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

شركة مصفاة البترول الأردنية المساهمة المحدودة
عمـــان
المملكة الأردنية الهاشمية

Ref.:
Date:

الرقـم :2/1/1/51/25/2/ 7330
التاريخ : 2019/8/7

معالي رئيس هيئة الأوراق المالية الأكرم

للإفصاح

الموضوع : الإفصـــــاح.

تحيــة طيبـــة وبعـــد ،،،

لاحقاً لكتابنا رقم 7097/1/1/51/25/2 تاريخ 2019/7/30 والمرفق نسخه منه، وبالإشارة إلى تعليمات إفصاح الشركات المصدرة والمعايير المحاسبية ومعايير التدقيق لسنة 2004 يسرنا أن نرفق لمعاليكم القوائم المالية الموحدة المرحلية الموجزة للستة أشهر الاولى من عام 2019 المنتهية في 30 حزيران 2019 باللغة الإنجليزية.

وتفضلـــوا بقبــــول فائـــــق الإحتــــــرام ،،،

المـــهندس عبد الكـــريم علاوين
الرئـــــــيس التـــــنفيذي

هيئــة الأوراق الماليــة
الدائــرة الإداريــة / الديــوان
٧ آب ٢٠١٩
الرقم المتسلسل ٣٥١٩٨
الجهة المختصة

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

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS
ENDED JUNE 30, 2019
TOGETHER WITH REVIEW REPORT

JORDAN PETROLEUM REFINERY COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
June 30, 2019

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Review Report

AM/ 000573

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial position of Jordan Petroleum Refinery Company "The Company" and its subsidiaries "The Group" as of June 30, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1. The Company is in the process of negotiating with the Government regarding the suspended matters and entitlement rights of the balances and provisions to end the financial relationship with the government as stated in Note (3). We were unable to obtain sufficient appropriate review evidence regarding these suspended matters and entitlement rights in the Company's records as of the end date of the financial relationship with the Government being April 30, 2018 and the date of the condensed consolidated interim financial statements June 30, 2019 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 (end date of the financial relationship with the Government) and December 31, 2018 from the Ministry of Finance, as stated in note (19) to the consolidated financial statements. Accordingly, we were unable to obtain sufficient appropriate supporting evidence about these balances and transactions as of those dates. Consequently, we were unable to determine whether any adjustments to these balances were necessary as of June 30, 2019.

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3. As stated in note (16) to the condensed consolidated interim financial statements, the Company deferred the recognition of losses related to the cost of the imported Indian cylinders. Had the Company recognized these losses when incurred without their deferral during the year 2016, the net income for the period ended June 30, 2019 would have increased by JD 914,502 and retained earnings would have decreased by JD 2,743,505.

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 No. 10 consolidated financial statements, noting that there is no impact on the condensed consolidated interim statement of income for the period.

Qualified Conclusion

Based on our review above, except for the effect of the matters described in the Basis of Qualified Conclusion section, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared in all material respect, in accordance with International Accounting Standard No. (34) Which Relating to Interim Financial Reporting.

Emphasis of Matters

We draw attention to the following:

1. As stated in Note (17) to the condensed consolidated interim financial statements, terms of transfer for Company's assets at net book value to Jordan Petroleum Products Marketing Company (subsidiary company) has not been agreed with the Government of Jordan to date.

2. As stated in Note (7/c) to the condensed consolidated interim financial statements, and in accordance to Prime Ministry decisions, the Group has approved discount amounting to JD 9,645,385 to Alia Company - Royal Jordanian Airlines during the period ended June 30, 2019. This discount has been directly charged to the Ministry of Finance account by decreasing part of the above mentioned discount from the outstanding debt which was signed on March 6, 2016 and book the remaining balance as a deposit on behalf of Alia Company.

3. As stated in the Note (10/g) to the condensed consolidated interim 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 on behalf of the subsidiary Company or to the Ministry of Finance in an amount of JD 10.1 million which is classified as accounts payable and other credit balances.

4. As stated in Note (3) to the condensed consolidated interim 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 01, 2018.

Our conclusion is not modified in Respect of these Matters.

Other Matters

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

2. The Company's fiscal year ends on December 31 of each year. However, the condensed consolidated interim financial statements have been prepared for management purposes and for the Jordan Securities Commission requirements.

Amman - Jordan
July 30,2019

Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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JORDAN PETROLEUM REFINERY COMPANY
(A LIMITED PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS	Note	June 30, 2019 (Reviewed not audited) JD	December 31, 2018 (Audited) JD
Current Assets:			
Cash on hand and at banks		17,611,387	16,966,903
Receivables and other debit balances	7	982,060,402	932,850,727
Crude oil, finished oil products and supplies	8	314,233,333	268,126,688
Total Current Assets		1,313,905,122	1,217,944,318
Deferred tax assets		8,088,963	7,784,486
Financial assets at fair value through comprehensive income		2,158,695	2,007,369
Property investments - net		829,469	838,441
Right of use assets	5/b	47,495,343	-
Property and Equipment:			
Lands		54,529,313	55,856,109
Property and equipment		448,486,792	452,460,965
Less: Accumulated depreciation		(353,823,101)	(348,931,001)
Net book value of property and equipment		149,193,004	159,386,073
Projects under construction		38,595,243	25,944,153
Total Property and Equipment and Projects under construction		187,788,247	185,330,226
Intangible Assets		43,316,759	43,316,759
Less: Accumulated amortization		(18,595,970)	(17,000,000)
Net Intangible Assets		24,720,789	26,316,759
TOTAL ASSETS		1,584,986,628	1,440,221,599
Contra Accounts			
Death, end-of-service indemnity, and compensation fund	12	48,953,810	45,482,322

LIABILITIES	Note	June 30, 2019 (Reviewed not audited) JD	December 31, 2018 (Audited) JD
Current Liabilities:			
Due to banks	9	868,906,640	770,945,016
Payables and other credit balances	10	379,725,870	378,586,267
Lease liability - current portion	5/b	3,979,738	2,112,322
Income tax provision	11/a	4,555,174	5,231,574
Commitments resulting from acquisition of a subsidiary		8,883,934	-
Total Current Liabilities		1,266,051,356	1,156,875,179
Long - Term Liabilities:			
Commitments resulting from acquisition of a subsidiary		-	8,350,205
Due to death, end-of-service indemnity, and compensation fund	12	40,355,113	36,553,358
End-of-service indemnity provision		214,775	184,356
Lease liability - noncurrent portion	5/b	50,635,542	8,349,300
Total Long-Term Liabilities		91,205,430	53,437,219
Total liabilities		1,357,256,786	1,210,312,398
OWNERS' EQUITY			
Shareholders' equity:			
Authorized and fully paid-up capital (100,000,000 shares at JD 1 per share)	1	100,000,000	100,000,000
Statutory reserve		43,124,425	43,124,425
Voluntary reserve		19,329,899	16,143,555
Fourth expansion reserve		2,561,305	-
Financial assets valuation reserve - net		1,778,971	1,627,645
Difference resulting from purchasing of non-controlling interest		(223,400)	(368,400)
Retained earnings		27,497,601	58,245,250
Profit for the period		23,455,353	-
Total Shareholders' Equity		217,524,154	218,772,475
Non - controlling interests		10,205,688	11,136,726
Total Owners' Equity		227,729,842	229,909,201
TOTAL LIABILITIES AND OWNERS' EQUITY		1,584,986,628	1,440,221,599
Contra Accounts			
Provision for death, end-of-service indemnity, and compensation fund	12	48,953,810	45,482,322

Board of Directors Chairman

Chief Executive Officer

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 LIMITED PUBLIC SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

(REVIEWED NOT AUDITDED)

		For the Three Months Ended on June 30		For the Six Months Ended on June 30,									
		2019	2018	2019					2018				
	Note	Total	Total	Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Other	Total	Refinery and Gas Cylinders Filling Activity	Oil Factory	Selling and Marketing of Petroleum Products	Other	Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net Sales	13	337,133,379	458,897,964	277,717,928	11,545,731	449,311,699	-	738,575,358	579,398,587	11,881,855	335,221,247	-	926,501,689
(Less): Cost of sales	14	(310,635,901)	(432,450,576)	(255,619,101)	(6,917,501)	(416,734,058)	-	(679,270,660)	(542,151,837)	(6,774,320)	(307,346,918)	-	(856,273,075)
Gross Income from Sales		26,497,478	26,447,388	22,098,827	4,628,230	32,577,641	-	59,304,698	37,246,750	5,107,535	27,874,329	-	70,228,614
Add: Operating income and other income		6,559,372	3,470,676	9,070,940	12,270	1,873,681	-	10,956,891	7,050,829	34,995	198,768	-	7,284,592
Gross Income from Trading		33,056,850	29,918,064	31,169,767	4,640,500	34,451,322	-	70,261,589	44,297,579	5,142,530	28,073,097	-	77,513,206
(Less): Selling and distribution expenses		(14,831,254)	(19,690,964)	(19,562,327)	(712,532)	(10,949,291)	-	(31,224,150)	(19,734,995)	(816,303)	(13,562,249)	-	(34,113,547)
General and administrative expenses		(3,380,273)	(2,981,334)	(4,800,283)	(124,913)	(1,751,924)	-	(6,677,120)	(4,049,356)	(181,960)	(1,419,513)	-	(5,650,829)
Bank interest and commissions		(11,491,306)	(9,101,464)	(20,221,809)	-	(1,904,298)	43,222	(22,082,885)	(15,036,129)	-	(1,745,522)	42,181	(16,739,470)
Recovered from gas cylinders	10/d	-	4,793,497	-	-	-	-	-	5,000,000	-	-	-	5,000,000
Losses of Indian cylinders	16	(457,251)	(304,834)	(914,502)	-	-	-	(914,502)	(304,834)	-	-	-	(304,834)
Recovered from lawsuits provision	10	1,570,054	(50,000)	1,500,154	-	-	-	1,500,154	967,686	-	-	-	967,686
(Provision) expected credit losses	7	(1,371,428)	(2,215,355)	114,286	(24,162)	(1,553,501)	-	(1,463,377)	1,077,266	(522,013)	(2,300,794)	-	(1,745,541)
Settlement of targeted income with the Government - support	16	-	4,268,090	-	-	-	-	-	5,783,760	-	-	-	5,783,760
(Provision) for slow-moving and obsolete inventory	8	150,158	(1,143,344)	(566,855)	-	-	-	(566,855)	(8,987,758)	-	-	-	(8,987,758)
(Provision) for storage fees of logistic company	10/h	(1,262,400)	(2,209,200)	(2,524,800)	-	-	-	(2,524,800)	(9,739,484)	-	-	-	(9,739,484)
Interest income resulting from government's delay		10,180,745	4,949,096	18,416,535	-	-	-	18,416,535	4,949,096	-	-	-	4,949,096
(Provision) employees' vacations	10	1,922	-	(225,116)	-	-	-	(225,116)	-	-	-	-	-
(Provision) for work injuries compensation		2,081	-	(74,892)	-	-	-	(74,892)	-	-	-	-	-
Income from Storage of strategic inventory		3,661,471	3,036,265	7,759,704	-	-	-	7,759,704	3,036,265	-	-	-	3,036,265
Right of use assets depreciation	5/b	(1,071,309)	-	-	-	(1,675,457)	-	(1,675,457)	-	-	-	-	-
Lease obligations interest	5/b	(200,806)	-	-	-	(615,342)	-	(615,342)	-	-	-	-	-
Interest resulting from acquisition of a subsidiary		(266,865)	-	-	-	(533,729)	-	(533,729)	-	-	-	-	-
Amortization of intangible assets		(797,985)	(750,000)	-	-	(1,595,970)	-	(1,595,970)	-	-	(1,500,000)	-	(1,500,000)
Profit for the period before Income Tax		13,492,404	8,518,517	10,069,862	3,778,893	13,871,810	43,222	27,763,787	7,259,096	3,622,254	7,545,019	42,181	18,468,550
Income tax expense for the period	11	(1,633,696)	(1,594,326)	(810,391)	(604,865)	(2,775,288)	-	(4,190,544)	(1,457,791)	(507,115)	(1,565,076)	-	(3,529,982)
Profit for the Period		11,858,708	6,924,191	9,259,471	3,174,028	11,096,522	43,222	23,573,243	5,801,305	3,115,139	5,979,943	42,181	14,938,568
Attributable to:													
Company's shareholders		11,847,863	6,832,384					23,455,353					14,805,032
Non - controlling interests		10,845	91,807					117,890					133,536
		11,858,708	6,924,191					23,573,243					14,938,568
Earnings per Share for the Period-Basic & Diluted	15	-/11.8	-/6.83					-/23.5					-/14.8

Board of Directors Chairman

Chief Executive Officer

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 SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Profit for the period	23,573,243	14,938,568
Items that can not be reclassified subsequently to the condensed consolidated		
Interim statement of income:		
Change in financial assets valuation reserve - net	151,326	(333,057)
Total Comprehensive Income for the Period	23,724,569	14,605,511
Total Consolidated Comprehensive Income Attributable to:		
Company's shareholders	23,606,679	14,471,975
Non-controlling interests	117,890	133,536
	23,724,569	14,605,511

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JORDAN PETROLEUM REFINERY COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED NOT AUDITED)

	Paid-up Capital	Statutory Reserve	Voluntary Reserve *	Fourth Expansion Reserve **	Financial Assets Valuation Reserve - Net	Difference due to Purchasing of Non-controlling Interest	Retained Earnings ***	Profit for the Period	Total Shareholders' Equity	Non-Controlling Interests	Total Owners' Equity
For the Six Months Ended June 30, 2019	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period	100,000,000	43,124,425	16,143,555	-	1,627,645	(368,400)	58,245,250	-	218,772,475	11,136,726	229,909,201
Profit for the period	-	-	-	-	-	-	-	23,455,353	23,455,353	117,890	23,573,243
Change in valuation reserve for financial assets at fair value through comprehensive income	-	-	-	-	151,326	-	-	-	151,326	-	151,326
Total Comprehensive Income for the Period	-	-	-	-	151,326	-	-	23,455,353	23,606,679	117,890	23,724,569
Deductible for reserves	-	-	8,538,579	8,538,579	-	-	(17,077,158)	-	-	-	-
Transfer from voluntary reserve to fourth expansion reserve****	-	-	(5,352,235)	5,352,235	-	-	-	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	(11,329,509)	-	-	11,329,509	-	-	-	-
Dividends distributed to shareholders*****	-	-	-	-	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	(1,048,928)	(1,048,928)
Purchasing of Non-Controlling Interest Difference	-	-	-	-	-	145,000	-	-	145,000	-	145,000
Balance - End of the Period	100,000,000	43,124,425	19,329,899	2,561,305	1,778,971	(223,400)	27,497,601	23,455,353	217,524,154	10,205,688	227,729,842
For the Six Months Ended June 30, 2018											
Balance - beginning of the period	100,000,000	41,706,721	14,584,909	2,652,918	2,080,854	-	43,433,771	-	204,459,173	9,678,017	214,137,190
IFRS (9) adoption impact	-	-	-	-	-	-	(1,481,324)	-	(1,481,324)	-	(1,481,324)
Adjusted balance	100,000,000	41,706,721	14,584,909	2,652,918	2,080,854	-	41,952,447	-	202,977,849	9,678,017	212,655,866
Profit for the period	-	-	-	-	-	-	-	14,805,032	14,805,032	133,536	14,938,568
Change in valuation reserve for financial assets at fair value through comprehensive income	-	-	-	-	(333,057)	-	-	-	(333,057)	-	(333,057)
Total comprehensive income for the period	-	-	-	-	(333,057)	-	-	14,805,032	14,471,975	133,536	14,605,511
Deductible for reserves	-	-	7,836,292	7,836,292	-	-	(15,672,584)	-	-	-	-
Dividends distributed to shareholders****	-	-	-	-	-	-	(20,000,000)	-	(20,000,000)	-	(20,000,000)
Transfer from fourth expansion reserve to retained earnings	-	-	-	(5,020,286)	-	-	5,020,286	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	1,418,418	1,418,418
Balance - End of the Period	100,000,000	41,706,721	22,421,201	5,468,924	1,747,797	-	11,300,149	14,805,032	197,449,824	11,229,971	208,679,795

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

** In its ordinary meeting held on April 27, 2019, the General Assembly of Shareholders decided to allocate JD 8,538,579 to the special reserve account from retained earnings for the fourth expansion project. Moreover, the Company paid an amount of JD 11,329,509 during the period ended June 30, 2019 from the special reserve for the purposes of the fourth expansion project, representing payments on the preliminary and detailed designs related to the project

*** Profits for the period and retained earnings include an amount of JD 8,088,963 as of June 30, 2019, representing the vaule of deferred tax assets restricted under the Jordan Securities Commission's instructions.

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

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

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE 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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

		For the Six Months Ended June 30,	
	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before income tax		27,763,787	18,468,550
Adjustments for:			
Depreciation of property and equipment and investment property		10,478,916	12,641,467
Amortization of intangible assets		1,595,970	1,500,000
(Recovered) from gas cylinders provision		-	(5,000,000)
Losses of Indian cylinders	16	914,502	304,834
Slow-moving and obsolete inventory provision	8	566,855	8,987,758
Expected credit loss Provision	7	1,463,377	1,745,541
Storage fees provision	10/h	2,524,800	9,739,484
(Recovered) from lawsuits provision	10	(1,500,154)	(967,686)
Strategic inventory storage revenue		(7,759,704)	-
Right-of-use assets depreciation	5/b	1,675,457	-
Interest income resulting from Government's delay		(18,416,535)	-
Lease obligations interest	5/b	615,342	-
Settlement of targeted income with the Government - support	16	-	(5,783,760)
Net Cash Flows from Operating Activities before Changes in Working Capital Items		19,922,613	41,636,188
(Increase) in accounts receivable and other debit balances		(8,689,171)	(87,387,827)
(Increase) decrease in crude oil, finished oil products, and supplies		(46,673,500)	7,495,966
(Decrease) in accounts payable and other credit balances		(22,465,719)	(9,535,670)
Increase (decrease) in death, end-of-service indemnity, and compensation fund System		3,801,755	(1,902,083)
Net Cash Flows (used in) Operating Activities before payments of income tax and lease obligations		(54,104,022)	(49,693,426)
Income tax paid	11	(5,167,421)	(3,723,574)
Payments of lease obligations	5/b	(262,732)	-
Net Cash Flows (used in) Operating Activities		(59,534,175)	(53,417,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment, investment property ,and projects under construction-Net		(12,927,965)	(15,606,149)
Paid from petroleum products marketing license		-	(4,280,000)
Purchase of financial assets at fair value through comprehensive income		-	(15,000)
Net change in payments to purchase investments after change in non-controlling interests		145,000	-
Net Cash Flows (used in) Investing Activities		(12,782,965)	(19,901,149)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to banks		97,961,624	91,624,094
Increase in Obligations against finance lease		-	1,532,783
Dividends Distributed on shareholders		(25,000,000)	(17,741,310)
Net Cash Flows from Financing Activities		72,961,624	75,415,567
Net Increase in Cash		644,484	2,097,418
Cash on hand and at banks - beginning of the period		16,966,903	11,087,752
Cash on Hand and at Banks - End of the Period		17,611,387	13,185,170

Non-Cash Transactions

Offsetting accounts receivable related to tax deposits against accounts payable		19,507,642	-

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. On this date, in their extraordinary meeting, the Company's General Assembly approved the capitalization of JD 25 million and distribute it to the shareholders. As a result, the Company's authorized and paid-up capital has amounted to JD 100 million.

In addition to the main units of refining and producing hydrocarbon petroleum products, the Company owns two subsidiary factories for the production of lube-oils and asphalt drums, as well as 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 hydrocarbon products, 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, Jordan Petroleum Products Marketing Company supplies its stations with petroleum products and maintains them kingdom-wide.

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

- The Board of Directors approved the accompanying condensed consolidated interim financial statements in their meeting held on July 30, 2019.

2. The Concession Agreement

a. The signed concession agreement between the Company and the Government expired on March 2, 2008. Consequently, the Company signed a settlement agreement with the Jordanian Government on February 25, 2008, concerning the expiry of the concession, which was approved by the Company's General Assembly in its extraordinary meeting dated March 22, 2008. 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 Jordan Petroleum Refinery Company's Board of Directors' resolution No. 132/2009 dated November 15, 2009, His Excellency the Minister of Finance's Letter No. (18/4/25741), dated November 15, 2009, was approved for settlement of the outstanding financial issues between the Company and both the Ministry of Finance and Ministry of Energy and Mineral Resources on the following bases:

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, 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 to be audited by the Government.

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

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

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

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

1. The Ministry of Finance shall calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on 30 April 2018 and ensuring their payment with interest at the actual cost borne by the Company during the above period at the said rates (Note 7/e).

2. The Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the necessary materials. Moreover, the idle materials shall be evaluated on April 30, 2018; the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. 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. In addition, negotiations on the ownership rights of the provision for idle, slow-moving, and sedimentary materials are still going on (Note 8).

3. The Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of gas cylinders and transfer the remaining JD 5 million to the Ministry of Finance. If the actual value of the write-off and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the refundable deposits related to the Ministry of Finance. If, on the other hand, the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million, during the period ended April 30, 2018, which was reflected in the account of the Ministry of Finance, which approved this action (Note 10/d).

4. Jordan Petroleum Refinery Company has cancelled 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.

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

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

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363) related to exempting the Company's imports sold to the marketing companies. In this respect, the Law prescribes exempting the Jordan Petroleum Refinery Company from public and special taxes as of May 1, 2013 on the oil derivatives it produces for the quantities sold exclusively to petroleum products marketing companies, provided that the public and special taxes thereon have been paid by the marketing companies. The Law also prescribes resolving all pending issues with the Customs Department and completing all customs data, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the government expires, noting that a committee was formed by the related departments to accomplish the matter describes above (Note 7/f).

8. The Government's strategic stock, which has been quantified and valued, shall be transferred to the logistics company, provided that the value of this stock be settled later. Moreover, the Company started transferring the strategic inventory to the Logistics Company during April 2018 (Note 18).

9. The Ministry of Finance shall maintain the provision for doubtful debts (expected credit losses provision). If any debt arising during the relationship with the Government is written off, the Ministry of Finance shall commit to paying it to the Jordan Petroleum Refinery Company. Moreover, negotiations on the ownership rights of the allowance for doubtful debts (expected credit loss provision) are still going on (Note 7/I).

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

11. The rental value shall be calculated regarding the assets transferred from the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company at the rate approved by the Land and Survey Department of (8%) on land and buildings valued at JD 4.9 million effective from the transfer date of these buildings up to date. Moreover, the Company is currently negotiating this matter with the Ministry of Finance (Note 5).

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

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

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

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

4. Profit settlement with the Government has been discontinued, and the balance has been recognized in the consolidated statement of 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 16).

5. As of June 30, 2019, the Company recorded an amount of JD 4,296,436 as revenue from the fee difference on filling the gas cylinders according to the Prime Minister's Decision No. (7633) dated April 30, 2018. This decision has set the commission amount for the period from May to December 2018 at JD 43 per ton. Accordingly, the Company recorded an amount of JD 18 per ton, representing the commission difference included in the (IPP), according to the aforementioned decision in consistency with the year 2018, as the Government has not amended the price Bulletin (IPP) up to date (Note 3).

5. Significant Accounting Policies

A. Basis of Preparation of the Financial Statements

- The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (34) (Interim Financial Reporting).

- The condensed consolidated interim financial statements are stated in Jordanian Dinar.

- The condensed consolidated interim 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 condensed consolidated interim financial statements.

- The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with International Financial Reporting Standards and must be read with the Company's annual report. In addition, the results of the Company's operations for the six months ended June 30, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019.

- The condensed consolidated interim 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' condensed interim 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 conform to the accounting policies of the parent company.

- Control is achieved when the Company has the power to govern its subsidiaries' financial and operating policies in order to obtain benefits from their activities. Transactions, balances, income, and expenses exchanged during the period 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 condensed consolidated interim 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 taken to the condensed consolidated statement of income up to the disposal date, which is the date on which the Company loses control over the subsidiary companies.

Control is achieved when the Company:

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

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

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

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

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

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

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

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

(1) Jordan Petroleum Products Marketing Company was established on February 12, 2013 with total assets, along with its subsidiaries of JD 280,669,849, while its total liabilities and those of its subsidiaries amounted to JD 188,023,713 as of June 30, 2019. The Company's consolidated net income amounted to JD 11,096,522 with a non-controlling interest of JD 117,890 for the period ended June 30, 2019. Furthermore, the Company has started operating gradually since May 1, 2013, and part of the Jordan Petroleum Refinery Company's assets have been transferred to the Company at their net book value. Also, some employees were assigned from Jordan Petroleum Refinery Company to work at the Company. The task of providing consumers with oil derivatives has been transferred to the Jordan Petroleum Product Marketing Company until the end of June 30, 2019, except for multiple organizations such as part of the electricity company's governmental institutions, security agencies, and airlines agencies, which still obtain their supplies directly from Jordan Petroleum Refinery Company. The required legal procedures to conclude the transfer of the ownership of the assets to the new Company were completed as follows:

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

2. Vehicles: The value of vehicles costing JD 5,483,410 was transferred to Jordan Petroleum Products Marketing Company according to their net book value which amounted to JD 109,881 as of May 1, 2013 according to taxable and official invoices.

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

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

5. Jordan Petroleum Products Marketing Company received a marketing commission of 12 fils per liter sold, plus a commission on the retail sale of petroleum products of 15 fils for each liter sold until August 31, 2018. It has been amended to 18 fils per liter sold from September 1, 2018, in addition to other commissions related to the evaporation and transportation fees and allowance, according to the agreement signed with the Ministry of Energy and Mineral Resources.

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

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

a. Amendments with no material effect on the condensed consolidated interim financial statements of the company:

Annual improvements to IFRSs issued between 2015 and 2017
Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

IFRIC (23) "Uncertainty on the Treatment of Income Tax"
The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

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

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

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

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

b. Amendments that have an impact on the condensed consolidated interim financial statements of the Company

Effect of Application of IFRS (16) "Leases"

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

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

The Company has chosen to use the simplified approach which is permitted under IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first-time application.

The right-of-use assets have been measured at an amount equal to the lease obligations, after it has been adjusted by any lease pre-payments or accruals related to a lease contract recognized in the statement of financial position as of December 31, 2018. No adjustments to retained earnings, as at January 1, 2019, have resulted therefrom under this method. There have been no low-value leases requiring adjustment to the right-of-use assets at the date of the initial application.

The recognized right-of-use assets related to leased properties as at June 30, 2019 and January 1, 2019.

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

	Right-of-Use Assets	Lease Obligations
	JD	JD
Balance as of January 1, 2019	49,170,800	54,262,670
Interest during the period	-	615,342
Paid during the period	-	(262,732)
Amortization for the period	(1,675,457)	-
Balance as of June 30, 2019	47,495,343	54,615,280

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

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

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

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

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

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

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

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

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

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- Reliance on previous assessments on whether leases are onerous;

- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

6. Significant accounting Estimates and key sources of uncertainty estimates

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Company's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve, and in a specific way, it requires the Company's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018, except for the following:

Extension and termination options of lease contracts

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

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

Discounting lease payments
Lease payments are discounted using the bank's additional borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the additional borrowing rate on the starting date of the lease contract.

7. Receivables and Other Debit Balances

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Governmental institutions and departments, security agencies, and electricity companies - fuel (a)	454,037,731	431,780,345
Fuel clients and others (b)	74,419,323	81,732,199
Alia Company - Royal Jordanian Airlines (c)	25,894,168	33,996,379
Checks under collection (d)	22,925,836	28,399,178
Total receivables	577,277,058	575,908,101
Ministry of Finance (e) - (Note 19)	290,609,495	247,085,929
General sales tax deposits (f)	104,118,601	98,903,802
Other debit balances (g)	8,613,440	6,142,062
Employees receivables	2,000,936	1,630,449
Advances against staff end-of-service indemnity	35,315	35,315
Letters of credit deposits and purchase orders - subsidiary company	2,693,697	3,500,410
Prepaid expenses (h)	12,853,711	14,323,133
	998,202,253	947,529,201
Less: Expected credit losses provision (i)	(16,141,851)	(14,678,474)
	982,060,402	932,850,727

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

	June 30, 2019	December 31, 2018
	JD	JD
1 day - 119 days	120,580,030	131,025,730
120 days - 179 days	27,495,237	17,022,952
180 days - 365 days	27,641,227	74,948,303
More than a year *	401,560,564	352,911,116
Total	577,277,058	575,908,101

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

* This balance includes receivables from governmental parties or guaranteed by government due for more than a year with a total amount of JD 369,958,452. In our opinion, the Company has the ability to collect these receivables, and there is no need to book any provision against them. The balance also includes amounts due from the partners in the subsidiary companies of JD 5,644,034 due for more than one year. In the opinion of the Company's management, there is no need to book any additional provision against these receivables, as the Company has signed agreements with those partners to settle these receivables, which are guaranteed by property collaterals, and transfer the profits resulting from the operations of these subsidiary companies to the Company.

a. This item includes receivables against fuel withdrawals of the ministries, governmental departments, security agencies, and the National Electricity Company of JD 427,204,525 related to the refinery and gas activity; JD 6,430,092 related to oil activity; and JD 20,403,114 related to Jordan Petroleum Products Marketing Companies as of June 30, 2019.

- This item represents amounts due from the electricity and generating companies against fuel consumption of JD 73,535,277 as of June 30, 2019 (JD 76,458,909 as of December 31, 2018).

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

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

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

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

b. This item includes the accounts receivable of fuel customers and others related to the refining and gas activities of JD 34,557,756; JD 3,186,741 related to the oil activities; and JD 36,674,826 related to Jordan Petroleum Products Marketing Company as of June 30, 2019.

- The item "Fuel customers and other receivables" related to the refining and gas activities includes an amount of JD 19,783,514, representing the export of a shipment of fuel oil awarded to Vitol as of June 30, 2016 and due after a period of one month from the shipment date. Moreover, the balance was fully paid on May 14, 2019.

c. On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company – Royal Jordanian Airlines commits to paying the remaining amount in 60 installments, the first of which is due on March 30, 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 5.3%, was reduced to 0.5%. Moreover, interest income for the years 2015 and 2016 to date has been reversed in the form of a future balance, so that the resulting financial impact will be settled within the financial relationship between the Ministry of Finance and Jordan Petroleum Refinery Company. As of May 1, 2018, the Company has calculated the actual borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company - Royal Jordanian Airlines, noting that the above decision has been suspended by the Company.

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

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

- The Company sent Letter No. 2/25/51/1/1/6814, dated 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 be provided with a letter from the Ministry of Finance stating its approval to charge the amount of the discount and interest difference directly to the Ministry of Finance accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government pursuant to the Prime Ministry's Decision No. (7633), dated April 30, 2018.

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

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

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

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

- This item includes accounts receivable due to refining and gas activity of JD 17,373,873; JD 14,464 for oil activity; and JD 8,505,831 for Jordan Petroleum Products Marketing Company as of June 30, 2019.

d. The maturity date of checks under collection for the refining and gas activities extends up to July 21, 2019, and these checks amounted to JD 1,020,098. Meanwhile, the maturity date of checks under collection of the oil factory extends up to September 30, 2019, and these checks amounted to JD 2,892,742. Moreover, the maturity date of checks under collection for Jordan Petroleum Products Marketing Company extends up to March 5, 2020, and these checks amounted to JD 19,012,996.

e. The Ministry of Finance's receivables due to the refining and gas activity include JD 322,208,771, and a credit amount of JD (31,599,276) related to Jordan Petroleum Products Marketing Company as of June 30, 2019.

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

<u>End of Relationship with the Government</u>
Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on 30 April 2018, the Ministry of Finance was mandated to calculate the amounts due to Jordan Petroleum Refinery Company until April 30, 2018. Such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest rates of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to the Jordan Petroleum Refinery Company on April 30, 2018 and ensuring their payment with interest at the actual cost borne by the Company during the above period at the rates stated above.

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

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

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

f. The general sales tax deposits item includes an amount of JD 112,040,805, related to the refining and gas activities, and JD (7,922,204) related to the Jordan Petroleum Products Marketing Company.

End of Relationship with the Government

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

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

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

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

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

2. To cancel the exemption on unleaded gasoline (octane 95), according to Article (22/c) of the said General Sales Tax Law, provided that gasoline (90) be subjected to a general tax at a rate of 16%.

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

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

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

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

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

g. This item consists mainly of the current account of the Refinery's employees' Housing Fund and deposits at the Jordanian Customs Department and other receivables, including an amount of JD 2,464,905, for the refining and gas activity, and JD 6,148,535 related to Jordan Petroleum Products Marketing Company.

h. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for the establishment of stations. Moreover, the amount of JD 4,547,803 relates to the refining and gas activity, and the amount of JD 8,305,908 relates to Jordan Petroleum Products Marketing Company.

I. The provision for the expected credit losses includes an amount of JD 6,398,232 as of June 30, 2019 (JD 6,512,518 as of December 31, 2018) related to the refining and gas activity; JD 1,737,058 as of June 30, 2019 (JD 1,712,896 as of December 31, 2018) related to the oil factory; and JD 8,006,561 as of June 30, 2019 (JD 6,453,060 as of December 31, 2018) for Jordan Petroleum Products Marketing Company. The provision is calculated after taking into consideration the receivables guaranteed by the Ministry of Finance.

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

	For the Six Months Ended June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Balance - beginning of the year	14,678,474	12,993,853
Add: Provision for subsidiary acquired during the year	-	20,000
IFRS (9) implementation impact	-	1,791,460
Adjusted balance	14,678,474	14,805,313
Booked provision during the period / year – net	1,463,377	732,175
Written-off during the year *	-	(859,014)
Balance - End of the Period / Year	16,141,851	14,678,474

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

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken in the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached to the Council of Ministers regarding the Ministry of Finance to maintain the expected credit losses provision. If any debt arises during the relationship with the Government and is written off, the Ministry of Finance shall pay it to the Jordan Petroleum Refinery Company. Moreover, the Company has not reached an agreement with the Ministry of Finance regarding the right to retain the provision for doubtful debts (provision for expected credit losses). Meanwhile, negotiations between the Company and the Ministry of Finance regarding the aforementioned matter are still going on.

8. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Finished petroleum products and lube oil	204,998,213	118,659,643
Crude oil and materials under process	37,809,151	59,043,833
Raw materials, spare parts, and other supplies	72,958,246	73,104,653
Goods in transit	17,433,371	36,195,985
Less: Provision for obsolete and slow-moving items	(18,965,648)	(18,877,426)
	314,233,333	268,126,688

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

	For the Six Months Ended June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Balance - beginning of the period / year	18,877,426	20,638,343
Provision booked during the period / year	566,855	4,272,106
Paid during the period/year	(473,665)	-
Less: Inventory written-off during period / year*	(4,968)	(6,033,023)
Balance - End of the Period/Year	18,965,648	18,877,426

* During the year, the Company removed spare parts and supplies for refinery units from the stock of stagnant and slow-moving materials that were not needed and belonged to non-operational units in the Company, in accordance with Decision No. 37 of the Company's Board of Directors, taken in its meeting No. (3/2018), held on April 15, 2018.

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached to the Council of Ministers that the Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the materials that need destruction. Moreover, the idle materials shall be evaluated on April 30, 2018, the cost of the sediment and water, as well as the disposal costs thereof, shall be calculated, and the surplus shall be transferred to the Ministry of Finance. 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 up to date. However, the negotiations are still on going between the company and ministry of finance in regards to the matter described above.

9. Due to Banks

This item represents an overdraft current account, granted by several local banks to finance the Company's activities, at interest rates ranging from 4.1% to 7.5% during the period ended June 30, 2019 against the Company's guarantee. This item includes an amount of JD 816,014,291 for the refinery and gas activity and JD 52,892,349 for Jordan Petroleum Products Marketing Company as of June 30, 2019.

10. Accounts Payable and Other Credit Balances

This item consists of the following:

	For the Six Months Ended June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Deposits of surplus and differences of oil derivatives pricing (a)	44,301,255	50,167,633
Special sales tax deposits on oil derivatives deposits (b)	10,639,572	12,083,914
Deposits for constructing alternative fuel tanks (c)	93,500,103	93,500,103
Suppliers and obligations drafts and purchase orders	83,745,944	101,809,796
Provision for replacing gas cylinders (d)	5,000,000	5,000,000
Stamp duties, fuel imports fees, jet fuel, strategic inventory fees and treasury support (e)	47,497,390	36,050,789
Provision for occupational accidents indemnity	3,878,459	3,726,594
Provision for lawsuits and other obligations - (17/b)	407,426	1,907,580
Advance payment from customers (f)	8,213,124	7,982,553
Shareholders' withholdings	13,773,607	10,037,296
Creditors and other credit balances	16,200,509	12,092,072
Retention deducted from contractors	930,709	928,975
Provision for employees' vacations	2,259,287	2,034,171
Import pricing differences / subsidiary companies (g)	10,121,687	8,870,024
Inventory storage provision (h)	8,165,019	7,090,219
Restricted balances against acquisition of subsidiary (i)	1,000,000	1,000,000
Alia – Royal Jordanian Airlines Company discount deposits – Note (7/c)	27,207,246	21,420,015
Alia – Royal Jordanian Airlines Company interest deposits – Note (7/c)	2,884,533	2,884,533
	379,725,870	378,586,267

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

Deposits of surplus from differences of oil derivatives pricing include an amount of JD 44,099,589 for the refining and gas activities, and JD 201,666 for the Jordan Petroleum Products Marketing Company as of June 30, 2019.

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

	For the Six Months Ended June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Balance – beginning of the period / year	50,167,633	46,775,893
Pricing differences of oil derivatives during the period / year	2,075,872	3,391,740
Paid during the period / year	(7,942,250)	-
Balance – End of the Period/Year	44,301,255	50,167,633

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

Under system 107 for 2019, the special tax rate system, general and special taxes, fees and stamps contained in the oil derivatives sale price bulletin (IPP) were incorporated into the special tax line and specified for each item according to the above-mentioned system.

- This item includes an amount of JD 1,271,312 for the refining and gas activity, and an amount of JD 9,368,260 for Jordan Petroleum Products Marketing Company.

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

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

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

	For the Six Months Ended June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Balance – beginning of the period / year	5,000,000	10,000,000
Add: Provision booked for the period / year *	2,386,910	3,873,407
Less: Released during the period / year *	(2,386,910)	(8,873,407)
Balance – End of the period / year	5,000,000	5,000,000

* During the period ended June 30, 2019, a provision of JD 2,386,910 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 2,386,910 has been refunded. Moreover, the number of gas cylinders sold during the period was around 19 million cylinders.

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

End of Relationship with the Government

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

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

The movement on this item is as follows:

	For the Six Months Ended on June 30, 2019	For the Year Ended on December 31, 2018
	JD	JD
Balance – beginning of the period / year	36,050,789	13,401,290
Recorded on this item during the period / year	11,446,601	22,649,499
Balance – End of the period / year	47,497,390	36,050,789

f. 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 oil derivatives during the period ended June 30, 2019, and during the year ended December 31, 2017 and 2018, and the prices included in the (IPP) related to the imports of Jordan Petroleum Products Marketing Company (subsidiary company). The Company booked the difference between the actual incurred import price and the refinery gate price that is included in the (IPP) in the export pricing difference account included in the accounts payable and other credit balances account since there is uncertainty about whether this balance is a right for the Company or 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 No. 1/64/2018 dated April 30, 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 paying storage fees on fuel oil of 3.5% as of May 1, 2018.

The movement on this item is as follows:

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance – beginning of the period/year	7,090,219	-
Recorded on this item during the period/year	2,524,800	8,090,219
Paid during the period/year	(1,450,000)	(1,000,000)
Balance – End of the Period/Year	8,165,019	7,090,219

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

11. Provision for Income Tax

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

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
	JD	JD
Provision for income tax - beginning of the period/year	5,231,574	4,870,028
Add: Income tax expense for the period/year	4,491,021	6,311,219
Less: Income tax paid during the period / year	(5,167,421)	(5,949,673)
Provision for Income Tax - End of the Period/Year	4,555,174	5,231,574

b. Income tax expense details for the period shown in the condensed consolidated interim financial statements of income represents the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Income tax for the period	4,491,021	4,679,569
Amortization of deferred tax asset for the period	29,382	-
Less: Deferred tax assets for the period	(329,859)	(1,149,587)
Income tax provision for period	4,190,544	3,529,982

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

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

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

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

- The final decision was issued on November 6, 2017 through notification by the Ministry of Finance/Income and Sales Tax Department to reduce the tax differences to JD 6,531,687 and the legal compensation to JD 250,311. Under this decision, the Company paid these amounts plus a fine against delay payments 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.

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

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

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

13. Net Sales

This item consists of the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Refinery and filling of gas cylinders sales	300,825,333	605,492,162
Lube-oil factory sales	11,545,731	11,881,855
Jordan Petroleum Products Marketing Company's sales	708,872,921	519,509,097
Less: fees, allowances, taxes related to (IPP)	(282,668,627)	(210,381,425)
	738,575,358	926,501,689

14. Cost of Sales

This item consists of the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Crude oil and materials under process - beginning of the period	59,043,833	46,311,935
Purchases of crude oil and raw materials used in production	446,306.566	412,875,998
Less: crude oil and materials under process - end of the period	(37,809,151)	(22,615,765)
Cost of Materials used in Production	467,541,248	436,572,168
Manufacturing Expenses	37,156,299	31,496,888
Total Production Cost	504,697,547	468,069,056
Add: Finished products - beginning of the period	118,659,643	149,867,399
Purchases of finished products	282,439,400	424,791,121
Less: Finished products - end of the period	(204,998,213)	(155,143,148)
Subsidy of crude oil derivatives charged to the Ministry of Finance account *	(23,603,589)	(32,587,634)
Add: Surplus in oil derivatives pricing to the Ministry of Finance account *	2,075,872	1,276,281
	679,270,660	856,273,075

- The average cost per crude oil barrel amounted to USD 68/32 for the six months ended June 30, 2019 (USD 69/96 for the six months ended June 30, 2018).

* This item represents the consumer's selling price difference over the monthly IPP of JD 17,365,225 as support; JD 76,861 as a surplus from the sales of refining and gas activities, resulting in JD 6,238,364 as support; and JD 1,999,011 as a surplus from the sales of the Petroleum Products Marketing Company (subsidiary company)

15. Earnings Per Share for the Period

This item consists of the following:

	For the Six Months Ended June 30,	
	2019	2018
	JD	JD
Income for the period attributable to shareholders	23,455,353	14,805,032
Weighted-average number of shares	100,000,000	100,000,000
Earnings per Share for the Period-Basic & Diluted	-/23.5	-/14.8

- The weighted-average number of shares for diluted earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the period ended June 30, 2019 and 2018 according to (IAS 33).

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

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

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

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

* In accordance with the Council of Ministers' Letter No. 31/17/5/21025, following the opinion of the Legislation and Opinion Bureau, the Jordan Petroleum Refinery Company is responsible for the costs of the cylinders rejected by the Jordan Institution for Standards and Metrology. Meanwhile, Jordan Petroleum Refinery Company sent Letter No. 2/25/25/7/1741, dated February 14, 2017, to his Excellency the Minister of Finance. The letter states that the cylinders' costs incurred by the Company up to December 31, 2016 amounted to JD 7,665,784, and that their net realizable value amounted to JD 1,331,250. Therefore, the net losses amounted to JD 6,334,534. If the Company had booked these losses in 2016, this would have decreased the targeted/guaranteed profit by JD 5,067,628 as of the year ended December 31, 2016. This also would have negatively affected the Company's position in the financial market. Based on the above, the Council of Ministers approved, in its Letter No. 31/17/5/14/14153, dated March 28, 2017, to defer and amortize the net impairment loss of the Indian cylinders of JD 6,334,534 over five years starting from the year 2016 for JD 1,266,907 per year. This has been deducted from the Company's targeted profit of JD 15 million. Accordingly, the net targeted profit for the years 2016 and 2017 became JD 13,733,093 for each year. Moreover, an amount of JD 2,533,814 was amortized in the income statement for the refining and gas filling activities and other activities during the years 2016 and 2017, and the amortization of the remaining amount of JD 3,800,720 was deferred 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 on April 28, 2018, the Jordan Petroleum Refinery Company donated the Indian cylinders rejected by the Standards and Metrology Organization, in addition to their valves, and 1,500 spare valves and their storage containers to the Arab International Construction and Contracting Company owned by the Jordanian Armed Forces / Arab Army. Accordingly, the actual cost of the cylinders, valves, and storage containers has become JD 8,020,825. In this respect, IFRSs require that the full amount be recognized when incurred without being deferred. The Company's records indicate that if the loss had been recorded when incurred during the year 2016, it would have decreased profit and retained earnings by JD 5,067,628, instead of a decrease by JD 1,266,907 as at December 31, 2016. This would have increased profit for the period ended June 30, 2019 by JD 914,502 and decreased retained earnings by JD 2,743,505. The following table illustrates the calculation of the Company's profit target:

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

- The Company calculated the loss amortization cost of the Indian gas cylinders, valves, and containers as of June 30, 2019 and recorded an expense of JD 914,502 in the condensed consolidated interim statement of income.

17. Contingent Liabilities and Financial Commitments

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

	June 30, 2019	December 31, 2018
	JD	JD
Letters of credit and bills of collections*	450,061,979	545,692,197
Letters of guarantee	33,169,127	13,063,701
Contracts for projects under construction	13,681,983	14,685,021

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

b. There are lawsuits in courts raised against the Company for financial claims estimated at JD 407 million as of June 30, 2019 (JD 1.9 million as of December 31, 2018). Moreover, some of the lawsuits relate to prior years and were filed against both the Government and the Company. Consequently, the contingent liabilities from unsettled lawsuits have been estimated, and the required provisions taken in accounts payable and other credit balances. In the opinion of the Company's management and its legal consultant, the booked provisions are sufficient to meet any future obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The signed and expired concession settlement agreement between Jordan Petroleum Refinery Company and the Government dated February 25, 2008 stated that Jordan Petroleum Refinery Company would keep part of the distribution activities (as one of the licensed distribution companies with a market share of not less than 25 %) subject to all conditions and terms applied to the other distribution 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 distribution 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 gas stations should be transferred to this Company. The Council of Ministers' Decision No. 7633, taken in its meeting held on April 30, 2018, mandated the Ministry of Finance to follow up on implementing the procedures by calculating the rental value of the assets transferred from the Jordan Petroleum Refinery Company to the Petroleum Products Marketing Department as approved by the Land and Survey Department at 8% of the lands and buildings of JD 4.9 million. Meanwhile, the Company refuses this procedure for the reasons mentioned above, and the Company is still in the negotiation stage with the Ministry of Finance in this regard

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 Company 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 April 30, 2018 and guaranteeing repayment plus interest at the actual cost incurred by the Company during the above period at the above rates (Note 7 / e).

2. Jordan Petroleum Refinery Company shall treat the sediment and water in the tanks and destroy the materials that need destruction. 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 8).

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 April 30, 2018 and booked it to the Ministry of Finance's account (Note 10 / 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 interest 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.

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 do 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 7 / f).

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

7. Gasoline (95) used for the mixing process to produce 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 7 / f).

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, Jordan Petroleum Refinery Company started transferring the strategic stocks to the Jordanian logistics company during April 2018 (Note 18).

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 7/i).

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 16).

11. The rental value of assets transferred from the refinery to Jordan Petroleum Products Marketing Company shall be calculated at the rate of (8%) approved by the Land and Survey Department on the land and buildings valued at JD 4.9 million from the date of the transfer of these buildings to date. Noting that, the Company insists on rejecting the above item, as the assets transferred were owned by the petroleum refinery Company and the transfer at net book value was similar to the assets transferred to the other marketing companies at there net book value. In this respect, the Company is negotiating with the Ministry of Finance this item (Note 5).

18. Ministry of Finance - Funding of Strategic Inventory

End of Relationship with the Government

Pursuant to the Prime Minister's Decision No. (7633), taken during the Prime Ministry's meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the decisions reached to the Council of Ministers regarding the transfer of the Government's strategic inventory, which has been quantified and valued, to the logistics company, provided that the value of this inventory be settled later. The table below illustrates the strategic inventory quantity as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
	Quantity/ Tons	Quantity/ Tons
Crude Oil	42,926	42,926
Liquid Petroleum Gas	173	1,831
Gasoline 90	14,131	35,494
Gasoline 95	17	9,525
Avftur	8,439	20,313
Kerosene	30,977	30,977
Diesel	7	12,837
Fuel Oil 3.5%	80,168	80,168
Isfilt	4,207	4,207
	181,045	238,278

19. Related Parties' Transactions and Balances

The details of this item are as follows:

	June 30, 2019	December 31, 2018
Balances:	JD	JD
Ministry of Finance debit (Note 7/e)	290,609,495	247,085,929
Ministry of Finance – deposits of surplus from differences of oil derivatives pricing (Note 10/a)	(44,301,255)	(50,167,633)
Ministry of Energy and Mineral Resources – Deposits for constructing alternative tanks (Note 10/c)	(93,500,103)	(93,500,103)

	For the Six Months Ended June 30,	
	2019	2018
Transactions:	JD	JD
Ministry of Finance – Subsidy for crude oil derivatives charged to the Ministry of Finance – (Note 14)	23,603,589	32,587,634
Ministry of Finance – settlement of targeted income - (surplus) support (Note 16)	-	5,783,760
Ministry of Finance – surplus from differences of oil derivatives pricing – (Note 14)	2,075,872	1,276,281

Executive management and members of the Board of Directors' salaries and remunerations and other benefits amounted to JD 790,560 for the period ended June 30, 2019 (JD 773,690 for the period ended June 30, 2018).

20. Sectorial and Geographical Distribution

Information on business sectors:

- The Company is organized, for management purposes, into four major business sectors.
- Refining: This sector separates the components of imported crude-oil into a set of varied oil products, and relies as regards its major activities on the license of the American Company UOP.
- Distribution: Distribution links the production activity and refining activity inside the Company, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands for the Company's petroleum derivatives and gas.
- Lube-oil Manufacturing: This sector includes the manufacturing and production of several types of oil required in the local and foreign market.
- Liquefied Gas Manufacturing and Filling: This sector includes manufacturing, filling, repairing, and maintaining the gas cylinders in the three subsidiary gas stations of the Company.

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

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

	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
For the period ended June 30, 2019:					
Income for the period after tax	9,259,471	3,174,028	11,096,522	43,222	23,573,243
For the period ended June 30, 2018:					
Income for the period after tax	5,801,305	3,115,139	5,979,943	42,181	14,938,568

	June 30, 2019				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
Other Information					
Total sector's assets	1,270,569,418	29,130,480	280,669,849	4,616,881	1,584,986,628
Total sector's liabilities	1,143,745,186	25,245,891	188,023,713	241,996	1,357,256,786

	June 30, 2018				
	Refining and Filling Gas Cylinders	Manufacturing of Lube Oil	Marketing and Selling of Petroleum Products	Others	Total
	JD	JD	JD	JD	JD
Other Information					
Total sector's assets	1,194,649,042	31,940,576	219,175,346	4,511,315	1,450,276,279
Total sector's liabilities	1,070,069,915	27,470,725	143,086,710	969,134	1,241,596,484

21. Future Plan

As the most important matter for the Company's future is the Fourth Expansion Project, so far several important stages on this path have been completed. In this respect, the preliminary economic feasibility study has been completed. Moreover, the structure of the expansion facilities and the technology for this project have been selected. In addition, the basic designs of the project have been completed. Also, the Spanish Tecnicas Reunidas Company continues to implement the initial detailed engineering designs for the FEED project, which started on 1/7/2018 at an estimated cost of USD 31 million which is expected to continue its operations at the end of July 2019. The Company, in coordination with the refinery, is in contact with the project's potential financiers, including Export Credit Agencies, banks, and others. In 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 Company is currently preparing the conditions for contracting with a specialized company for the purpose of supervising and managing the stage of implantation of the expansion project.

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 Jordan 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 Qaws 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. Moreover, the central price change system will 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 will be launched in some stations. Moreover, the 24/7 main operations control will 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 will 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 will 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.

22. Fair Value Hierarchy

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

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

	Fair Value as at					
Financial Assets	June 30, 2019	June 30, 2018	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	2,158,695	2,127,521	Level 1	Listed prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	2,158,695	2,127,521				

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

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

We believe that the book value of financial assets and financial liabilities as shown in the condensed consolidated interim financial statements approximates their fair value. Moreover, property investments, representing a part of the buildings held on the lands related to subsidiaries company's were evaluated upon acquiring the stations.