,411

- The future benefits of deferred tax assets for the year 2017 have been calculated according to the Income Tax Law NO. (34) for the year 2014. For the year 2018, the rates have been amended from 14% to 16% for the refinery, gas and o and from 20% to 21% for the Jordan Petroleum Products Marketing Company according to the Amended Income Tax Law No. (38/2018).

12. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,			
	2018		2017	
Listed Shares:	No. of Shares	JD	No. of Shares	JD
Jordan Electricity Company*	713,174	848,677	692,402	1,225,552
Safwa Islamic Bank	256,516	287,298	256,516	312,950
Arab Potash Company	47,300	757,746	47,300	797,004
Jordan Paper and Cardboard Factories Company	33,300	4,662	33,300	11,655
Public Mining Company**	27,500	82,225	12,500	67,250
Palestine Development and Investment Company	28,060	25,478	28,060	29,884
Al Motarabita Investment Company	128,259	1,283	128,259	1,283
		2,007,369		2,445,578

* 20,772 shares were obtained on May 28, 2018, as a result of the National Electricity Company's distribution of a free shares in 2017.

** 15,000 shares were purchased on January 14, 2018 of JD 1 per share.

13. Investment Property - Net

This item consists of the following:

For the Year Ended December 31, 2018	Lands	Buildings	Equipment	Total
Cost:	JD	JD	JD	JD
Balance - beginning of the year	622,022	260,531	99,939	982,492
Balance - End of the Year	622,022	260,531	99,939	982,492
Accumulated Depreciation:				
Balance - beginning of the year	-	46,623	79,484	126,107
Additions	-	9,548	8,396	17,944
Balance - End of the Year	-	56,171	87,880	144,051
Net Book Value	622,022	204,360	12,059	838,441

For the Year Ended December 31, 2017	Lands	Buildings	Equipment	Total
Cost:				
Balance - beginning of the year	1,054,479	312,587	99,939	1,467,005
Transfers to property and equipment (Note 14)	(432,457)	(52,056)	-	(484,513)
Balance - End of the Year	622,022	260,531	99,939	982,492
Accumulated Depreciation				
Balance - beginning of the year	-	37,075	71,088	108,163
Additions	-	9,548	8,396	17,944
Balance - End of the Year	-	46,623	79,484	126,107
Net Book Value	622,022	213,908	20,455	856,385
Annual Depreciation Rate %	-	2	20	

14. Property, Plant, and Equipment

This item consists of the followings:

Year 2018	Lands	Buildings	Machinery and Production Equipment	Machinery and Support Services Equipment	Tanks and Pipelines	Electrical Machines and Equipment	Products Loading Units	Vehicles	Office Furniture and Fixtures	Library and Training Equipment	Distribution Stations Assets	other Property and Equipment	Computers	Projects under Construction *	Total Excluding Lands and Projects under Construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:																
Balance - beginning of the year	47,387,006	49,055,502	98,427,400	44,081,721	81,015,349	31,992,266	31,910,797	43,987,502	2,238,797	26,883	22,470,765	111,008	8,586,723	10,028,337	413,904,713	471,320,056
Add: A subsidiary acquired during the year (Note 33)	5,280,981	14,106,675	-	-	1,405,636	-	-	471,070	1,598,997	-	-	-	-	-	17,582,378	22,863,359
Adjusted Beginning Balance	52,667,987	63,162,177	98,427,400	44,081,721	82,420,985	31,992,266	31,910,797	44,458,572	3,837,794	26,883	22,470,765	111,008	8,586,723	10,028,337	431,487,091	494,183,415
Additions	2,987,599	1,987,638	597,481	177,714	529,603	3,319,820	-	1,726,710	336,303	-	3,303,105	-	294,453	25,386,411	12,272,827	40,646,837
Transfers from Projects under Construction	-	6,717,686	-	-	804,265	594,268	-	-	44,057	-	108,622	-	1,136,000	(9,404,898)	9,404,898	-
Disposals	(36,785)	-	-	-	-	(41,661)	-	(620,300)	(350)	-	(41,540)	-	-	(65,697)	(703,851)	(806,333)
Balance - End of the Year	55,618,801	71,867,501	99,024,881	44,259,435	83,754,853	35,864,693	31,910,797	45,564,982	4,217,804	26,883	25,840,952	111,008	10,017,176	25,944,153	452,460,965	534,023,919
Accumulated Depreciation :																
Balance - beginning of the year	-	20,578,776	93,413,507	37,275,259	58,286,460	26,598,665	31,910,046	28,457,027	1,973,699	26,883	16,103,107	111,008	6,354,636	-	321,089,073	321,089,073
Add: A subsidiary acquired during the year (Note 33)	-	1,905,404	-	-	588,994	-	-	204,999	351,707	-	-	-	-	-	3,051,104	3,051,104
Adjusted Beginning Balance	-	22,484,180	93,413,507	37,275,259	58,875,454	26,598,665	31,910,046	28,662,026	2,325,406	26,883	16,103,107	111,008	6,354,636	-	324,140,177	324,140,177
Additions	-	3,297,171	4,909,676	2,862,666	4,119,291	2,040,273	750	4,208,823	553,486	-	2,223,914	-	1,044,722	-	25,260,772	25,260,772
Disposals	-	-	-	-	-	(6,058)	-	(445,168)	(519)	-	(18,203)	-	-	-	(469,948)	(469,948)
Balance - End of the Year	-	25,781,351	98,323,183	40,137,925	62,994,745	28,632,880	31,910,796	32,425,681	2,878,373	26,883	18,308,818	111,008	7,399,358	-	348,931,001	348,931,001
Difference in Land Valuation arising from the acquisition of a subsidiary (note 33)	237,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,308
Net Book Value as of December 31, 2018	55,856,109	46,086,150	701,698	4,121,510	20,760,108	7,231,813	1	13,139,301	1,339,431	-	7,532,134	-	2,617,818	25,944,153	103,529,964	185,330,226
Year 2017																
Cost:																
Balance - beginning of the year	32,194,116	39,434,469	97,176,808	40,417,824	80,530,781	29,151,237	31,910,797	39,474,188	2,163,267	26,883	20,072,217	111,008	8,333,011	6,270,441	388,802,490	427,267,047
	13,888,525	6,169,724	476,169	3,303,028	493,520	2,767,236	-	5,005,351	78,223	-	2,634,202	-	793,312	11,945,952	21,720,765	47,555,242
Transfers from Projects under Construction	2,618,545	3,703,014	774,423	360,869	68,522	73,793	-			-	28,098	-	513,718	(8,140,982)	5,522,437	-
Transfers from Investment properties	432,457	52,056	-	-	-	-	-	-	-	-	-	-	-	-	52,056	484,513
Disposals	(1,746,637)	(303,761)	-	-	(77,474)	-	-	(492,037)	(2,693)	-	(263,752)	-	(1,053,318)	(47,074)	(2,193,035)	(3,986,746)
Balance - End of the Year	47,387,006	49,055,502	98,427,400	44,081,721	81,015,349	31,992,266	31,910,797	43,987,502	2,238,797	26,883	22,470,765	111,008	8,586,723	10,028,337	413,904,713	471,320,056
Accumulated Depreciation :																
Balance - beginning of the year	-	17,959,670	87,947,340	36,109,744	54,310,869	24,932,779	31,890,484	25,256,621	1,855,309	26,883	13,999,875	111,008	6,264,757	-	300,665,339	300,665,339
Additions	-	2,777,982	5,466,167	1,165,515	3,977,528	1,665,886	19,562	3,358,174	121,083	-	2,267,000	-	798,778	-	21,617,675	21,617,675
Disposals	-	(158,876)	-	-	(1,937)	-	-	(157,768)	(2,693)	-	(163,768)	-	(708,899)	-	(1,193,941)	(1,193,941)
Balance - End of the Year	-	20,578,776	93,413,507	37,275,259	58,286,460	26,598,665	31,910,046	28,457,027	1,973,699	26,883	16,103,107	111,008	6,354,636	-	321,089,073	321,089,073
Net Book Value as of Dec 31, 2017	47,387,006	28,476,726	5,013,893	6,806,462	22,728,889	5,393,601	751	15,530,475	265,098	-	6,367,658	-	2,232,087	10,028,337	92,815,640	150,230,983
Annual Depreciation Rate %	-	2-10	35	35	10	20	20	15	5-20	20	20	20	35	-		

- Property, plant, and equipment includes fully depreciated assets of JD 272,454,663 as of December 31, 2018 (JD 251,869,990 as of December 31, 2017).

* The additions of the projects under construction consist mainly of the establishment of tanks, pipelines, and projects to modernize the stations of Jordan Petroleum Products Marketing Company (a subsidiary).

- Projects under construction include assets for refining and gas activities amounting to JD 22,712,861, of which JD 21,432,644 is for the fourth expansion project which was paid from the reserve allocated for this purpose. Moreover, it includes a sum of JD 3,231,292 related to the establishment of stations for Jordan Petroleum Products Marketing Company as of December 31, 2018.

b) The subsidiary Company (Jordan Petroleum Products Marketing Company) wholly owned by Jordan Petroleum Refinery Company have acquired the entire share of Hydron Company on December 26, 2018. This acquisition resulted in intangible assets which were initially calculated by management as follows (Note 33):

	2018
	JD
Goodwill	5,480,857
Operating lease contracts	1,768,267
License agreement – trade name	393,812
Owned stations licenses	4,713,823
	12,356,759

16. Due to Banks

This item represents an overdraft current accounts, granted by several local banks to finance the Company's activities, at interest rates ranging from 2.75 % to 7.25% during the year 2018 against the Company's guarantee. It includes an amount of JD 723,920,458 for the refinery and gas activity and JD 47,024,558 for Jordan Petroleum Products Marketing Company as of December 31, 2018.

17. Payables and Other Credit Balances

This item consists of the following:

	December 31,	
	2018	2017
	JD	JD
Deposits of surplus and differences of oil derivatives pricing (a)	50,167,633	46,775,893
Special sales tax deposits on oil derivatives deposits (b)	12,083,914	7,254,201
Deposits for constructing alternative fuel tanks (c)	93,500,103	93,500,103
Suppliers and obligations drafts and purchase orders	101,809,796	170,868,924
Provision for replacing gas cylinders (d)	5,000,000	10,000,000
Stamp duties, fuel imports fees, jet fuel, strategic inventory fees and treasury support (e)	36,050,789	13,401,290
Provision for occupational accidents indemnity	3,726,594	3,483,273
Provision for lawsuits and other obligations (Note 34/b)	1,907,580	2,449,665
Advance payment from customers (f)	7,982,553	6,379,958
Shareholders' withholdings	10,037,296	9,973,873
Creditors and other credit balances	12,092,072	18,978,161
Retention deducted from contractors	928,975	512,139
Liabilities against interests related to the National Electricity Company for withholdings to the Ministry of Finance (Note 9 - e)	-	79,200,000
Provision for employees' vacations	2,034,171	2,308,850
Import pricing differences / subsidiary companies (g)	8,870,024	6,291,478
Inventory storage provision (h)	7,090219	-
Restricted balances against acquisition of subsidiary (i)	1,000,000	-
Alia – Royal Jordanian Airlines Company discount deposits – Note (9/c)	21,420,015	14,424,196
Alia – Royal Jordanian Airlines Company interest deposits – Note (9/c)	2,884,533	2,884,553
	378,586,267	488,686,557

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 from differences of oil derivatives pricing includes an amount of JD 44,022,727 for the refinery and gas activities and JD 6,144,906 for the Jordan Petroleum Products Marketing Company as of December 31, 2018.

- The movement on the refundable differences arising from pricing derivatives and surpluses is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	46,775,893	79,278,291
Pricing differences of oil derivatives during the year	3,391,740	3,734,789
Paid during the year	-	(36,237,187)
Balance – End of the Year	50,167,633	46,775,893

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 June 18, 2010, to become 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 become 30% and the special tax rate on gasoline (90) has been raised to become 10% effective from January 15, 2018.

This section includes an amount of JD 2,861,098 for the refining and gas activity, and an amount of JD 9,222,816 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, the operations of which were ceased, starting from December 1, 2016, according to the oil derivatives prices (IPP).

The movement of deposits for constructing alternative fuel tanks is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	93,500,103	94,457,951
Paid during the year	-	(957,848)
Balance – End of the Year *	93,500,103	93,500,103

* 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 was discontinued starting from December 1, 2016 according to the fuel derivatives pricing bulletin (IPP).

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

	2018	2017
	JD	JD
Balance – beginning of the year	10,000,000	10,000,000
Add: Provision for the year *	3,873,407	3,829,190
Less: Released during the year *	(8,873,407)	(3,829,190)
Balance – End of the Year	5,000,000	10,000,000

* During the year ended December 31, 2018, a provision of JD 3,873,407 was booked for the disposal and repair of cylinders, in accordance with IPP amounting to JD 10 for each ton of gas sold. An amount of JD 8,873,407 has been refunded. Moreover, the number of gas cylinders sold during the year 2018 was around 30.2 million cylinders.

The Board of Directors approved, in their meeting No. 1/2016 dated February 8, 2016, to reverse 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 the 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 procedures and submit any related conclusions to the Council of Ministers regarding Jordan Petroleum Refinery Company maintenance 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 year ended 2018 and reflected this amount in the Ministry of Finance's account.

e. This item represents fuel import stamps fees, Jet fuel fees, and the consideration of the Ministry of Finance's strategic stock and the treasury support due to Ministry of Finance, which is included in the (IPP) list relating to the refining and gas activity only.

The movement on this item is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	13,401,290	(3,505,279)
Recorded on this item during the year	22,649,499	16,906,569
Balance – End of the Year	36,050,789	13,401,290

e. This item represents advance payments from fuel and gas clients against the purchases of petroleum products.

g. This item represents import pricing differences between the cost of imported petroleum products during the year 2017 and 2018 and the prices of the official bulletin for the pricing of oil derivatives (IPP) for the imports of Jordan Petroleum Products Marketing Company (a subsidiary), where the company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the price bulletin under the item of import pricing differences within creditors and other credit balances, as the Company is uncertain as to whether it is the right of the Company or that of the Ministry of Finance.

h. During the year, the Company has booked a provision for storage fees to meet the logistics Company's claim under its letter 1/64/2018 dated April 3, 2018. The logistics company has demanded a storage charge of 3.5% and 1% of fuel oil 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 24, 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 pay storage fees on fuel oil 3.5% as of May 1, 2018.

The movement on this item is as follows:

	2018	2017
	JD	JD
Balance – beginning of the year	-	-
Recorded on this item during the year	8,090,219	-
Paid during the year	(1,000,000)	-
Balance – End of the Year	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.

18. Fees Payable to the Ministry of Energy for Jordan Petroleum Products Marketing Company's License (Subsidiary)

This item represents fees accrued to the Ministry of Energy for obtaining the license of market and distribute petroleum products of JD 30 million. The final installment of JD 4,280,000 was paid during 2018, therefore, the license fee is fully paid.

19. Finance Lease Obligation – Subsidiary Company

This item represents finance lease contracts entered into by Jordan Petroleum Products Marketing Company, the details are as follows:

Contract purpose	Company name	Date of signing the contract	Contract amount (in JD)	Balance	Number of Installment	Value per installment (inclusive of interest)	Maturity Date of the First Installment	Maturity Date of the Last Installment	Collateral
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2015	1,340,000	658,555	72	23,192	August 15, 2015	July 15, 2021	Car bending
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2017	36,706	29,741	73	580	June 11, 2017	May 1, 2023	Car bending
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2017	37,121	30,214	71	580	August 10, 2017	June 1, 2023	Car bending
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2017	895,000	639,208	73	13,733	August 10, 2017	July 1, 2023	Car bending
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2017	317,500	260,861	72	5,411	October 24, 2017	September 1, 2023	Car bending
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2017	37,121	31,281	71	580	November 10, 2017	September 1, 2023	Car bending
Purchase land	Jordan Petroleum Products Marketing Company	During the year 2017	5,000,000	3,630,164	58	80,000	April 1, 2017	January 1, 2022	Company guarantee
Purchase cars	Jordan Petroleum Products Marketing Company	During the year 2018	447,500	390,522	72	7,780	April 22, 2018	February 1, 2024	Car bending
Purchase land	Taj Ammon for Fuel & Oil Company	During the year 2017	2,700,000	2,293,407	60	54,300	February 1, 2018	January 1, 2023	Company guarantee
Purchase land	Al-Shira for Oil & Gas Company	During the year 2017	642,600	417,690	60	10,710	April 1, 2017	April 1, 2022	Company guarantee
Purchase land	First Development Company for hydrocarbons	During the year 2018	1,934,695	2,079,979	60	42,100	February 1, 2019	January 1, 2024	Company guarantee
				10,461,622					

The following are the details of liabilities against the finance lease contract:

	Minimum payment for the financing lease		Current value for the minimum financing lease payments	
	December 31		December 31	
	2018	2017	2018	2017
Less than a year	2,825,493	2,287,344	2,112,322	1,657,779
More than a year	9,348,037	9,194,794	8,349,300	8,001,279
	12,173,530	11,482,138	10,461,622	9,659,058
Less: Future financing benefits	(1,711,908)	(1,823,080)	-	-
Current value of minimum financing lease payments	10,461,622	9,659,058	10,461,622	9,659,058
Presented in the consolidated financial statement under:				
Current liabilities			2,112,322	1,657,779
Non-current liabilities			8,349,300	8,001,279
			10,461,622	9,659,058

20. Provision for Income Tax

The movement on the consolidated provision for income tax was as follows:

	2018	2017
	JD	JD
Provision for income tax – beginning of the year	4,870,028	7,610,320
Add: Income tax expense for the year	6,311,219	5,923,303
Less: Income tax paid	(5,949,673)	(8,663,595)
Provision for Income Tax - End of the Year	5,231,574	4,870,028

Income tax expense for the year shown in the consolidated statement of income represents the following:

	2018	2017
	JD	JD
Income tax for the year	6,311,219	5,923,303
Deferred tax assets impact for the year	(490,871)	330,860
	5,820,348	6,254,163

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 returns for the years 2015, 2016, 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 according to the Jordanian Income Tax Law. Management and the tax consultant believe that the booked provisions in the consolidated financial statements are sufficient to meet any 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 returns were submitted for the years 2015, 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 were 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 has been calculated according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax consultant, the provisions taken in the consolidated financial statements are sufficient to meet the Company's tax obligations.

- The income tax declarations were submitted by all the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2017, and the declared income tax was paid. However, the tax declarations have not been reviewed yet, except for those of Al Karak, Nuzha, Central and Istiklal Gas Stations. Moreover, the tax expense of the subsidy company has been calculated for the year 2018, according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax consultant, the provisions taken in the consolidated financial statements are adequate for the tax liabilites.

- 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 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 took a provision for the income tax differences for the year 2014, 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 delay payments (0.004) of JD 1,897,939, to meet any probable future tax liabilities until the Income Tax Department reviews the year 2014. The Income and Sales Tax Department presented the final and irrevocable tax assessment for 2014. Moreover, the Company was informed on July 2, 2017 about the results of its tax assessment. Additional taxes of JD 7,838,578 were imposed, and a legal compensation of JD 6,270,866 was imposed on the above tax differences. The provision for tax differences was increased to JD 7,838,578, and the provision for legal compensation was increased to JD 6,270,866. Additionally, the provision for late payment of 0.004 was increased to JD 2,743,502 for the period ended on September 30, 2017. The Company submitted an objection to the Income and Sales Tax Department because these amounts resulted from its borrowings which exceeded its debt-capital ratio in accordance with the Income and Sales Tax Law, and the reason for borrowing is to fulfill the supply needs of the power-generating companies of diesel and fuel oil in light of cutting out the Egyptian gas.

- The final decision was issued on November 6, 2017 in a notification letter by the Ministry of Finance/Income and Sales Tax Department, which stipulated reducing the differences amount to JD 6,531,687، and the legal obligation to JD 250,311. The Company paid the amounts stated in the notification letter and a penalty of JD 2,286,090 at a rate of (.004) and recorded the difference of JD 2,590,680 as revenue in the consolidated income statement for the year ended December 31, 2017.

- The income tax rate is 14% for the refining and gas activity and oil factory and 20% for Jordan Petroleum Products Marketing Company and its subsidiaries.

21. Death, End-of-Service Indemnity, and Compensation Fund

The movement on the provision for staff end-of-service indemnity is as follows:

	2018	2017
	JD	JD
Balance - beginning of the year	87,874	62,633
Additions during the year	96,482	25,241
Balance-End of the Year	184,356	87,874

- This balance represents provision for end-of-service indemnity for employees employed prior to the year 1980.

22. Capital and Reserves

A. Capital

The General Assembly decided, in its extraordinary meeting held on April 29, 2015, to increase the Company's capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and to distribute it as stock dividends at 20% of paid-up capital. The official procedures for increasing paid-up capital were completed on July 13, 2015.The Company's General Assembly decided, in its extraordinary meeting held on April 28, 2016, to capitalize and distribute JD 25 million to the shareholders. Consequently, the Company's authorized and paid up capital has become JD 100 million as of December 31, 2018.

B. Statutory Reserve

In accordance with the Companies Law No. (34) for the year ended 2017, 10% of annual net income shall be allocated to the statutory reserve. The allocation shall not be stopped before the total allocated amount for this account is equivalent to one quarter of the Company's authorized capital. However, upon approval of the General Assembly of the Company dated April 30, 2018, The statutory reserve deduction for the Company to be discontinued for the Company and the allocation can continue until the statutory reserve equals the Company's authorized and paid-up capital based on 10% of net income before tax individually for the company's subsidiaries.

C. Voluntary Reserve

The amounts accumulated in this account represent what has been transferred from annual net income before taxes at a rate of 20%. This reserve will be used for the purpose approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends to shareholders. In its ordinary meeting dated on April 27, 2017, the General Assembly decided to transfer an amount of JD 7,318,705 from the retained earnings to voluntary reserve. Moreover, in its extraordinary meeting dated on April 30, 2018, the General Assembly decided to transfer an amount of JD 7,318,706 from the retained earnings to the voluntary reserve. Moreover, in its ordinary meeting dated on April 30, 2018, the General Assembly decided to transfer an amount of JD 7,836,292 from the retained earnings to the voluntary reserve, and use the cumulated voluntary reserve balance for the Fourth Expansion Project.

D. Fourth Expansion Reserve

The Company's General Assembly decided, in its ordinary meeting held on April 27, 2017, to allocate an amount of JD 7,318,706 to a special reserve account from retained earnings for the purpose of the fourth expansion project. In its ordinary meeting held on April 30, 2018, the General Assembly also decided to allocate JD 7,836,292 to the Fourth Expansion Reserve Account from retained earnings.

During the year 2018, an amount of JD 16,766,857 was paid for the preparation of designs for the Fourth Expansion Project.

23. Fair Value Reserve

This item represents the fair value reserve for the financial assets at fair value through comprehensive income which resulted from assets revaluation at fair value as of December 31, 2018.

24. Retained Earnings

The General Assembly decided, in its ordinary and extraordinary meeting dated April 29, 2015, to increase paid-up capital to JD 75 million through capitalizing JD 12/5 million from retained earnings and to distribute it as free stock at 20% of paid-up capital, which amounted to JD 62/5 million on the date of distribution, so that the authorized and paid-up capital has become JD 75 million. The official procedures of increasing paid-up capital were completed on July 13, 2015.

The Company's General Assembly decided, in its ordinary and extraordinary meetings held on April 28, 2016, to capitalize JD 25,000,000 from retained earnings to capital, so that paid-up and authorized capital would become JD 100 million and to distribute it as free stock to the shareholders. Furthermore, in its ordinary meeting held on April 30, 2018, the General Assembly approved the distribution of cash dividends at a rate of 20% of paid capital, equivalent to JD 20 million for the year 2017 profits, and 20% of the net profit to the voluntary reserve account and 20% of the reserve for the Fourth Expansion Project.

25. Sales - Net

This item consists of the following:

	2018	2017
	JD	JD
Refinery and filling of gas cylinders	1,019,763,682	1,178,323,427
Lube-oil factory sales	26,223,997	28,613,664
Jordan Petroleum Products Marketing Company's sales	1,153,296,229	879,633,622
Less: Fees and taxes included in oil derivatives price bulletin (IPP)	(466,907,651)	(308,312,424)
	1,732,376,257	1,778,258,289

26. Cost of Sales

This item consists of the following:

	2018				2017
	Refinery and Gas Cylinders Filling Activity *	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Total	Total
	JD	JD	JD	JD	JD
Raw Materials:					
Crude oil and materials under process - beginning of the year	46,125,728	107,789	-	46,233,517	34,569,802
Purchases of crude oil and raw materials used in production	426,323,262	12,655,043	-	438,978,305	868,472,474
Crude oil and materials under process - end of the year	(58,965,375)	(78,458)	-	(59,043,833)	(46,233,517)
	413,483,615	12,684,374	-	426,167,989	856,808,759
Production and operational Expenses:					
Salaries and other employee benefits	23,114,033	1,269,721	2,531,075	26,914,829	26,856,354
Depreciation of property and equipment	12,881,408	330,732	2,279,862	15,492,002	13,457,731
Materials, spare parts and other supplies	9,281,068	191,777	766,185	10,239,030	8,974,666
Other manufacturing expenses	9,600,779	511,969	5,586,855	15,699,603	15,504,408
Total Manufacturing Expenses	54,877,288	2,304,199	11,163,977	68,345,464	64,793,159
Total Production and Operational Cost	468,360,903	14,988,573	11,163,977	494,513,453	921,601,918
Add: Finished petroleum products and lube oil - beginning of the year	124,635,749	783,792	24,526,276	149,945,817	83,078,784
Purchases of finished products during the year	473,764,645	-	696,413,029	1,170,177,674	767,136,608
Total Goods Available for Sale	1,066,761,297	15,772,365	732,103,282	1,814,636,944	1,771,817,310
Less: Finished petroleum products and lube oil – end of the year	(96,563,094)	(896,508)	(21,200,041)	(118,659,643)	(149,945,817)
	970,198,203	14,875,857	710,903,241	1,695,977,301	1,621,871,493
Subsidy of crude oil derivatives charged to the Ministry of Finance account	(58,101,106)	-	(16,194,181)	(74,295,287)	(36,665,647)
Surplus in oil derivatives pricing difference charged to the Ministry of Finance account	404,967	-	2,986,773	3,391,740	3,734,789
	912,502,064	14,875,857	697,695,833	1,625,073,754	1,588,940,635

* Liquid Gas activity has not been separated from the refining activity, although the Prime Ministry's Decision No. 7633, taken in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at JD 43 per ton sold. The said decision has also set the rate of return on investment for LPG filling stations for the purpose of calculating their commission rate at 12% annually. This is due to the failure of the Oil Derivatives Pricing Committee to raise the commission of packing from JD 25 per ton sold to JD 43 per ton sold within the composition of oil derivatives sales (IPP).

- The average cost of buying a barrel of crude oil was USD 71/48 for the year ended December 31, 2018 (compared to USD 53/31 for 2017).

27. Operating and Other Income

This item consists of the following:

	2018	2017
	JD	JD
Income from Ports Corporation *	1,440,000	1,380,000
Dividends shares income	105,007	84,888
Tanks rent, income from marketing companies evaporation, uploading and downloading **	10,324,364	9,383,794
Delay interest	2,618,087	3,872,035
Other income	2,697,606	3,478,050
	17,185,064	18,198,767

* This item represents fees due to Jordan Petroleum Refinery Company from using the services of the Company's employees by the Ports Corporation during the years 2018 and 2017, to assist in the work of Aqaba ports.

** This item represents tanks rent, evaporation, loading and downloading fees and storage of operating stock, income from the marketing companies, as per the instructions of the Ministry of Energy to these companies to make available the required operating stock for their activities.

28. Selling and Distribution Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and other employees' benefits	22,069,608	22,082,176
Crude oil transportation fees	2,391,336	2,009,823
Company's contribution to the Death and Disability Fund	1,366,246	2,023,689
Depreciation of property and equipment	9,021,226	7,316,256
Raw materials, spare parts, and other supplies	4,700,623	4,606,215
Insurance fees	442,240	438,902
Fees, taxes, and stamps	437,602	769,589
Security and safety expenses	2,108,084	1,824,819
Rent	2,698,043	2,322,163
Operational storage fees	1,657,186	1,183,771
Cost of export fuel oil	1,655,276	-
Gas station management fees	1,216,766	845,765
Other selling and distributing expenses	8,135,805	5,471,259
	57,900,041	50,894,427

29. General and Administrative Expenses

This item consists of the following:

	2018	2017
	JD	JD
Salaries and other employees' benefits	6,689,416	6,538,900
Company's contribution to the death and disability fund	418,993	595,205
Donations and contributions	336,829	618,719
Postage and telephone	94,446	124,100
Stationery and printing	62,640	92,050
Depreciation of property and equipment	765,488	718,503
Technical and legal consultations	429,533	223,020
Advertisements	303,152	192,193
Maintenance and repairs	204,768	142,210
Rents	263,163	286,026
Subscriptions	250,417	128,002
Insurance fees	57,274	89,177
Water and electricity	160,113	149,247
Professional fees	122,122	106,529
Fees, tax, and stamps	716,148	537,792
Other general and administrative expenses	292,549	1,946,559
	11,167,051	12,488,232

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

In order to reach the targeted profit, the calculated difference was recorded on a commercial basis in the Ministry of Finance account. In this account, the calculated loss difference for the period ended April 30, 2018 was recorded under the profit settlement with the Government - support. This affected the amounts due from the Ministry of Finance as stated in the receivables and other debit balances. Moreover, the profit settlement with the Government was not settled for the period from May 1, 2018 to December 31, 2018 as a result of the end of the relationship with the Government as of April 30, 2018, noting that the profit from liquefied gas was not excluded from income, as no agreement with the Government has been reached yet regarding the commission on filling the gas cylinders. According to the Prime Ministry's Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was requested to follow up on determining the rate of return on investment of 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, so that any surplus or incomplete amounts resulting from the increase or decrease in the rate of return on investment from the target value in calculating the commission amount of the filling stations for the following year will be dealt with downward or upward, provided that the above mechanism does not result in any increase in the cost of the cylinder to the citizens, or a subsidy by the Treasury / Ministry of Finance for this activity. However, the Oil Derivatives Pricing Committee emanating from the Prime Ministry did not amend the commission on filling gas cylinders from JD 25 per ton sold to JD 43 per ton sold to date.

The following table represents the settlement of profits with the Government for the period ended 30 April 2018:

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

- Moreover, the change in the price composition of selling oil derivatives between the years 2017 and 2018, representing a decrease in the refinery gate price and an increase in 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 Prime Ministry's Letter No. 31/17/5/21025 related to the opinion of Legislation and Opinion Bureau, Jordan Petroleum Refinery Company is responsible of the costs of the cylinders rejected by the Jordan Institution for Standards and Metrology. Accordingly, 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 stated that the cost of the cylinders incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that the net selling price of these cylinders amounted to JD 1,331,250, and therefore, the net losses amounted to JD 6,334,534. If the Company were to bear all these costs at the same time, the targeted (guaranteed) profit would decrease by JD 5,067,628 for the year ended December 31, 2016. This would affect the Company negatively in the financial market. Consequently, the Council of Ministers approved, in its Letter No. 31/17/5/14/14153, dated March 28, 2017, that the Company would bear the net cost of the provision for the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907. This amount has been deducted from the targeted profit for the Company of JD 15 million. Accordingly, the net targeted profit for the years 2016 and 2017 became JD 13,733,093 for each year. An amount of JD 2,533,814 was amortized in the income statement for the refining and gas filling activity and other activities during the years 2016 and 2017, and the amortization of the remaining amount, which represents JD 3,800,720, has been deferred 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 dated April 28, 2018, Jordan Petroleum Refinery Company donated the Indian cylinders rejected by the Standards and Metrology Institution, in addition to their valves and 1,500 spare valves, and their containers to the Arab International Construction and Contracting Company which is considered a subsidiary company the Jordanian Armed Forces / Arab Army. Accordingly, the actual cost of cylinders and valves and containers stored in them have become JD 8,020,825. In this regard, IFRS requires that the full amount should be recognized when incurred without being deferred. Moreover, the Company's records indicate that if the loss had been recorded when incurred during the year 2016, it would have resulted in a decrease in profit and retained earnings of JD 5,067,628 instead of being decreased by JD 1,266,907 as at December 31, 2016, and resulting in an increase in profit for the year 2018 by JD 1,829,004 and a decrease in retained earnings by JD 3,658,007.

The following table illustrates the calculation of the company's targeted profit:

	April 30, 2018
	JD
Actual cost of the cylinders and valves	7,665,784
The 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 the amortization	5,000,000
Targeted profit for the company after the amortization	4,390,332

The Company calculated the cost of the loss amortization of Indian Gas Cylinders, and valves and containers for the period from May 1, 2018 to December 31, 2018 and recorded it in the consolidated statement of income in the amount of JD 1,219,366 during the year 2018.

31. Earnings per Share for the Company's Shareholders

Earnings per share for the Company's shareholders are calculated by dividing net income for the year attributable to the Company's shareholders by the weighted-average number of shares during the year. It is calculated as follows:

	2018	2017
	JD	JD
Income for the year-shareholders	36,616,235	32,654,771
Weighted-average number of shares	100,000,000	100,000,000
Earnings per share - Basic	-/366	-/326
Earnings per share - Diluted	-/366	-/326

- 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 two years ended December 31, 2018 and 2017. Therefore, the comparison numbers recalculated with according of the increased capital by the free stock dividends according to IAS 33.

32. Non-Controlling Interests

This item represents non-controlling interests' shares of net owners' equity in the subsidiaries. The details are as follows:

	December 31, 2018		
	Non-Controlling Percentage	**Non - controlling Share from Net Income (Losses)**	**Non-controlling Share from Net Assets**
Company	**%**	**JD**	**JD**
Nuzhah and Istiklal for Fuel and Oil Company	40	132,718	136,718
Al-Karak Al-Markazeya Fuel Trade Station Company	40	30,704	34,704
Rawaby Al-Qwirah Fuel and Oil Station Company	40	95,054	99,054
Al-a'on for marketing and Distribution of Fuel products Company	40	35,230	427,925
Qaws Al-Nasser for managing Fuel Stations Company	40	19,194	12,249
Al-Tariq Al-Da'ari for fuel Company	40	(23,701)	(46,912)
Al-Muneirah Station for Fuel and Oil Company	40	(20,028)	(21,794)
Al-Ramah Modern Station for Fuel Company	40	(4,831)	(5,820)
Al-Wadi Al-abiad Gas station	40	(699)	(597)
Jordanian German for Gas stations Company	40	(6,899)	37,040
Al-Tanmwieh Al-A'ola for Gas Stations	40	(63,250)	(63,796)
Al Kamel Gas Station	40	144,437	147,118
Al Shira' Gas Station	5	(122)	(699)
Al Qastal Gas Station	40	(1,271)	(1,785)
Taj Amoun Gas Station	40	(80,223)	(80,026)
		256,313	673,379

33. Purchase of entire shares of Hydron Energy LLC

The subsidiary company (Jordan Petroleum Products Marketing Company), which is wholly owned by Jordan Petroleum Refinery Company in December 26, 2018, has acquired full shares of Hydron Power Company LLC. During the year 2018. The purchase price allocation was completed, and is reflected at the Company's consolidated financial statements.

The table below summarizes the fair value of the assets and liabilities of Hydron Energy LLC at the date of acquisition, December 26, 2018, after making the necessary adjustments to the financial statements to conform the accounting policies of the Parent Company:

	Book Value	Fair Value Adjustments	Fair value
	JD	JD	JD
Assets:			
Cash on hand	727,122	-	727,122
Inventory	2,925,614	-	2,925,614
Property and equipment - net	19,812,255	237,308	20,049,563
Projects under construction	1,177,204		1,177,204
Accounts receivable and other receivables - net	8,268,948	-	8,268,948
Total Assets	32,911,143	237,308	33,148,451
Liabilities:			
Accounts payable and other credit balances	19,799,773	-	19,799,773
Due to banks	10,855,232	-	10,855,232
Total liabilities	30,655,005	-	30,655,005
Net assets acquired	2,256,138	237,308	2,493,446
Less: Total Purchase Value of the subsidiary's shares *	-	-	14,850,205
Intangible assets arising from the acquisition **	-	-	12,356,759

* Jordan Petroleum Products Marketing Company (a subsidiary) purchased all the shares of Hydron Energy LLC according to the contract between both parties, where the Company paid an amount JD 5,500,000 and restricted an amount of JD 1,000,000 to meet any future obligations that may result from the purchase, provided that the remaining with a present value of JD 8,350,205 will be paid during the year 2020.

** The details of this item are as follows:

	JD
Goodwill (Note 15) ***	5,480,857
Operating lease (Note 15) ***	1,768,267
License agreement - Trade name (Note 15)***	393,812
Acquired stations' licenses (Note 15)***	4,713,823
	12,356,759

Cash flow analysis on acquisition:	
Net cash from the acquired subsidiary	(10,128,110)
Net cash paid	(5,500,000)
Net cash flows	(15,628,110)

*** The Company has booked the consolidation process at fair value of the assets and liabilities of Hydron Energy Company and, upon completion of the distribution of the purchase amount in accordance with International Financial Reporting Standard (3) and therefore, the intangible assets mentioned above were recognized and recorded (note 15). Moreover, the above figures are based on preliminary studies and estimates prepared by the Company's management. In this respect, IFRS (3) permits the preparation of the study within one year from the date of acquisition.

34. Contingent Liabilities and Financial Commitments

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

	December 31,	
	2018	2017
	JD	JD
Letters of credit and bills of collections*	545,692,197	440,254,558
Letters of guarantee	13,063,701	8,993,843
Contracts for projects under construction	14,685,021	17,448,221

* This item consists of Standby L/Cs amounting to JD 170 million, (equivalent to USD 240 million) in favor of Saudi Aramco as of December 31, 2018 (The amount of JD 153 million, equivalent to USD 215 million as at 31 December 2017).

b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 1.9 million as of December 31, 2018 (JD 2.4 million as of December 31, 2017). Moreover, some prior year's lawsuits were filed against both the Government and the Company. Consequently, the estimated contingent liabilities from unsettled lawsuits and the required provisions have been 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 which they 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 2015. Execution Notice No. (21943/2017/B) was issued by the Amman Judicial Execution Department on December 3, 2017 obligating Jordan Petroleum Refinery Company to pay JD 3,605,014 with interest amounting to JD 574,940. The Company paid the full amount during 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:

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, which 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 year ended 2018 except for multiple parties such as electricity Companies, governmental parties, security agencies, and part of the aviation companies, are still supplied by the Jordan Petroleum Refinery Company.

  The signed and expired concession settlement agreement between Jordan Petroleum Refinery Company and the Government dated February 25, 2008 stated that Jordan Petroleum Refinery would keep part of the distribution activities (as one of the licensed distributing companies with a market share not less than 25 %) subject to all conditions and terms applied to the other distributing companies. Moreover, the agreement stated that this Company's assets shall include the gas stations owned by Jordan Petroleum Refinery which has the right to split, own, and sell these stations to the distributing companies. In addition, the agreement stated that Jordan Petroleum Refinery Company is the owner of the tanks and the pumps and has the right to sell them to the distribution companies. The agreement also stated that the Government owns specific institutions within the company (storage and loading areas in Aqaba and properties within the Jordanian airports. In the beginning, the Jordan Petroleum Refinery Company was involved as a partner, but later on, it was agreed that the Government would be the sole owner of these assets in accordance with an independent meeting held on September 2012). In the meantime, the agreement stated that the Jordan Petroleum Refinery Company would keep the remaining ownership of the property, plant and equipment, including the oil derivatives loading and distribution facilities. As the Company established Jordan Petroleum Products Marketing Company that started its operations in May 2013 and transferred the distribution activities to this company, it follows that the distribution activities and the stations should be transferred to this company.

According to the minutes of meeting on the Company's future signed on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Government of Jordan ended on 30 April 2018. The Prime Ministry's Decision No. (7633), taken in its meeting held on 30 April 2018, extended the exemption of oil derivatives from the refining activity, at Jordan Petroleum Refinery Company from applying the Jordanian specifications throughout the period of implementation of the Fourth Expansion Project as of May 1, 2018, provided that the project stages be implemented, and that the production of the Jordan Petroleum Refinery not exceed 46% of the local market need for non-conforming oil derivatives. The Prime Ministry's decision mandated the Ministry of Finance to follow up on implementing the procedures concerning the points below and submit its conclusions to the Council of Ministers:

1- The Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until 30 April 2018, which shall be paid in installments during the years 2018, 2019 and 2020 plus interest thereon at the rates of (30 %, 40% and 30%). These amounts shall be paid after the 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 2020. Meanwhile, the Ministry of Finance shall submit a letter to JPRC stating the amounts due to the refinery as of 30 April 2018 and guaranteeing repayment plus interest at the actual cost incurred by the Company during the above period at the above rates (Note 9 / d).

2- Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the necessary materials. The idle materials shall be evaluated on April 30, 2018, and the cost of the sediment and water shall be calculated and disposed of. Meanwhile, the surplus shall be transferred to the Ministry of Finance. Moreover, the Company is negotiating with the Ministry of Finance regarding the right to maintain the provision of idle materials, slow-moving inventory, and sediments (Note 10).

3- Jordan Petroleum Refinery Company shall retain JD 5 million as a provision for the repair and replacement of the gas cylinders, and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the provision and replacement of the cylinders exceeds that amount, the difference will be transferred from the Ministry of Finance from refundable deposits. However, if the actual value is lower, the difference will be transferred to the Ministry of Finance. This issue will be processed in the future through the pricing mechanism. Accordingly, the Company has released JD 5 million during the period ending 30 April 2018 and booked it to the Ministry of Finance's account (Note 17 / d).

4- Jordan Petroleum Refinery Company cancelled the interest of JD 79.2 million on the National Electricity Company's borrowing, provided that settlement be reached between the National Electricity Company and the Government. The Company eliminated the borrowing interests from the consolidated statement of financial position based on the Ministry of Finance's letter to the National Electricity Company No. 18/73/33025, dated November 25, 2018, which stipulates that the Ministry of Finance shall charge the amount of interest payable to the National Electricity Company to the favor of the Government at the Ministry Finance until full repayment (Note 9 / e).

5- Jordan Petroleum Refinery Company's tax situation shall be corrected regarding the inclusion of tax in the price bulletin (IPP), since the current ex-refinery prices does not include the general and special taxes. Instead, taxes are included afterwards, collected from the marketing companies, and remitted to the State's Treasury (Note 9 / g).

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 9 / g).

7- Gasoline (95) used for the mixing process to produce benzene (90) and benzene (95) shall be exempted from the tax differences between importing and selling. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers Decision No. (13363) on exempting the Company's imports sold to the marketing companies. The law stipulates exempting JPRC from the general and special taxes as of May 1, 2013 on the oil derivatives it produces for the quantities exclusively sold to marketing of petroleum products companies, provided that the general and special tax be paid by the marketing companies, all issues pending with the Customs Department be solved, and all customs statements be completed, irrespective of whether the pending issues relate to the Customs Department or the Standards and Metrology Institution before the end of the relationship with the government (Note 9 / g).

8- The Government-owned strategic stock, which was quantified and valued, shall be transferred to the logistics company, and the value of this stock shall be settled later. In this regard, JPRC started transferring the strategic stocks to the Jordanian logistics company during April 2018 (Note 37).

9- The Ministry of Finance shall maintain the provision for doubtful debts (provision for expected credit losses). In the event any debts are written off during the relationship with the Government, the Ministry of Finance undertakes to pay the said debts to the refinery. The Company is negotiating with the Ministry of Finance the right to maintain the provision for doubtful debts (Provision for expected credit losses) (Note 9/j).

10- The investment return rate for LPG filling stations shall be determined for the purpose of calculating the commission amount at (12%). The commission amount for the period from 1 May 2018 to 31 December 2018 shall be set at JD 43 per ton, provided that any surpluses or shortages arising from the increase or decrease in the investment return rate compared to the targeted value be treated in the calculation of the commission amount of the filling stations for the following year downward or upward, and that the mechanism above does not result in any increase in the cost of the cylinder to the citizens or a subsidy by the Treasury / Ministry of Finance for this activity (Note 30).

11- The rental value of assets transferred from the refinery to JPPMC shall be calculated at the rate of (8%) approved by the Department of Land and Surveying on the land and buildings valued at JD 4.9 million from the date of the transfer of these buildings to date. In this respect, the Company is negotiating with the Ministry of Finance this item (Note 5).

35. 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 General Announcement No. 11/2012, issued by Jordan Petroleum Refinery Company, dated March 3, 2012, employees will receive at the end of service 150% of their monthly gross salary based on the last salary received. However, this amount shall not exceed JD 2,000 for every year of work for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee will be paid one monthly gross salary for every year of work as an end-of-service compensation according to the last salary paid. The required provision will be annually determined by the Board of Directors, in light of the amount of contingent liability, to enable the Company to set up the full provision within five years according to Instruction No. (5) of the new fund referred to above. Moreover, there is a no shortage in the required provision balance as of December 31, 2018.

36. Related Parties Transactions and Balances

The details of the balances and transactions with related parties are as follows:

	December 31,	
	2018	2017
	JD	JD
Ministry of Finance debit (Note 9/d)	247,085,929	158,819,906
Ministry of Finance – surplus from differences of pricing oil derivatives (Note 17/a)	(50,167,633)	(46,775,893)
Ministry of Energy and Mineral Resources – Provision for constructing alternative tanks (Note 17/c)	(93,500,103)	(93,500,103)

	2018	2017
Transactions	JD	JD
Subsidy for crude oil derivatives charged on the Ministry of Finance (Note 26)	74,295,287	36,665,647
Ministry of Finance – settlement of targeted profit with the Government (Note 30)	5,783,706	(81,194,195)
Ministry of Finance – surplus from differences of pricing oil derivatives (Note 26)	(3,391,740)	(3,734,789)

- Executive management and members of the Board of Directors' salaries and remunerations amounted to JD 1,417,673 for the year 2018 (JD 1,375,440 for the year 2017).

37. Ministry of Finance - Funding of Strategic Inventory

End of Relationship with the Government

Pursuant to 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 submit any related conclusions 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. The table below illustrates the strategic inventory quantity as of December 31, 2017 and 2018:

	December 31,	
	2018	2017
	Quantity/ Tons	Quantity/ Tons
Crude Oil	42,926	42,926
Liquid Petroleum Gas	1,831	9,444
Gasoline 90	35,494	59,674
Gasoline 95	9,525	15,844
Afture	20,313	37,510
Kerosene	30,977	30,977
Diesel	12,837	49,026
Fuel Oil 3.5%	80,168	80,168
Isfilt	4,207	4,207
	238,278	329,776

A total quantity of 91,498 tons of strategic inventory was transferred to the Logistics Company for the year 2018 as shown in the table above.

38. Risk Management

The Company adopts financial policies for managing the various risks within a specific strategy. Moreover, the Company's management controls and monitors risks and performs the optimal strategic allocation of financial assets and financial liabilities. Risks include interest rate risk, market risk, credit risk, and foreign currency risk.

a. Capital Risk Management

The Company manages its capital to ensure its ability to continue as a going concern and maximize the return to stakeholders through achieving an optimal balance between equity and debt. Moreover, no change in the Company's overall policy has occurred since the prior year.

b. Liquidity Risk

Liquidity risk, also known as funding risk, represents the difficulty that the Company will encounter in making available the necessary funds to fulfill its obligations. Moreover, the Company manages its liquidity risk through keeping adequate reserves, continuously monitoring the expected and actual cash flows, and matching the maturities of financial assets and financial liabilities.

c. Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from defaults.

The Company's financial assets consisting mainly of receivables and other debit balances, financial assets at fair value through comprehensive income, and cash and cash equivalents do not represent important concentrations of credit risk. Furthermore, the debtors are widely spread among the clients' categories and their geographic areas. Strict credit control is maintained over the credit limits granted to each customer separately and on a continuous basis, and expected credit losses is taken against it.

All of the Company's investments are classified as financial assets at fair value through comprehensive income.

- The risk of investment in shares relates to the change in the value of the financial instrument as a result of the changes in the closing prices of shares.
- The change in the financial market index, whereby the above securities are traded as of the consolidated financial statements date, represents a 5% increase or 5% decrease. The following is the impact of the change on the Company's owners' equity.

	2018	2017
	JD	JD
5% Increase	100,368	122,278
5% Decrease	(100,368)	(122,278)

d. Market Risk

Market risk is the loss in value resulting from the change in market prices such as interest rate, foreign currency exchange rate, and equity instruments prices, and consequently, the change in the fair value of the financial instruments cash flows on-and off-the consolidated statement of financial position.

1. Currencies Risk

The Company's major transactions are in Jordanian Dinar and US Dollar. The following are the book values of the Company's financial assets and financial liabilities denominated in foreign currencies as of December 31:

	2018	2017
	JD	JD
Assets - US Dollar	512,317	555,990
Liabilities - US Dollar	550,244,115	577,083,822

Currency risk relates to the changes in the prices of currencies in connection with foreign currency payments. As the Jordanian Dinar (the functional currency of the Company) is pegged to the US Dollar, the Company's management believes that the foreign currency risk is immaterial.

2. Interest Rate Risk

Interest rate risk is the risk of change in the value of the financial instrument due to changes in market interest rates.

Moreover, the Company continuously manages its exposure to interest rate risk and considers the various scenarios such as refinancing, renewal of the present positions, and alternative financing.

The below-mentioned sensitivity analysis is determined according to the exposure to interest rate risk related to the lending banks as of the consolidated financial statements date. Moreover, the analysis has been prepared assuming that the liability amount at the consolidated financial statements date was outstanding during the whole year. An increase or decrease of half a percentage point (0.5%) is used, representing the evaluation of the Company's management of the potential and acceptable change at market interest rates:

	2018	2017
	JD	JD
0.5% Increase	3,854,725	3,018,931
0.5% Decrease	(3,854,725)	(3,018,931)

39. Sectorial and Geographical Distribution

Information on geographical and sectorial distribution:

- The Company is organized, for management purposes, into four major business sectors.

a) Refining: This sector separates the components of imported crude oil into a set of varied oil products. This depends on licensing from the American UOP Company.

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

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

d) Manufacturing and filling of Liquid Gas: This sector includes manufacturing, filling, repairing, and maintaining liquid gas, and filling it in three Gas Stations subsidiaries to 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:

	December 31, 2018				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Selling and Marketing of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
Income before tax for the year	18,955,093	9,475,869	14,177,053	84,881	42,692,896
Other Information					
Total sector's assets	1,157,583,484	28,770,155	249,303,607	4,564,353	1,440,221,599
Total sector's liabilities	1,031,668,481	19,504,033	158,907,193	232,691	1,210,312,398

	December 31, 2017				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Selling and Marketing of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
Income before tax for the year	15,990,790	11,404,627	11,707,066	78,977	39,181,460
Other Information					
Total sector's assets	1,092,179,563	32,002,835	239,648,870	4,458,896	1,368,290,164
Total sector's liabilities	993,950,090	20,597,457	139,393,314	212,113	1,154,152,974

The marketing company practices its activity by direct selling to customers through its stations as of December 31, 2018, and through its subsidiary companies, in addition to supplying 279 stations with their demand from derivatives, according to the marketing license.

40. The 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. The Company, in coordination with the refinery, is in contact with the project's potential financiers, including Export Credit Agencies, banks, and others. In view of the need for a financial advisor to arrange the financing and negotiations with the parties interested in financing this project, the Company is currently completing the procedures for selecting a financial advisor.

The procedures for evaluating the Company's various facilities are in their final stages. This would be the fair basis for initiating any negotiations with financiers and / or potential partners interested in participating in financing and/or investing in the Fourth Expansion Project of the refinery.

Meetings continued to be held between the Company's representatives and those of the Government to reach agreement on the 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 Prime Ministry's Decision No. (7633) to postpone the application of the petroleum derivatives specification until completion of the Fourth Expansion Project, provided that a specific implementation plan be adhered to.

The Jordanian Petroleum Products Marketing Company continues its activity with regard to the establishment of new fuel stations in different regions of the Kingdom. Seven stations have been established: Jerash Al-Nasr Station, Al-Muwaqqar Station /2, Sahab Development Station, Shale Oil Station/2, Salt Shahateet Station, Yadoudah Station, and Abbasi Station/ Irbid.

In the year 2019, the following stations shall be opened: Al Qastal Station via the Airport Road, next to the Medical University; the Social Security Station, University Street; Al-Hneiti Station / Abu Alanda Area; the Hashemite Charity Station via the Free Zone Road; Hayasat Station down town Salt City; Abdoun Station 2 Corridor Abdoun; Taj Ammoun Station Istiklal street; and the Development Station 2 opposite the Ministry of Foreign Affairs Ministry.

The electronic inventory control system will be operated centrally for all stations owned and managed by the Company, the central price change system shall be activated for all the stations (owned and managed by third parties) without changing them for each station. The prepaid cards system, the vehicle Identification System (RFID), and the electronic self-service system shall be launched in some stations. Moreover, the 24/7 main operations control shall be launched, including a television control system for all stations and tanks through the vehicle tracking system. In this regard, the Company seeks to attract new stations to be established by their owners to sign supply contracts with the Company.

The signing of an agreement shall be pursued to install electricity chargers at Jo Petrol stations deployed in the Kingdom, after conducting a field survey of all stations in the Kingdom.

After purchasing the Hydron (Golf) stations, stations in need of renovation shall be renovated and equipped, as necessary, to meet the Jopetrol Company's specifications.

In the light of the low consumption of mineral oils in the Kingdom and the fierce competition from many local manufacturers and the low-priced and low-quality items that the local market boasts, efforts continue to reduce costs and to market the Company's products of various types of oils both inside and outside the Kingdom. In this respect, the products high quality is key, as exports are made to Iraq, Chad, and other countries.

41. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities 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 year. The following table gives information about how the fair value of these financial assets and financial liabilities is determined (valuation techniques and key inputs):

Financial Assets	Fair Value as at December 31, 2018	2017	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	2,007,369	2,445,578	Level 1	Stated prices in financial markets	Not applicable	Not applicable
Total financial liabilities at fair value	2,007,369	2,445,578				

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

B. The fair value of financial assets and financial liabilities of the Company not specified at fair value on an ongoing basis:

We believe that the carrying amounts of the financial assets and financial liabilities reflected in the Company's consolidated financial statements approximates their fair values.

Investments property, which are part of the terminal buildings were evaluated upon acquiring the stations.

42. Subsequent events

A. Proposed Dividends:
In its meeting held on March 27, 2019, the Company's Board of Directors resolved to give a recommendation to the General Assembly of Shareholders a cash dividend of 20% of the Company's paid-up share capital.

B. Reserves:

In its meeting held on March 27, 2019, the Company's Board of Directors resolved to give a recommendation to the General Assembly of Shareholders the allocation of JD 8,538,579 for the voluntary reserve account and JD 8,538,579 for the Fourth Expansion Project Reserve, as well as the deduction of 10% as a statutory reserve from the annual net profit of the petroleum products marketing activity, and the withholding of 10% as a statutory reserve from the annual net profit of the remaining activities of the Company.